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THE ROLE OF ORGANIZATIONAL IDENTIFICATION IN MARKETING CHANNELS: A QUANTITATIVE AND QUALITATIVE ASSESSMENT

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By
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THE ROLE OF ORGANIZATIONAL IDENTIFICATION
IN MARKETING CHANNELS:
A QUANTITATIVE AND QUALITATIVE ASSESSMENT

A Dissertation APPROVED FOR THE
MICHAEL F. PRICE COLLEGE OF BUSINESS
(DIVISION OF MARKETING)

BY

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DEDICATION

To my mother and father who taught me more than any formal education ever could

and

to Amy and Hannah, who inspire me everyday.

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ABSTRACT

Title of dissertation: THE ROLE OF ORGANIZATIONAL IDENTIFICATION IN MARKETING CHANNELS: A QUANTITATIVE AND QUALITATIVE ASSESSMENT

Matthew P.S. O'Brien, Doctor of Philosophy, 2001

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Little attention has been paid to the simple question of whether or not exchange partners believe that they are in a relationship. As presented in this study, the concept of organizational identification begins to assess whether or not an exchange partner, in the context of a marketing channel, has this sense of belongingness with another exchange partner.

The purpose of this study is to develop theory and investigate the potential role of the concept of organizational identification in the context of marketing channels. This study develops hypotheses built upon theory to determine how organizational identification impacts the relationship between the evaluation of a firm's performance by another firm and key relational variables. This research investigates the impact of the evaluation of exchange performance on key relational and outcome constructs in a variety of different ways. First, the *nature* of the relationship between the evaluations of performance and outcome variables is assessed for potential curvilinear effects. Second, the *incremental* effects of the impact of the exchange performance on outcome variables

are assessed. Third, this study incorporates responses of the performance of exchange of products and services at the attribute level. Fourth, while studies have incorporated some of the above characteristics, none have incorporated these on the inter-organizational level, the context of the setting here. It is the primary goal of this study to address these concerns. Finally, to fully understand the role of organizational identification in a channels context, a qualitative investigation was performed to complement the findings from the theory development and testing above and to potentially extend theory. This study undertakes and presents findings from fieldwork investigating the concept of identification through depth interviews.

This dissertation develops theory and empirically tests developed hypotheses. A survey instrument is developed and administered to collect data for analysis. Primarily, the data was analyzed through regression analysis and multiple comparison procedures. The results from the quantitative analysis support many of the hypothesized relationships between performance evaluation and the key relational variables.

The results from the analysis of the qualitative portion of the study indicate that the concept of organizational identification can be developed in numerous different ways. Additionally, the findings indicate that organizational identification may be utilized as a tool in attaining other personal goals.

CHAPTER ONE

INTRODUCTION

INTRODUCTION AND DISCUSSION OF STUDY

The concept of relationship marketing has been at the forefront of the literature in the past 15 years. Relationship marketing refers to the establishing, developing and maintaining successful relational exchanges (Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994). Through the last two decades a better understanding has been established of both the characteristics of strong relationships and antecedents of such (Anderson and Narus 1990; Anderson and Weitz 1989, 1992; Frazier 1999; Morgan and Hunt 1994). While much of the effort towards the understanding of relationship marketing in marketing channels context has been aimed at the concepts of trust and commitment (cf. Anderson and Narus 1990; Anderson and Weitz 1989; Morgan and Hunt 1994; Scheer and Stern 1992), very little attention has been paid to the simple question of whether or not exchange partners believe that they are in a relationship. As presented in this study, the concept of organizational identification begins to assess whether or not an exchange partner, in the context of a marketing channel, has this sense of belongingness with another exchange partner.

The purpose of this study is to develop theory and investigate the potential role of the concept of organizational identification in the context of marketing channels. Hypotheses are developed to determine how current identification impacts the evaluation of a channel partner's performance and key relational variables. Specifically, building upon the theoretical foundations presented in chapters two, three, and four, the relationship between performance evaluation and some key relational outcome variables is predicted to be curvilinear in nature.

Specifically, this research investigates the impact of the evaluation of exchange performance on key relational and outcome constructs in a variety of different ways. First, the *nature* of the connection between the evaluations of performance and outcome variables has dominantly been viewed as linear. Here, this linear assumption is tested in that the research attempts to assess the potential curvilinear effects. Second, although noteworthy exceptions to the linear assumption exist (e.g. Anderson and Sullivan 1993), they do not assess the *incremental* effects of the impact of the exchange performance on outcome variables. Third, this study examines responses at the level of the attribute, i.e. assessing performance by measuring the specific attributes of service or products separately while attempting to assess all attributes of the products and services offered. Finally, while studies have incorporated some of the above characteristics, none have incorporated these in the context of this particular setting.

Additionally, this investigation examines the role of relationship perceptions. Here, in a business-to-business setting, the perception of belonging to a system that engages in exchanges on a continuing basis, results in the identification to the system. Importantly, this perception of belongingness (i.e. organizational identification) is at the heart of relationship development. While other studies have investigated the development of key relational aspects between organizations or measured constructs that describe the relationship, none incorporate the belief of membership in a relationship. For example, a common approach in conducting relational research has been to ask questions relating to how relational constructs (such as trust, commitment, or loyalty) interact with other variables, *assuming* a relationship. The present analysis makes no such assumption and directly asks respondents to indicate their level of belongingness in an exchange relationship. Accordingly, this perceived level of organizational identification is then hypothesized to impact the relationship between the performance evaluations and key outcome variables such as the development of trust, satisfaction, and relational continuance.

To fully understand the role of organizational identification in a channels context, a qualitative investigation was performed to complement the findings from the theory development and testing described above and to potentially extend theory. This study undertakes and presents findings from fieldwork investigating the concept of organizational identification through depth interviews.

This study approaches the development and testing of theory by utilizing both quantitative and qualitative methodological approaches. These approaches are presented together in a design that has been called a two-phase approach (Creswell 1994). Intentionally, these two investigative paradigms are kept separate in both their implementation and presentation as opposed to mixing the methodologies at any of the potential stages of the research. A more thorough discussion of the methodology is presented in chapter five.

The beginning chapters (two, three, and four) of this study are dedicated to developing theory in order to present hypotheses for testing in the quantitative portion. As will be more thoroughly reviewed in the following chapters, the primary cause of interaction between buyers and sellers in marketing channels is centered on the exchange process. The exchange process is therefore critical in developing relationships. Therefore, it is important for suppliers to perform well at the provision of goods and services in the exchange process to better build relationships. However, it is the perceived performance in the eyes of those receiving the goods and services that is important.

Chapter two reviews the differing levels of performance evaluation and many of the different applications in the marketing literature. Specifically, this study is founded on the expectancy disconfirmation paradigm in assessing performance in which a firm evaluates performance relative to its expectations.

This evaluation of performance is operationalized at the attribute level. The use of attribute level performance evaluation is justified for numerous reasons. First, some have assumed that individuals use attribute-based evaluative criteria (Gardial, Clemons, Woodruff, Schumann, and Burns 1994), even at processing levels that are deemed to be rather low and do not involve much motivation. Additionally, Holbrook (1978) has indicated that specific referents may be used in assessing performance. He has reasoned that this is because the user may be more interested in a specific performance dimension (attribute) and that information at the concrete attribute level may be easier to process for individuals than globally abstract information. Finally, attribute level performance assessment offers a diagnostic tool that is more coherent and perceptible to practitioners as compared to evaluations that are made from global or abstract evaluations (LaTour and Peat 1979).

The connection between these attribute level performance evaluations and key relational variables is hypothesized to be curvilinear in nature. Specifically, this study hypothesizes that the relationship is curvilinear and follows a similar pattern to those developed under prospect theory as presented by Kahneman and Tversky (1979). The second chapter reviews the development of prospect theory and presents not only the hypothetical relationship depicted by the curves, but the tenets of prospect theory as well.

Central to the importance of this study is how the concept of identification impacts the hypothesized curvilinear relationship between the evaluation of performance and key relational variables. Identification as a concept originally developed from the streams of research concerning social exchange theory, resource exchange theory, and ultimately social identity theory. These are discussed in considerable detail in chapter three. However, a brief introduction is warranted here.

Social exchange theory has been depicted as coming from the development of two separate but closely related streams of research emanating from both sociology and psychology (Simpson 1976). Concerning the sociological stream, the works of Homans (1961) and Blau (1964) are most central. Homans' work provided the basis that social exchange is closely related to making tradeoffs when interacting with others in social contexts due to the potential benefits or punishments that can be received. The psychological stream of research initiated by Thibaut and Kelley (1959) is similar, however, the addition of comparing the outcomes to other alternatives is provided in the analysis.

Resource exchange theory as developed by Foa and Foa (1974) provided clarity and classifications of the types of things that could be exchanged between individuals in social settings and situations. Finally, social identity theory provided a basis for understanding how individuals classify and perceive themselves to be members of groups and how this perception impacts not only their beliefs, but their interactions with others as well.

Many of the hypotheses developed within this study use the concept of identification as a determining feature that divides individuals and the resultant development of key aspects to a relationship. The aspects of a relationship that are used in this study are satisfaction, trust, and the belief of the relationship continuing into the future.

Investigating exchange under the relational paradigm has been most popularly performed in the channels literature via Relational Contracting Theory as developed by Macneil (1978, 1980). Macneil's work developed a framework, as mentioned previously, for viewing exchange between firms on a continuum between "discrete" and "relational." Discreet transactions are those that are typified as one-time occurrences and are governed primarily by the rules of exchange developed under neoclassical economic theory, namely the pursuit of self interests and the control of exchanges using economic sanctions. Relational exchanges are seen as exchange interactions over numerous transactions that result in developed relationships between the exchange partners. The resulting relationship incorporates a social context to the exchanges where exchange partners are concerned with the mutual benefits of the exchange and, beyond exchanges, conduct themselves in a manner that they believe will result in mutually beneficial interests.

The result of interfirm relationships has been linked to numerous benefits including both an increased commitment and a long-term orientation (e.g. Anderson and Weitz 1992; Dwyer and Oh 1987; Ganesan 1994) and has been researched numerous times (e.g. Dwyer and Oh 1987; Johnson, Sakano, Cote, and Onzo 1993; Kumar, Scheer and Steenkamp 1995). Additionally, literature has shown that relationships developed between firms exhibit a number of desirable characteristics including trust, commitment, and social norms (Gundlach, Achrol and Mentzer 1995; Morgan and Hunt 1994) and that practitioners of marketing are increasingly utilizing close relationships (cf., Lewis 1995). Therefore, provided with the insight that the development of close relationships between organizations engaging in exchange is important and results in positive outcomes for the firms, it is the aim of this research to investigate critical interfirm relational constructs.

The number of relational constructs available for inspection is nearly insurmountable for a single study. Wilson (1995) has identified an extended, albeit partial, list of relationship variables including commitment, trust, cooperation, mutual goals, interdependence/power imbalance, performance satisfaction, adaptation, nonretrievable investments, shared technology, comparison level to the alternatives, and both structural and social bonds.

The number of antecedents to the relational constructs of interest in this study include not only each potentially an antecedent of another, but also such variables as termination costs, shared values, communication, relationship benefits, and termination costs, just to name a few (Morgan and Hunt 1994). Analysis of all such constructs is beyond both the scope and purpose of this study. This study begins with the assumption that the fundamental interaction between firms in a business relationship is the transaction itself. Given this assumption, it follows that relationships develop primarily through said interaction. Therefore, this study attempts to ascertain the evaluation of the exchange interaction and its impact upon the development of key performance and relational outcome variables.

The key relational variables of interest utilized to develop theory and build testable hypotheses are satisfaction, trust, and relationship continuance. While chapter four provides a better review, the concept of satisfaction as a key relational outcome variable, is of importance to study. The concept of satisfaction has been a focal central or outcome variable in channels research that models working partnerships (Anderson and Narus 1990) and many other interorganizational exchange models (Anderson and Narus 1984; Frazier 1983; Frazier, Spekman, and O'Neal 1988). Others have argued that satisfaction is a key behavioral outcome of channel member exchange because it is widely believed to be correlated with performance, is critical to creating integrated logistics systems, and that it is important in its own right (Brown, Lusch, and Smith 1991). Because of such, it is considered relevant for this study.

The centrality of trust as a key relationship variable in the marketing literature was probably most solidified by Hunt and Morgan (1994) in their seminal article on relationship marketing which identified the concept of trust as a key mediating variable. Other marketing researchers have utilized and substantiated the role of trust in determining relationships that are successful as well (Berry 1995; Dwyer, Schurr, and Oh 1987). Accordingly, trust is included as a key outcome and relational variable here.

Berry (1983) stressed the importance of the long-term nature of exchanges when defining relationship marketing as the activities in attracting, maintaining, and enhancing customer relationships. Importantly, the perception of the relationship continuing on into the future is of great interest. Here this is encompassed and referred to as relationship continuance and comprises the third and final relational variable of interest here.

The variables of satisfaction, trust, and relationship continuance represent the relational outcome variables that are impacted by the evaluation of performance and the level of organizational identification one feels with whom they are exchanging. This represents the development of the theory and the testing of the hypotheses that the quantitative portion of the study most closely relates. The qualitative portion of the study is a separate, but complementary undertaking.

The intention of the qualitative depth interviews is to build and develop theory related to the concept of identification. As mentioned previously, the qualitative portion is separate and complementary. The depth interviews were undertaken with only the broad perspective of furthering the understanding of identification. While knowledge of the concept was attained in the quantitative portion of the study, these findings and understandings were intentionally 'quieted' in order to provide a more open context for discovery and not allow the quantitative findings to 'drive' the qualitative investigation. However, the quantitative portion of the study did provide access to the sample for the depth interviews and the ability to select interviewees that better represented the entire range of levels of identification. These, and other, issues pertaining to the qualitative study are more thoroughly discussed in chapters five and six.

BRIEF OUTLINE OF THE CHAPTERS

Although the order and discussion of the topics in the following chapters is logical to the author, this brief outline is presented to better orient the reader for what to expect. This chapter provided a very brief discussion of many of the topics that will be discussed in the immediate chapters where the development of the theory and hypotheses occurs.

Chapter two discusses many of those aspects that are relevant towards the discussion of performance evaluation in the context of marketing channels. Additionally, the theoretical basis for the curvilinear nature between the evaluation of performance and the key relational outcome variables of satisfaction, trust, and relationship continuance is presented and discussed. These concepts provide a basis for understanding the connection between performance and the relational variables discussed in this study.

Chapter three is dedicated to reviewing the foundational literature and theories that the concept of identification is derived. As introduced above, the central theories of social exchange theory, resource exchange theory and social identity theory are presented in a more comprehensive manner than their introduction in this chapter. Additionally, attribution theory is presented to provide a basic understanding to develop hypotheses related to the influence of organizational identification on the connection between performance evaluation and the outcome variables in the negative domain.

Chapter four builds on the foundations presented in chapters two and three and provides additional logical and theoretical support to develop hypotheses to be tested. To better facilitate the readability, this chapter relies heavily upon the format of the discussion that centers on satisfaction as the outcome variable of interest and applies a similar discussion to that of the other outcome variables of trust and relationship continuance. All of the hypotheses developed are summarized at the end of this chapter as well.

Chapter five discusses the research methodology associated with both the aspects of the quantitative and qualitative portions of this study. First, a brief discussion of using multiple paradigms in academic research is presented before the presentation of the research methodology pertaining to the quantitative portion. Following the quantitative methodology discussion, the qualitative research methodology is offered.

The format of chapter six follows a similar convention to the one provided in chapter five, that is, the analysis and results of the quantitative research is presented prior to the analysis and results of the qualitative research. In the quantitative research some characteristics of the respondents are provided before a discussion of the results pertaining to the hypothesis testing. The qualitative analysis also provides some indication of the respondents' characteristics prior to the discussion of the findings from the depth interviews.

The final chapter in this study is chapter seven. This chapter provides a discussion of the results presented in chapter six and some implications. This is performed for both the quantitative and qualitative portions of the study. Following these discussions, the contributions of the research, limitations associated with the performance of this research, and future research directions are provided.

CHAPTER TWO

REVIEW OF THE LITERATURE

The purpose of this chapter is to provide a review of the relevant literature and to introduce some of the theoretical fundamentals that are utilized to build the hypotheses developed in chapter four. Primarily, this chapter is structured around two important sections. In the first section a review of the literature pertaining to the evaluation of performance is presented. In this first section, two broad approaches are presented to better understand performance evaluation in the marketing literature. Specifically, the stream of research relating to performance evaluation in marketing channels research is examined and the justification for using the expectancy disconfirmation paradigm is developed. The second major section will discuss prospect theory as developed by Kahneman and Tversky (1979). This theory provides the major rationale for the development of the curvilinear nature of the relationship between the evaluation of performance and the constructs of satisfaction, trust, and relationship continuance.

PERFORMANCE EVALUATION

Evaluation of performance can be understood from many perspectives and levels. Performance can be viewed from the perspective of the consumer whereby the entire supply chain is evaluated, including not only the financial performance of the channel but also the contributions to society or a single firm within the supply chain. Performance can also be viewed from within a particular firm about such firm. It is essentially a firm evaluating itself. Finally, another firm can evaluate the performance of one firm. This latter perspective is the focus of the research here.

Perhaps the most widely applied framework in the marketing channels literature pertaining to the assessment of performance is the paradigm of Transaction Cost Analysis (TCA) as developed by Coase (1937) and more widely known under the refinements of Williamson (1975, 1985). TCA is built upon the premise that differing governance structures, i.e. the ability of a firm to exercise coordination and control, has differing associated costs with organizing the transactions, including costs associated with negotiating and drafting contracts and the costs of monitoring and enforcing such agreements.

Briefly, TCA supposes that the aim of channel coordination and control is attained by the development of *efficient* structures between organizations based upon analyzing the costs explained above. TCA is built upon two primary assumptions. The first assumption is opportunism, where opportunism has been defined as "self interest seeking with guile" (Williamson 1985, p. 47). It is typified by the understanding that decision makers may act in a manner of self-interest when provided the opportunity to do so. Bounded rationality is the second assumption. It is the belief that decision-makers intend to act rationally, although are bound by the limits of their ability to process information. Interacting with these assumptions are environmental conditions in which the transactions are to occur. Williamson (1975) describes these as *uncertainty*, the inability to completely ascertain the future, and the *small numbers problem*, where the number of viable candidates for exchange could be seriously limited. Additionally, available to firms is the ability to invest in transaction specific assets, those investments that are specialized to the relationship and are not redeployable between firms.

Williamson (1975) identified two governance structures that are available to decision-makers. The first he described as *hierarchies*, where transactions are governed within the firm via ownership. The second is *markets,* where transactions are governed via competitive pressures as in market exchanges. Both of these are seen in the "make" or "buy" decision respectively. TCA proposes that when the governance structure employed is congruent with the underlying dimensions of the exchange, organizational performance will be enhanced via the lowering of transaction costs (Robicheaux and Coleman 1994). Ultimately, these exchange structures are designed to "economize on bounded rationality while simultaneously safeguarding the exchange against the hazards of opportunism" (Williamson 1979). TCA also supposes that vertical integration is the primary way in which to safeguard against such opportunism because it affords protection of the specific assets "through (1) monitoring and surveillance capabilities, (2) more sensitive reward structures, and (3) reduction of the opportunistic party's ability to profit from such behavior" (Heide and John 1988).

TCA utilizes performance evaluation in two primary ways. First, evaluation of performance of another firm can be problematic. In TCA this aspect is specifically concerned with the compliance of agreements. Establishing whether or not another firm is actually performing the agreed upon actions may not even be measurable, and if they are measurable, the costs incurred in gathering and processing the information may be substantial. Accordingly, performance evaluation is embedded in the analysis of transaction costs. Secondly, and more importantly, the TCA framework is itself a method of evaluating performance, that is, the original framework was developed to tackle the 'make or buy' decision by analyzing transaction costs. However, it is the evaluation of the performance of the transaction process that is the focus of TCA.

Noordewier, John, and Nevin (1990) integrate the concept of assistances as an element of a purchasing relationship into the TCA framework as it applied to industrial buyer-vendor relationships. In their study assistances were the actions or provisions provided to a buyer in a relationship. Logically, assistances are seen to be provided more willingly to buyers as the interaction between the buyer and seller become more relational in nature, so much so that sacrifices are willing to be made that for which compensation cannot be easily seen. At any rate, these assistances exceed the agreed upon level of conduct made between the buyer and seller in order to help facilitate the relationship. Importantly, the concept of assistances has also been utilized in the marketing literature pertaining to the use of power in a channel setting (cf., Hunt and Nevin 1974).

French and Raven (1959) identified bases of social power. These bases are coercive, reward, referent, expert, and legitimate. Two opposing concepts are coercive power and reward power. Coercive power is the ability of an influencer to deliver punishment to the target whereas reward power is based upon the ability of the influencer to provide benefits to the target that the target sees as desirable. Referent power is derived from the target's wish to be associated with the influencer and is usually based upon attractiveness or prestige of the target. Expert power can be utilized when the target believes the influencer possesses superior knowledge about a subject useful to the target. Legitimate power stems from the target believing the influencer has some 'legitimate' right, usually based on social norms such as legality, to prescribe behavior. Another base of power, informational, has been firmly established, but has not been extensively incorporated in the channels literature, stems from the evidence of reality transferred from the influencer to the target (Eagly and Chaiken 1993). Each of the bases (with the exception of informational, which will not be discussed further) assumes the influencer possesses a resource the target of the influence does not. Additionally, this resource must be perceived as valuable, or in the case of coercive power, undesirable.

Channels researchers found the bases of power concept by French and Raven particularly useful. Researchers have had a tendency to dichotomize the power bases by many differing means such as coercive and non-coercive (Hunt and Nevin 1974; Lusch 1976; Lusch and Brown 1982), economic and non-economic (Etgar 1978), direct and indirect (Kasulis, Spekman, and Bagozzi 1979), contingent and non-contingent (John 1984), mediated and nonmediated (Johnson, Sakano, Cote and Onzo 1993) and as influence strategies where perceptions are altered or perceptions are unaltered (Frazier and Summers 1984). One of the earlier works to incorporate the concept of power collapsed into two categories, coercive and non-coercive was by Hunt and Nevin (1974). The non-coercive sources of power have been operationalized as rewards and assistances and the coercive sources of power as punishments (Gaski and Nevin 1985). Within the Hunt and Nevin (1974) study, the assistances given by a franchisor to a franchisee were seen as an attempt by the franchisor to influence the behavior of the franchisee. By providing assistances that are of high quality it is expected that the franchisee would yield power to the franchisor because these quality assistances position the franchisor as an expert and legitimize the franchisor's efforts in attempting to gain power. Lusch (1976) uses a similar conceptualization and operationalizaion of non-coercive power via assistances and adds that the provision of assistances establish the provider in the eyes of the receiver as someone with the ability to reward. Thus, assistances provided by channel members has been utilized as a surrogate measure of non-coercive power. Arguably, these assistances can be seen as an integral part of one channel member evaluating the performance of another. However, as measured previously, these assistances do not capture the entire range of offering provided by the channel member. The total product concept provides a useful framework for viewing such total range.

Theodore Levitt (1980, 1986) developed the framework of the total product concept to identify the many differing levels of offering that an organization puts to market. There are four levels within the framework and include the generic product, the expected product, the augmented product, and the potential product. The generic product represents the rudimentary substantive item itself. The generic product typically is just the most basic, tangible portion of the offering. The expected product includes the simple physical product (i.e. the generic product) and the additional minimal expectations associated with the product in the eyes of the purchaser. For example, while the purchaser buys the generic product they also may have expectations about other aspects such as delivery. These represent the minimal purchase conditions. The augmented product includes all aspects of the generic and expected product plus a number of voluntary or unprompted "augmentations". Finally, the potential product represents all possible attributes and services with a product, present and future. From the discussion in the previous paragraph, assistances are most readily identified as augmentations. However, using augmentations, or assistances, alone, neglects the generic and expected products.

This study utilizes the total product concept to help guide the evaluation of performance because the concept provides a more holistic perspective.

Performance evaluation of another firm is also widely discussed in the literatures associated with supplier or vendor analysis. There are many models of purchase behavior that have been developed for organizations (Bonoma and Johnston 1978; Robinson, Faris, and Wind 1967; Sheth 1973; Webster and Wind 1972). One of the most widely accepted (Robinson, Faris, and Wind 1967) consists of eight phases: (1) anticipation or recognition of a problem and general solution, (2) determination of characteristics and quality of needed item, (3) description of characteristics and quantity of needed item, (4) search for and qualification of potential sources, (5) requisition and analysis of proposals, (6) evaluation of proposals and selection of supplier(s), (7) selection of an order routine, and (8) performance feedback and evaluation. Explicit in the buying process is the evaluation of performance of the supplying firm.

Such evaluation of suppliers or vendors is in the aim of enhancing one's own performance. Vendor or supplier analysis has been most widely applied to the selection of suppliers or vendors but has also been utilized in determining a single source (Larson and Kulchitsky 1998), vendor certification (Lockhart and Ettkin 1993), supplier development (Krause 1997), channel member auditing (Brown and Reiten 1978; Mize 1994), and managing the channel (Dickson 1983; Krapfel, Salmond, and Spekman 1991). As such, many differing perspectives have been applied in measuring performance.

A widely utilized method of channel member evaluation is the Strategic Profit Model (SPM). The SPM utilizes the financial related ratios of asset turnover, profit margin, return on assets, and ratio of leverage to visualize the structure of elements that lead to return on investment. These financial ratios, and the SPM, are excellent at capturing the non-subjective, economic performance of a firm, independent of how it performs on providing products and services to other firms. Essentially, then, financial analysis of performance alone incorporates neither subjective evaluations nor aspects of the exchange between firms that may be of consequence.

Many firms utilize systems for performance evaluation of suppliers that are a derivative of one of three basic approaches (Guinipero and Brewer 1993). The first is that of the categorical approach. In the categorical approach evaluations of any number and type of performance factors are made by the user to rate the performance in categories, such as above average, average, or below average. The advantage of using this approach is the flexibility of incorporating performance factors and the ease of collecting data. Ratings can be compared at an individual performance level or aggregated in some way. The second approach is the weighted point plan. This plan quantifies the performance factors, where possible, and weights the factor. These are then multiplied to determine an overall performance indicator. Problems with this approach are quantifying the level of performance in a relatively accurate manner. The third approach is the cost-ratio approach. Here, all costs associated with the supplier performance are ascertained and compared to the total purchase expenditures and a ratio is developed. As with the weighted point plan, determining accurate levels of measurement, here the costs, are problematic.

The categorical approach is deemed appropriate for use here for a number of reasons. First, this approach allows for flexibility in the determining of performance criteria. Combined with the total product concept delineated above, a more holistic approach can be taken that incorporates many aspects of the exchange between firms, namely, all of the dimensions of the product offering. Additionally, the subjective nature of the evaluation is of importance. While we have seen that evaluation of firm performance can often be measured directly via sales figures, growth, market share, or other variables independent of perception. However, this study is concerned with the performance of a firm as it relates to another firm through the exchange process. This distinction is important because it is the *perceived* performance of the firm, as viewed by another firm, not the absolute performance, which is of interest. Specifically, it is the perceived evaluation of performance's impact upon the outcome variables in this study mentioned earlier, namely satisfaction, trust, and relationship continuance. For example, when Firm B services Firm A, Firm A's perception of Firm B's performance is critical in the extension, development, and maintenance of the relationship. Therefore, it is imperative to utilize a guiding framework to assess and evaluate the perceived performance of another firm. To do so, this inquiry relies partially upon the expectancy disconfirmation paradigm.

The expectancy disconfirmation framework originated in both the organizational behavior (Ilgen 1971) and the social psychology literatures (Weaver and Brickman 1974). Briefly, the framework posits that expectations of performance are developed prior to purchase or use. Additionally, these expectations are compared to actual performance in a process known as disconfirmation. In the marketing literature, Oliver (1977, 1980) has applied this framework in addressing consumer satisfaction. Disconfirmation typically is seen as having three potential outcomes; positive disconfirmation, by performance exceeding expectations; negative disconfirmation, by performance not meeting expectations; or as simple confirmation if expectations are merely met. The effects of positive disconfirmation, negative disconfirmation, and simple confirmation are thought to come from the emotional experiences associated with each. For example, the delight felt from positive disconfirmation or the disappointment of negative disconfirmation, is believed to directly influence satisfaction judgments.

Importantly, application of the expectancy disconfirmation paradigm has traditionally used separate measures of expectations, performance, and the disconfirmation constructs. However, there is dissention amongst the research on two fronts, as noted by Tse and Wilson (1988). First, the comparison standard used in studies has varied from using the normative performance (Woodruff, Cadotte, and Jenkins 1983), ideal (Sirgy 1984), and the expected (Oliver 1980). Second, disconfirmation has been modeled as either a subtractive function (LaTour and Peat 1979) or a subjective evaluation (Oliver 1980).

Concerning the first point above, normative performance has been modeled more distinctly as equitable performance (Woodruff, Cadotte, and Jenkins 1983), where performance evaluation is based upon the belief of the tradeoff between the investments necessary to procure the exchange and the 'profits' resulting from the exchange, a sort of cost-benefit approach. Ideal performance represents the ideal or optimal level of performance that could be expected from the use of a product or service. Finally, expected performance is seen as the performance one could likely expect, or as the most likely outcome from use of a product or service. As this study measures performance at the attribute level, as discussed later, it is the expected performance of attributes that is modeled.

Mentioned above, the expectancy disconfirmation paradigm has modeled disconfirmation using two differing approaches. The subtractive method, derived from comparison level theory as developed by Thibaut and Kelley (1959), models disconfirmation as an algebraic function determining the difference between performance and a comparison level. This approach has been criticized as over-specifying potential models, since differences are calculated and include with the original measures (Tse and Wilson 1988). Alternatively, subjective evaluations are seen as a "distinct cognitive state resulting from the comparison process" (Oliver 1980, pg 460) and come before satisfaction judgments. Importantly, then, this cognitive state can be viewed as representative of perceived performance. As discussed earlier, utilizing the categorical approach to evaluating supplier performance in a channel setting inherently uses the subjective evaluations.

Therefore, while this study aims to use subjective evaluations to assess perceived performance, the level of assessment remains to be explored. Specifically, the criteria to use in making assessments of performance are at question. Simply, the criteria can fall into one of two broad categories, criteria that assess the global or overall performance of a firm or criteria that assess performance at the attribute level. Although using criteria at the global level certainly has the advantage of being easier to measure, assessing performance at the attribute level has distinct advantages. First, means-end hierarchy theory (Gutman 1982; Reynolds and Gutman 1984; Zeithamel 1988) proposes a value hierarchy where attributes of a product or service are utilized to make judgments based upon the consequences of use. Although it is not the intention to specifically assess the means-end chains developed by those making judgments, it is assumed that even at the lower levels of cognitive processing that individuals use attribute-based evaluative criteria (Gardial, Clemons, Woodruff, Schumann, and Burns 1994). Second, specific referents may be used by individuals in attempting to assess performance due to multiple reasons such as: the interest of the user may be specifically related to the performance based on a particular attribute; information supplied by the seller or provider is often at the attribute-level and; individuals may process information which is more concrete (attribute-level), as opposed to abstract (global), in forming performance assessments (Holbrook 1978).

While the above is theoretically appealing, assessing performance at the attribute level provides additional benefits, such as offering a more specified diagnostic tool to both researchers and practitioners as compared to global assessments, allowing the ability to differentiate between aspects of performance (LaTour and Peat 1979). More importantly, Oliva, Oliver, and Bearden (1995) indicate overall satisfaction and attribute-level performance/disconfirmation are qualitatively differing constructs.

Interestingly, attitude theory has historically differentiated between the cognitive and the emotional components of attitudes (Fishbein and Ajzen 1975). However, as Gardial et al. (1994) indicate evaluation and emotion constructs are so connected that they can be viewed as relatively inseperable and that there is very little to be gained by measuring emotion beyond evaluation (Fishbein and Ajzen 1975; Isen 1984). However, attitude models are often viewed as multi-attribute themselves (Fishbein and Ajzen 1975) and implicitly assumed that attitudes are determined by the evaluation or judgments of products based on the attributes of products (and those attributes being able to produce positive outcomes). Therefore, the use of multi-attribute models has been widely accepted in the literature.

Another important consideration in assessing the perceived performance is the difference between the performance of an attribute and consequences, or outcomes, associated with a product or service. Distinct in the development in means-end hierarchy theory, the difference is relatively simple. While attributes relate directly to the tangible performance of products or services, consequences are more often directly linked to the underlying motives of the individual assessing performance. For example, the size of the product can be tangibly measured and constitutes an attribute. Yet, the consequence is often personally relevant in that the individual may ask something such as "Is the size big enough for my purpose?" While consequences are important, it is beyond the ability of this project to ascertain all potential consequences. However, inclusion of general consequences will be attempted to be evaluated through the use of terms such as 'effectiveness'.

Provided with the discussion above, this study will incorporate the expectancy-disconfirmation paradigm to assess the perceived performance of another firm. By utilizing the categorical approach to supplier performance evaluation, performance evaluations will be approached from a subjective perspective and be made upon multiple attributes of the product and services provided.

The relationship between performance evaluation and the central relational constructs of interest (satisfaction, trust, and relational continuance) is hypothesized to be curvilinear in nature. To model such, this study uses the tenets of prospect theory, to which we now turn our attention.

PROSPECT THEORY

Prospect theory was developed by Kaheman and Tversky (1979) as a critique of expected utility theory, the dominant analysis of decision making under risk, which has been widely accepted as a normative model of rational choice (Keeney and Raiffa 1976). Decision making under risk is seen as someone making a choice between prospects, or gambles. Their critique outlined three tenets of expected utility theory when applied to potential prospects. First, the overall utility of a prospect is the expected utility of the outcomes of the prospect. Second, a prospect is seen as desirable or acceptable if the utility of the prospect results in assets that exceed the utility of one's assets alone. Finally, in expected utility theory, there is a prevalence of risk aversion, meaning that one may prefer a certain outcome or prospect to any risky prospect with a certain expected value. Their work also presented many examples that violated these tenets, some of which are presented here for illustrative purposes. For example, given the choice of the two outcomes A and B below,

A: 50% chance to win 1,000 or 50% chance to win nothing

B: 450 for sure

most individuals will select choice B. Expected utility theory would posit that most individuals (if not all) would rationally select choice A given that the expected utility (.50 X 1000 = 500 and .50 X 0 = 0, therefore the expected utility is 500, the result of 500 + 0) is greater than the expected, or known, utility from choice B. Clearly, then, given most individuals prefer choice B, expected utility theory cannot be the dominant framework utilized for decision making under risk.

Kahneman and Tversky (1979) identified numerous such exceptions individuals exhibited that were in violation of expected utility theory. The first set of exceptions deal directly with utilities of outcomes that are weighted by probabilities. These associated probabilities play an important role in the decision making process which manifest themselves as the certainty effect, and difference between probability and possibility. The certainty effect, first noted by Allais (1953), describes a phenomenon where individuals overweigh outcomes that are considered certain relative to those outcomes that are only probable, as in the example provided above. Here, individuals overwhelmingly choose certain outcomes over probable outcomes, even if the probable outcome is considerably greater in utility. Next, individuals also exhibit differing preferences for outcomes depending on the relative weights associated with the outcomes. Here there is a difference between those prospects that are probable (where there is a high probability of winning) and those that are possible (where the associated probability of winning is relatively low). When the prospect is probable, individuals tend to choose the prospect that has the higher associated probability of winning. In the choice between prospects that are possible (but rather unlikely), most select the prospect that offers the greater gain versus the greater probability.

Another set of exceptions individuals exhibited in violation of expected utility theory is called the reflection effect. To this point, all prospects have been presented as potentially winning prospects, that is, the individuals were to only benefit between the selections. The reflection effect reverses this assumption and highlights the outcomes when individuals are given the choice between two potential losses. For example, if individuals are presented with the following prospects below of A and B where:

A: 80% chance to win 4000 or 20% chance to win nothing

B: win 3000 for sure

Most would select option B, highlighting the certainty effect. However, if we reverse the prospect to the following:

A: 80% chance to *lose* 4000 or 20% chance to *lose* nothing

B: *lose* 3000 for sure

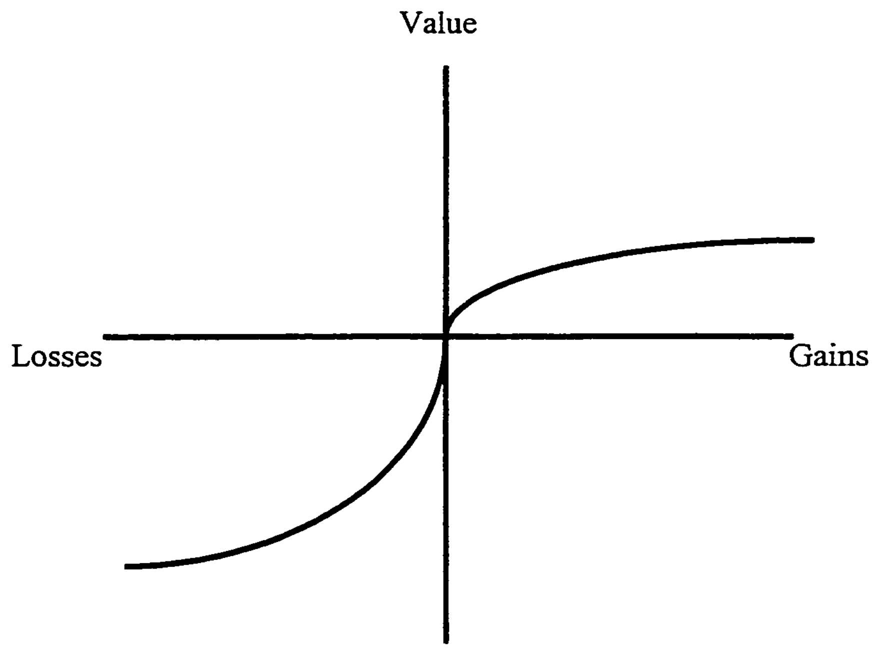
Most would select option A, even though expected utility theory tells us to select option B. This reversal of selections given the framing of the prospect as a loss as opposed to a gain is pervasive. By reversing the framing of the prospects and the reversal of the discovery of the reflection effect, some dramatic implications are found. First, when the prospect is framed in such a way as to choose between positive outcomes (i.e. the outcomes are located in the positive domain), there is evidence of risk aversion by individuals. However, when reversed, and the reflection effect is in order, individuals have a tendency to select the prospect where there is a probability to lose more than certainty, thereby exhibiting risk seeking behavior. Second, although preferences for prospects in the positive domain violate expected utility theory, the negative domain preferences do so as well. This is partially explained by the certainty effect. Where the certainty effect dominated preferences by being risk averse in the positive domain, it dominates risk seeking in the negative domain.

The two remaining critiques, as posed by Kahneman and Tversky (1979), are the problem of probabilistic insurance and the isolation effect. In probabilistic insurance, when given the choice between insurance in which you pay half the regular premium on a regular basis and paying the full premium. Under the full premium coverage you are always covered. However under the half premium example if there is a claim for damage there is a 50/50 chance of either full coverage or no coverage but you are found to have no coverage then your premium is refunded. Expected utility theory would promote the selection of such probabilistic insurance, although when presented to individuals, it is rarely selected. The isolation effect is the phenomena of isolating the components that distinguish prospects and disregarding the elements that the prospects share (Tversky 1972).

In response to the apparent deficiencies of expected utility theory, Kahneman and Tversky (1979) proposed a hypothetical value function to represent the decisions made by individuals when faced with both positive and negative prospects. An underlying assumption of the value curve developed is that the function represents changes in wealth or welfare. This is to say that the function shows perceived changes rather than highlighting absolute magnitudes. Therefore, the value function is dependent upon a point of reference for such change. Additionally, care is taken to note that special circumstances are not allowed for. The derived utility function does not reflect 'pure' attitudes because prospects may be affected by circumstances special to the individual. For example, a prospect which has outcomes of a certain value may be especially important to individuals who need that specific value (or something very close) due to personal reasons such as needing $50,000 to pay an impending debt.

To account for the inconsistencies of expected utility theory and allow for the effects found above in individuals' preferences for decisions under risk, the value function is depicted below in Figure 2.1.

Figure 2.1
Depiction of the General Prospect Theory Curve



Here, the value function, as described by the Kahneman and Tversky (1979) is "(i) defined on the deviations from the reference point; (ii) generally concave for gains and commonly convex for losses; (iii) steeper for losses than for gains." They also write that the general shape of the value curve has been observed for changes in wealth and across numerous decision makers.

This research utilizes the value function to develop hypotheses posited in chapter four. This function is especially useful in determining hypotheses concerning the curvilinear relationship between variables and the substantive incremental effects of the evaluation of performance.

SUMMARY OF CHAPTER TWO

This chapter of the study reviewed the foundational theories that are utilized in the construction of this study. Specifically, a review of how performance is going to be theoretically evaluated was presented by implicitly using the expectancy disconfirmation paradigm at the attribute level. This discussion provided a review of the independent variables of interest here. Next, prospect theory (Kahneman and Tversky 1979) was discussed and the central tenets of the theory were presented, indicating a model which contrasts significantly to expected utility theory. The review of the tenets of prospect theory provides a foundation to understand the hypothesized curvilinear nature between performance evaluation and the relational constructs.

The concept of identification impacts the relationship between the evaluation of performance and the key relational constructs. As such, the following chapter reviews the foundations of the concept of identification.

CHAPTER THREE

SOCIAL IDENTIFICATION

Identification is one of the central concepts of this study. As such, identification is utilized as the key construct that amends the relationship between performance evaluation and the relational constructs of satisfaction, trust, and relational continuance. To better understand the concept of identification, this chapter introduces the theories upon which identification is founded. First, a review of the literature pertaining to social exchange theory, the primary foundation upon which social identity theory is based, is presented. Second, a brief review of resource exchange theory is delineated to justify exchange as the primary source of interaction between buyers and sellers. Third, social identity theory is presented. In this section discussion relates to the conceptual domain of identification as it relates to this study, other conceptualizations of identification in the literature and how it contrasts with the current utilization, and many of the problems associated with other conceptualizations. The final major section of this chapter delineates the foundations of attribution theory. Attribution theory, as applied in this study, provides additional depth to the arguments presented in chapter four for the development of the hypotheses. Accordingly, it is imperative to understand many of the errors and biases identified in attribution theory

SOCIAL EXCHANGE THEORY

Simpson (1976) his review of theories of social exchange indicates two dominating streams of research developing social exchange theories. The first stream was built upon the works by noted sociologists Homans (1961) and Blau (1964). The second stream developed independently, and concurrently, by the works of eminent psychologists Thibaut and Kelley (1959). Discussion of the above theories will begin with that of Homans (1961).

The most basic assumption of social exchange theories is that humans incur psychological costs to reap psychological rewards. Because of such, social exchange theories are very analogous to many business exchange theories. These rewards and costs occur due to social interactions and individuals attempt to maximize their rewards while minimizing the costs incurred. To begin with, Homans (1961) bases his theoretical development of social behavior upon the works of behavioral psychologist B. F. Skinner. Consequently, much of the theory is based upon assumptions that learning is a function of performing behaviors aimed at the attainment of rewards or avoiding punishments. However, individuals engage in behaviors that force them to interact with one another, where each individual is both a source for potential benefit and cost for the other. Accordingly, Homans developed a number of basic propositions paraphrased briefly here. First, Homans presented a proposition of the concept of a stimulus. If in the past an individual is presented with a situation when their activities were rewarded or punished, such situation becomes a stimulus. When present or future situations are similar to the stimulus the individual will repeat or avoid behaviors in order to be rewarded or avoid punishments respectively. Second, the more another has rewarded an individual for behaviors the more likely the individual is to repeat the behaviors. Third, the more valuable the reward is to the individual, the more often the individual will engage in the activity. Fourth, an element of satiation is present where rewards experience diminishing marginal utility in the eyes of the individual receiving the reward. Fifth, rules of scarcity apply, where the scarcer a reward is, the more valuable it becomes. Sixth, fatigue of performing a costly activity to receive a reward plays a factor where it becomes more costly to perform a costly activity the more it is performed. Finally, rewards presented should be proportional to their costs, so an element of distributive justice is present as well.

Thibaut and Kelley's (1959) work on the subject has been noted to be similar to that of Homans' (1961) work by Simpson (1976) with some very important distinctions. First, Thibaut and Kelley's (1959) work incorporates the concepts of comparison level (CL) and comparison level for alternatives (CLalt). CL is designated as the benchmark against which outcomes are measured where outcomes better than CL are pleasant and those outcomes below CL are unpleasant. CLalt is represented by the benchmark of the lowest level of outcomes from a social relationship or behavior that is equal or superior to those one could get from a differing, or alternative, social relationship or behavior. Hence, if the outcome falls below CLalt, the individual will attempt to either change the exchange behaviors within the social relationship to a better level or leave the relationship. Much of Thibaut and Kelley's work centered on the development of an interaction matrix, which highlighted the potential outcomes from interactions between two individuals, and, later, multiple partners to the exchange. The matrix for the former case indicated the potential outcome scenarios for two parties in an exchange and offered predictive ability of the differing relationship outcomes based upon situations of both power and interdependence.

Importantly, what both of these theories introduce are the central concepts that individuals engage in social interactions in the aim of producing rewards and that they engage in activities aimed at minimizing the costs involved in producing such rewards. An important addition to social exchange theory was the development of resource exchange theory that helped in the delineation of the types of resources available for exchange in a social setting.

RESOURCE EXCHANGE THEORY

The basic tenet of marketing has been described as an exchange between two or more social units (Brinberg and Wood 1983). Under some debate has been the question of how to classify and organize the many different substances of exchange. In their book Societal Structure of the Mind, Foa and Foa (1974) discussed the development of resource exchange theory by classifying differing resources and by comparing such resources between two dimensions, namely, particularism, and concreteness.

Foa and Foa (1974) defined resource as anything that can be transmitted from one person to another and identified six categories of resources. The first category, love, is an expression of affection. Second, status was defined as an evaluative judgment conveying high or low prestige. Third, information is known as advice, opinion or instruction. The fourth resource category, money, is easily known. The final resources, goods and services, are products or activities undertaken to help the individual (Donnenworth and Foa 1974). These resources were compared on two dimensions. The first was particularism, which indicates that the value of a resource is dependent upon the individuals involved in the exchange. Accordingly, love is very particular due to the fact that love is generally specific to individuals. The second dimension, concreteness, indicates the level of abstraction, where concreteness is the lack of abstraction, of the resource. For example, goods are seen as very concrete because of their physical makeup whereas information and status are seen as much less concrete.

Important to the study here is not the theoretical application of resource exchange theory's tenets, but the implication that social entities engage in exchange of particular types of resources. Here, our major concern is that resource exchange theory establishes the exchange of goods and services for money between individuals and institutions as a basis for primary interaction.

Dwyer, Schurr, and Oh (1987) reiterate the importance of exchange in buyer-seller relationships by summarizing years of debate on the conceptual domain of marketing by stating four important notions. First, exchange serves as the focal event between two or more parties in a business setting. Second, exchange is perhaps the most important reference for identifying the social network that participates in its formation and execution. Third, exchange provides the opportunity to examine the domain of all the objects and psychic entities that are transferred in the process. Finally, they state exchange is the critical event in the marketplace as it allows one to study the antecedent conditions and processes of exchange. Provided with the understanding of exchange as the integral facet of buyer-seller interaction, it is important to understand the concept of social identification and how social identification impacts the relationship between the evaluation of the performance, via exchange, and the relational constructs of satisfaction, trust, and relational continuance. The following section delineates the development of identification as a construct.

SOCIAL IDENTITY THEORY

Social identity theory posits that people have a tendency to classify themselves and others into various social categories including, but not limited to, organizational membership, gender, religious affiliations, etc. (Tajfel and Turner 1985). This social classification serves two broad purposes. First, on a psychological level, it orders the social environment into segments readily usable for an individual to interpret information and a systematic way of defining others. Second, social classification enables the individual to assess their location in the social environment by acknowledging the classifications by which they define themselves. Under social identity theory, this self-concept involves both the personal identity (those attributes specific to the individual such as psychological traits and abilities) and a social identity (those salient group classifications made by the individual). Individuals use both the personal identity and the social identity to define themselves through a set of essential characteristics of their own self-concepts (Steele 1988). Broadly, then, social identification is seen as the perception of belongingness to some human aggregate. This belongingness can be achieved by actual or symbolic membership in a particular group, due to the fact that it is the perception of the individual that is of concern. Such perception of belongingness to groups is important, in fact, very important, so much so that Tajfel (1982) argues that individuals are unable to form self-images in the absence of a social identity formed from group affiliations.

The concept of social identification has been derived from the concept of group identification (Tolman 1943). Importantly, identification has four principles relevant here. First, since identification is a perceptual state, it is not necessarily associated with specific behaviors or affective states. An individual doesn't need to participate toward the achievement of the group's goals but merely see themselves as psychologically linked with the fate of the group. Notably, this conceptualization distinguishes the concept of identification from similar concepts such as effort on behalf of the group (behavior related) and loyalty (affect related) (Ashforth and Mael 1989). Second, Ashforth and Mael (1989) indicate identification is also conceptually different from internalization. Internalization connotes the individual incorporating the values and attitudes of a group into their personal guiding principles (cf., Kelman 1961) whereas identification merely categorizes the self as a part of the organization or group and that the individual does not necessarily have to adopt the group's values. Third, identification is seen as personally experiencing the successes and failures of the groups the individuals classify themselves with (Tolman 1943; Foote 1951). Finally, identification with a group is seen as similar as identification with another individual person in that the person partly defines himself or herself in terms of a social referent (Ashforth and Mael 1989).

While identification is linked with the categorization of the self and is a part of self-concepts, these self-concepts are necessarily formed and sustained via social interaction, thereby making identity a relational and comparative concept. Finally, people tend to fixate on their own distinctiveness and emphasize their own distinctiveness through comparisons with others (Tajfel and Turner 1985). However, as Erickson (1964) notes, identity not only distinguishes one from others but simultaneously allows one to see themselves as similar to a class of individuals with whom they closely associate themselves. Therefore, identity can be seen as a double-edged sword, making one distinctive from others and including one's self to be a member of a class of people.

As touched upon earlier, identification by an individual can be associated to differing levels of human aggregate, meaning that individuals can identify with another individual or with groups of people. Additionally, organizations themselves can develop organizational identification. Organizational identification is similar to the concept of personal identity presented earlier in three distinct ways (Albert and Whetten 1985). First, organizational identity is what is taken by organization members to be central to the organization. Second, distinctions are made by the members that make the organization different from other organization, and, third, the organization's members perceive features of the organization that link the present organization with the past. Essentially, then, organizational identity answers the question of "Who are we, as an organization?" as opposed to personal identity that answers the question of "Who am I as a person?"

Organizational identity displays many of the same features as personal identity. First, organizational identity is maintained by the individuals in the organization by comparing such organization to other organizations (Albert 1998). Second, organizational identity displays the double-edged sword by simultaneously conducting the comparison process of the focal organization with other organizations via determining to be similar and distinguishing from a class of similar organizations through the use of finer dimensions (Martin et al. 1983). Conversely, organizational identity differs from personal identity in that organizational identification is much more dynamic (Gioia and Schultz 1995). The essential characteristics that are core about an organization can change more rapidly than an individual due to pressures for an organization to successfully cope, or even survive. Although individuals are susceptible to influences from the environment, it is especially critical for organizations to remain adaptable. Hence, personal identification within an individual is shifted toward a centering stability over time whereas organizational identity is shifted with a balance toward adaptive instability.

The distinctions made above are important for understanding the role identification can play in a buyer-seller relationship. As noted before in the discussion of resource exchange theory, the exchange of goods and services for money between individuals and organizations is the basis for primary interaction. Conceptually, only individuals have the ability to identify with other entities. It has been noted that while individuals can help create and participate in organizational identity, only humans have the ability to identify. Additionally, it is humans who interact to engage in and complete exchanges. While both buyers and sellers are important in the exchange process, one of the goals of this study is to ascertain the relationship between the evaluation of the performance of a supplier as perceived by the buyer and the relational constructs of interest. Accordingly, it is these perceptions of a buyer as an individual that is of interest here and their identification with the supplier. Therefore, for the purpose of this study, identification is seen as the perception of belongingness (identification) of a buyer, as an individual, towards the supplier. However, this explanation does not delineate the level at the supplier end. As this study is interested in the marketing channel not at the consumer level, the supplier will be defined at the organizational level and not the level of the individual. For clarity this study will refer to this concept as organizational identification. Hence, organizational identification will be utilized as in the following definition:

> Organizational identification is the degree to which a channel member buyer, as an individual, has a sense of belongingness to a particular seller, as an organization.

Conceptually for channels research this necessity of assessing the perceptions of an individual could pose the problem of single informants introducing bias in measuring channel constructs (Phillips 1981). However, Brown and Lusch (1990) provided that single informants may be appropriate under certain conditions, such as small firms, as is the case here. Puto, Patton, and King (1985) note that while much of the research has emphasized the role of the buying center, as opposed to an individual, individuals still occupy an important role in the buying process between firms and that it is not unusual for an individual to assume most of the responsibility for the arrangement of the firm. It is imperative to note that, conceptually, the buyers in question are in a position within the buying firm that represents the potential to interact with the seller and make most of the decisions about purchasing and be the source for which performance is evaluated (i.e. a key informant).

Identification as a construct in the literature has been most widely applied in two broad domains. First, identification has been shown to be an important construct for consumers in relating to organizations. Secondly, identification within interorganizational research has been modeled mostly under the premises established by the writings of Kelman (1961). However, as we shall see, neither of these applications nor conceptualizations is equivalent to what is being proposed in this study.

Pertaining to identification at the consumer level, identification has been viewed as a tool to develop the relationship between the consumer and the organization. As a result, Bhattacharya et al. (1995) argue that identification is the major theme underlying the research behind socially responsible buying (Drumwright 1994), corporate alliances with nonprofits (Smith 1994), and cause related marketing (Arnott 1994;Varadarajan and

Menon 1988). By firms aligning themselves with programs aimed at worthy causes, it broadens the base from which the consumer can draw to identify with what the organization represents. However, this representation necessitates that identification is tied to the causes or goals that the organization embodies.

Bhattacharya et al. (1995), in their study of art museum members, correlate a number of characteristics with the members' identification with the museum. The authors delineate three primary characteristics, those of organizational and product characteristics, affiliation characteristics, and activity characteristics. Organizational and product characteristics consists of perceived organizational prestige and confirmation of expectations with services. Affiliation characteristics are made up of length of membership, visibility of membership, and participation in similar organizations. Finally, activity characteristics consisted of the amount of contact and donations. While this work delineated many of the constructs that are associated with identification, the analysis was merely correlational in nature and did not provide empirical or theoretical evidence of causality.

Identification has also been an important dimension in the consumer literature as it relates to ethnicity. Ethnic identity is how an ethnic group relates to its own group as a subgroup of the larger host society (Webster 1994). Deshpande, Hoyer, and Donthu (1986) add that ethnic identification should be a measurement of not only affiliation to a particular ethnic group, but the intensity as well. Other studies have found that ethnic or racial identification to be an important factor affecting a variety of consumption behaviors (Stayman and Deshpande 1989; Williams and Qualls 1989).

Fisher and Wakefield (1998) emphasize the importance of identification to charities, educational institutions, religious organizations, and sports teams. These authors cite Freud (1949) as arguing that identification is the first expression of an emotional bond with another person, whereby children identify with their parents. These authors also cite that while Kelman (1961) argues that the sole determinant of identification is the attractiveness of the referent, this may not always be the case. It is his belief that attractiveness alone is insufficient to explain identification. Using the example of sports teams, the most successful teams do not necessarily generate the most fan support and, in fact, examples of fan support for such teams as the Chicago Cubs, whose fans are famous for their loyalty and identification with the team despite the fact the team has gone 50 years without winning a pennant, exhibits such exception.

Most of the channels literature citing identification uses the conceptualization above as developed by Kelman (1958; 1961). Kelman (1958; 1961) proposed a typology in which there are three processes involved in social influence. First, compliance is the conforming to one's influence because they expect to gain a favorable reaction. Second, identification involves the conforming to another's influence in order to maintain or establish a desired association and, third, internalization, where one conforms to another there held values are consistent with those of the influencer.

Kasulis and Spekman (1980) linked the bases of power of French and Raven with the typology developed by Kelman and offered three propositions. First, coercive and reward power will foster compliance. Second, referent and expert power will foster identification. Lastly, legitimate and informational power will foster internalization. Their work focuses on the cognitive determinants of cooperative behavior rather than assuming a compliant response to power where the cognitive elements can range from compliance with coercion to internalization of beliefs (Kasulis and Spekman 1980).

The Kelman (1958; 1961) conceptualization of identification, via desire for affiliation due to attractiveness alone, has been the one almost exclusively applied in the channels literature. This study, because of the differing definition of identification, takes a significant departure from previous channels investigations in that identification is not necessarily a consequence of an attempt to influence or that identification is built upon the attractiveness of the referent but that organizational identification is merely the belief of a sense of belongingness to the referent.

Ashforth and Mael (1989) also note many of the problems associated with the conceptualization of identification in the organizational literature by stating that much of the research has not distinguished identification from internalization or cognition from behavior and affect. For example, Hall, Schneider and Nygren (1970) defined identification as a case where the goals of the organization and the individual become integrated and congruent. O'Reilly and Chatman (1986) had made the distinction between compliance, identification, and internalization but followed the lead of Kelman (1961) in stating that identification is based on a desire for affiliation and not as a perceived belongingness to an organization like Ashforth and Mael (1989). Identification has also been confused with commitment in the organizational literature. Mowday, Steers, and Porter (1979) defined organizational commitment as the strength of an individual's identification with and involvement in a particular organization.

Provided with the conceptualization of identification as presented in this study, which is distinct, no research has been found that utilizes identification as a key construct as impacting the perceptual boundary between buyers and sellers. Also, with the notable exception of Ashforth and Mael (1989), little research has been conducted on identification as defined here, with the according distinctions between identification and internalization, cognition, behavior, and affect. It is the aim of this study to fully incorporate the concept of identification by using the definition of identification as the perception of belongingness to a human aggregate. Again, for purposes of clarity, this study will refer to the concept as organizational identification.

Coupled with social identity theory, attribution theory plays an important role in the relationship of the key variables investigated here. Attribution theory, as applied in this study, provides additional depth to the arguments presented in chapter four for the development of the hypotheses. Accordingly, it is imperative to understand many of the errors and biases identified in attribution theory

ATTRIBUTION THEORY

The first item to note about attribution theory is that there is no singular concrete theory around which to base discussions. Attribution theory has been developed around several theoretical approaches where each has some similarities and many differences. Discussion will focus upon the different theoretical approaches seen in developing attribution theory, the central features of attribution theory, and many of the errors and biases identified in attribution theory.

A distinction of consequence has been made between attribution theory and attributional theories. Attribution theory deals with aspects of causal inferences made by a social perceiver: how individuals arrive at causal inferences, what information is utilized to arrive at causal inferences, and the potential consequences of such causal inferences. Attributional theories are concerned with specific behavioral area, such as how individuals react (or are predicted to react) when faced with threatening events, for example. Therefore, while attribution theory "is concerned with the generic causal principles that people employ that might be used in a wide variety of domains, whereas attributional theories are concerned with the speific causal attribution processes that people employ in a particular life domain" (Fiske and Taylor 1991).

Perhaps the first comprehensive review of attribution theory as related to the marketing discipline was performed by Mizerski, Golden, and Kernan (1979). Here the authors identified and reviewed four major attribution theories; Heider's (1958) theory of commonsense, or naïve, psychology; Jones and Davis' (1965) model of correspondent inference theory; Kelley's (1967 & 1972) covariation model and concept of causal schemata; and Bem's (1972) self-perception theory. Heider's 1958 work was the one of the first attempts to conceptualize and attempt to decipher how individuals interpret the actions of others. His analysis promoted the idea of using psychology in a way to understand individuals' interpretations of everyday events by the analysis of such individuals' natural language. Simply, this commonsense approach, or naïve analysis of action, was performed by listening to many people describe their thoughts of what causes others to behave in certain ways and then gleaning the common elements of these stories to develop a constructive theory.

Relying heavily upon the "lens" model as developed by Brunswik (1956) to develop his theory. A "distal stimulus" is defined as another person toward whom the perceiver's attention is focused. This person is referred to as distal because they are external to the perceiver and are not directly perceived. Information about the distal stimulus is perceived through some form of mediation (physical stimuli). The stimulus pattern generated by the mediation and presented directly to the perceiver is known as the "proximal stimulus". This proximal stimulus is then integrated and analyzed internally alongside the perceiver's past experiences. Heider suggests that individuals are like quasi-scientists in analyzing such information. While individuals are not scientifically conceptualizing and testing their hypotheses, they are developing fairly logical explanations in an analytical way.

Heider (1958) identified a number of important concepts in his work. He delineated the conditions of action between environmental force and personal force. Here, any action outcome is dependent upon the difficulty of the task at hand (environmental force) and the ability, motivation, and intention of the actor (personal force). Further, he determined that the two necessary and sufficient conditions for an outcome are the concepts of "can" (where the ability of an individual exceeds the ability to perform a task) and "trying" (where the person intends to do something in a particular way and how hard they attempt to do so).

Heider also made an important distinction between causal and responsibility attributions. Here, it is not only important what caused an event to occur, but who is responsible for making it occur. Individuals can be held responsible for actions even thought they were not the cause of such actions (i.e. a parent being responsible for the actions of their child) or they can be the cause of actions but not be held responsible (i.e. performing an undesirable task by pure accident). Generally, attribution of responsibility to an individual increases with the increase of a person's: 1) contribution to the outcome;

2) knowledge of the consequences of the particular action; 3) intent to produce the outcome; 4) degree of voluntary participation versus coercion; and 5) degree of knowledge about the moral implications of the action (Shaver 1985).

The most basic and fundamental of Heider's contributions is the suggestion that individuals rely upon the concept of the locus of causality. Heider's analysis produced two broad loci to causality: attributions to the environment (external attributions) and attributions to something in the person (internal attributions). External attributions place the cause of the event upon the physical and social circumstances in which the event occurred. Alternatively, internal attributions place the reasons as to the occurrence of the event on the actor in the event. Namely, the actor's ability, motivation, attitude, and emotional state are the primary factors.

Jones and Davis' (1965) correspondent inference theory was heavily influenced by the works of Heider. Their theory is concerned with the factors that influence the attribution of intent and disposition to another person. The assumption is that individuals search for explanations of others' behavior that is consistent and informative and that behaviors are most predicted by the disposition of the actor. Therefore, a correspondent inference is an inference about the disposition of another that corresponds with the others' behavior. Accordingly, knowledge of the dispositions of others allows one to understand the other and make future predictions of their behavior. Where Heider's work did not identify what factors help determine the making of dispositional attributions, Jones and Davis' work focused on it. While Jones and Davis identified many factors, only a few of the more important ones will be discussed here.

The cultural desirability or social desirability of behavior was one important determinants of making a dispositional attribution. Logically, behavior that is undesirable will be more informative to the perceiver, and more likely attributable to the disposition of the actor, than socially desirable behaviors because the behavior is outside the realm predicted by the situation. When one perceives another acting and behaving in a way that is against socially acceptable criteria, the tendency is to attribute the behavior to the disposition of the actor because it is believed the action reflects the actor's true beliefs, because by acting against socially accepted terms, the actor has placed him or herself in a socially risky position by potentially being rejected.

Another important determinant of correspondent inference is the concept of noncommon effects. Identifying and analyzing the noncommon effects between two or more courses of action provides the basis to make a correspondent inference. For example, given the choice between two outcomes such as selecting between two jobs which are very similar, correspondent inferences can be made about the individual based upon how the jobs are dissimilar. If the jobs pay similarly, have similar responsibilities, but have similar work environments but differ significantly on prestige, inferences are made on the individual based upon their selection of the job (either high or low prestige). Here the number of noncommon effects is small (prestige only) and, therefore, the likelihood that a correspondent inference will be made is high. If the choice, or choices, differ in numerous ways, correspondent inferences are less likely to be made.

The last determinant of correspondent inference discussed here are the similar concepts of personalism and hedonic relevance. Personalism refers to the perceiver's belief that an action taken by an actor was meant to benefit or harm the perceiver *specifically*. Under this circumstance, the action was taken by the actor to impact the perceiver. Hedonic relevance implies that the action taken by an actor benefits or harms the perceiver, but was not specifically undertaken for such reason. Consequently, the more personalistic or hedonically relevant the act is, the higher a likelihood of making a correspondent inference.

While the attribution theories proposed by Heider (1958) and Jones and Davis (1965) analyze the implications of single instances, Kelley's (1967) model of covariation attempted to integrate individual's access to information of multiple, similar events. Kelley's model is analogous to the idea that people make causal attributions as though they were analyzing data in an analysis of variance (ANOVA) statistical procedure, where they would attribute effects to those causal factors with which they covary. He proposed that individuals utilize three types of information to verify whether or not the linkages between causes and effects have been made appropriately.

The first type of information discussed is that of distinctiveness. This concept is to determine if the behavior of the actor in one situation is different than in other situations. If the behavior is low in distinction among many instances then attribution is likely to be placed upon the disposition of the actor. Another type of information used is that of consistency. Does the behavior occur consistently over time? If so, again an attribution to the actor's disposition is likely to be made. Finally, the consensus form of information is taken into account. Here, a determination would be made if others act in a similar way. If so, then an attribution of causality would likely be made to situational influences rather than a dispositional influence. Accordingly, dispositional attributions are most likely to be made when the behaviors are determined to be low in distinctiveness, high in consistency, and low in consensus.

Kelley (1972) extended his research to include the concept of causal schemata to incorporate instances where highly developed and analyzed reasons for causality where not required or attainable (as in the ANOVA model). In this instance, he proposed that individuals typically have developed life experience enough to supplant the analysis performed in the ANOVA model with application of developed, supposed patterns of causal relations based upon memory. These schemata are broad generalizations of causal patterns and are typically activated for use by cues present in the environment.

Kelley's work also highlighted two very important principles pertinent to attribution theory, the discounting and augmenting principles. The discounting principle accounts for the tendency to discount, or give less credence to, potential causes of an effect when other potential causes are present. For example, if you learn that I am going to the circus on Tuesday, you may be less inclined to believe that I enjoy the circus when you learn that I am also taking my 2-year-old daughter. The augmenting principle distinguishes between inhibitory and facilitative causes. Inhibitory causes interfere with a particular outcome from occurring while the facilitative cause helps increase the likelihood of occurrence. If an outcome was in the presence of both an inhibitory and facilitative cause, the facilitative cause is given more credence, or augmented, than if it were alone because it overcame the inhibitory cause.

Daryl Bem (1967, 1972) contributed to the discussion of attribution theory by integrating the concept of self-perception. This contribution allowed attributions to be made about the self, based upon the observations and of one's own behavior and the context of such behavior. While not nearly as applicable in this study, his work represented, as he argued, a paradigm shift in social psychology moving from motivational models of cognition to information processing and attribution models.

Fiske and Taylor (1991) provide evidence of others work being seminal in the development of attribution theory, most notably that of Schacter's (1959, 1964, 1971) theory of emotional liability which indicated that people's perceptions of their own emotions are compared to that of others and, consequently, are subject to being interpreted differently, and Weiner's (with Frieze, Kukla, Reed, Rest and Rosenbaum 1972, Weiner 1979) integration of prior attribution research on self perception to assess and dictate future personal expectations. However, while all of these works differ in many important ways, there are similarities amongst them that are crucial for the present study. Most notably, many of these theories have assumed causal analysis is performed by individuals in the aim to fulfill people's needs to predict the future and control events (Heider 1958; Jones and Davis 1965; Kelley 1967). Additionally, the distinction between situational and dispositional causes of behavior is the central tenet of nearly all attribution theories (Hilton and Slugoski 1986; Medcof 1990; Gilbert 1995).

In attribution theory, individuals attempt to determine or locate the causes of outcomes. Attributions can be either internal, where the cause of the outcome is determined to be from the disposition of the actor, or external, where outcomes are determined to be caused by environmental forces. The attributional equation, or the Lewinian equation named after Kurt Lewin, provides an articulation of the theory and is presented below:

$$B = S + D$$

Here, behavior (B) of an individual or organization is a function of the situation (S) one is in and the person's, or organization's, predispositions (D) to act. Therefore, when making evaluations about behavior, it is the combination of the two forces (situation and disposition), not either alone. Consequently, people who are in the same situation do not behave identically (indication of disposition) nor do people with similar dispositions act similarly in all occasions (indicating the impact of the situation). However, it is clear that people attempt to determine *why* people act.

Inability to correctly distinguish the cause to correctly be either the situation or the disposition of the actor can lead to errors in attribution. Additionally, if the perceiver distorts information or procedure in arriving at a causal attribution, bias can occur. Errors and biases are quite common phenomena in attribution theory, a number of which deserve discussion here.

The fundamental attribution error is perhaps the most documented of the phenomena in attribution theory. Under the fundamental attribution error the perceiver is likely to attribute actions of an actor to the actor's disposition rather than to situational factors, even when there is every reason not to do so. There have been a number of reasons as to why this tendency occurs including the concept that behaviors overshadow situations (Heider 1958), people prefer to make dispositional attributions over situational ones in order to provide psychological control over understanding our environment or provide a psychological basis for us to interact proficiently in our environment, and, finally, the fact that people have a tendency to underestimate the power of situations (Gilbert 1995).

Another effect discovered in attributional research is that of the actor-observer effect. Here, individuals have a tendency to attribute causation to the disposition of the actor when a behavior is observed. However, when observing one's own behavior, individuals have a tendency to attribute the cause to situational factors, even when the actions and situations between the two instances are very similar, if not identical. Explanations for this effect include the inability of the actor, when perceiving their own behavior, to adequately assess their own behavior because they are not truly observing (Fiske and Taylor 1991). This argument is similar to that of the saliency of behaviors overshadowing that of situations posited under the fundamental attribution error above, only reversed. Another potential explanation for this effect is the fact that the perceiver as actor has differing information upon which to base their attributions by knowing their feelings and intentions, where this information is hidden when attributing as a pure observer (Jones and Nisbett 1972).

Similarly, when participating in group activities which produce outcomes, individuals have a tendency to bias their share of the responsibility because, it is argued, that one's own contributions are more salient and easier to recall than the contributions of others or that, again, informational disparities exist between one's own contribution (where there is a high degree of information) and others' (where little is known about how much others actually did) (Ross and Sicoly 1979). This bias is known as the self-centered bias. In contrast, self-serving biases are biases based on attributions about the self alone. Under the self-enhancing bias, individuals have a tendency to take credit for success, i.e. make causal attributions to their own dispositions or actions than to situational factors when outcomes are successful. Opposing, the self-protective bias implies that individuals have a tendency to attribute failures resulting from behavior to the situational forces at hand, thereby protecting the ego.

Judgments of others are also often taken into account when attempting to make attributions, particularly when estimating one's own causal perceptions. Individuals tend to believe that the choices they have made earlier are typical to the situations. Hence, the self-based consensus effect illustrates that if others were faced with the same situation as the actor, the actor believes that the others would act in a manner similar to how he or she behaved, regardless if this is true or not. The consequence is that individuals overwhelmingly overestimate how common their own behavior is and their own feelings and opinions.

Attribution theory, as it is used in this study, plays an important role in this study by discerning the level of impact of performance evaluations upon the key variables of satisfaction, trust, and relationship continuance when accounting for the level of organizational identification of those making the evaluations. We shall see how attribution theory is coupled with social identity theory in chapter four where the development of the theory and hypotheses is discussed.

SUMMARY OF CHAPTER THREE

The brief review of the two seminal works of social exchange theory (Homans 1961; Thibaut and Kelley 1959) provided a basis for examining resource exchange theory (Foa and Foa 1974) which, importantly, provided justification of the assumption of the exchange of multiple types of resources as the key interaction between firms. Social identity theory (Tajfel and Turner 1985) was discussed to provide an understanding of the development of the concept of organizational identification, which was defined for use and provided justification of its theoretical domain.

Following the discussion of social identity theory, the many original groundings of attribution theory were briefly offered, namely: Heider's (1958) theory of commonsense, or naïve, psychology; Jones and Davis' (1965) model of correspondent inference theory; Kelley's (1967 & 1972) covariation model and concept of causal schemata; and Bem's (1972) self-perception theory. Additionally, many of the well-founded phenomena of errors and biases associated with attribution theory were reviewed.

Building upon these foundations of the theories posited in this chapter, and those presented in chapter two, chapter four will develop specific hypotheses for testing.

CHAPTER FOUR

THEORY DEVELOPMENT AND HYPOTHESES

Based upon the theoretical foundations outlined in chapter two, this chapter will integrate these foundations and develop testable hypotheses. Importantly, this chapter will develop hypotheses in a number of steps, ultimately leading to test hypotheses related to how the role of organizational identification impacts the relationship between the variables mentioned in the "core" hypotheses which deal with the relationship between performance evaluation and the key relational variables. First, a brief review for the justification of the use of attribute level evaluation of performance will be presented as a recap from chapter two. Next, the key relational variables of satisfaction, trust, and relationship continuance will be appraised as well as operational definitions being presented. Following such, hypotheses will be generated linking the evaluation of performance to the key relational variables under inspection, based primarily upon the tenets of prospect theory.

This step of linking the evaluation of performance upon the key relational variables will be performed in three stages by first logically developing hypotheses aimed at comparing the overall impact of exceeded expectations on the key relational variables versus the impact of unmet expectations on the key relational variables. Next, how performance evaluations that exceed expectations impact the key relational variables first. To complete the three-step development of how performance evaluation impacts the key relational variables, hypotheses related to performance evaluations that fall below expectations at the attribute level will be assessed as to its impact on the key relational variables.

The last hypotheses developed in this chapter delineate how the role of organizational identification impacts the hypothesized relationships between the evaluation of performance and the relational variables of interest. These hypotheses amend the hypotheses developed prior. Finally, all hypotheses will be presented as a review at the end of the chapter.

PERFORMANCE EVALUATION AT THE ATTRIBUTE LEVEL

As stated in chapter two, the evaluation of performance by a supplying firm, for the purposes of this study is conceived to be the *perceived* performance of the firm, as compared to directly quantifiable measures such as sales figures or market share. More importantly, it is whom the supplier is servicing and providing products to that will be noting their perceptions of performance.

Perhaps supply firms', within a marketing channel, primary goal is to provide utility to the buyer by the provision of resalable goods. Embedded in the transactions are a potentially never-ending amount of services such as both the timing and number of deliveries, provision of information, appropriate pricing, etc. Each one of these aspects of the total offering by the firm impacts the perception of the performance of such firm. Here, these aspects to the total offering are referred to as attributes where attributes are defined as a specific quality or characteristic inherent in the offering by a supply firm.

Use of attribute level performance evaluation information is justified for numerous reasons. It has been assumed that individuals use attribute-based evaluative criteria (Gardial, Clemons, Woodruff, Schumann, and Burns 1994), even at processing levels that are deemed to below. Holbrook (1978) adds that specific referents may be used in assessing performance because the user may be more interested in a specific performance dimension (attribute) and that information at the concrete attribute level may be easier to process for individuals than globally abstract information. Additionally, attribute level performance assessment offers a diagnostic tool that is more coherent and perceptible to practitioners as compared to evaluations that are made from global or abstract evaluations (LaTour and Peat 1979).

To assess performance evaluation at the attribute level, incorporation of the expectancy disconfirmation paradigm is loosely applied. Here, it is the intention of this study to utilize the subjective evaluation approach to evaluate performance as opposed to the subtractive method of modeling expectancy disconfirmation. Furthermore, while the expectancy disconfirmation paradigm specifies three distinct outcomes of positive disconfirmation (where performance exceeds expectations), negative disconfirmation (where performance does not meet expectations), and simple confirmation (where performance merely meets expectations), this study is interested in the positive disconfirmation and negative disconfirmation outcomes and uses met expectations as a point of reference. Using met expectations as a point of reference is justified for two reasons. First, it provides a simple benchmark for comparison. Second, it provides a conceptually equal point that respondents can recognize.

Attention is now turned toward the key relational variables of interest in this study. Namely, satisfaction, trust, and relationship continuance will be discussed and definitions of each for the use of this study will be presented.

KEY RELATIONAL VARIABLES

This section will provide a brief justification of the use of the three key relational variables of interest in this study: satisfaction, trust, and relationship continuance. First, discussion of the variable satisfaction is presented.

Satisfaction

Satisfaction, as a key relational outcome variable, is of importance to study. It does not make sense to speak of satisfaction at the organizational level, however, members of organizational buying teams have feelings toward a supplier as an organization (Selnes and Gonhaug 2000) and individuals who are involved in the decision making process are influenced by their subjective experiences (Johnston and Bonoma 1981; Kohli 1989). Ruekert and Churchill (1984) imply that the construct of satisfaction is of fundamental importance in understanding channel relationships. Further, satisfaction has been either the focal or outcome construct in models depicting working partnerships in channels (Anderson and Narus 1990) and many other interorganizational exchange models (Anderson and Narus 1984; Frazier 1983; Frazier, Spekman, and O'Neal 1988). Finally, Brown, Lusch, and Smith (1991) argue that satisfaction is a key behavioral outcome of channel member exchange because it is widely believed to be correlated with performance, is critical to creating integrated logistics systems, and that it is important in its own right.

Channel member satisfaction has been linked to many dominant concepts in the channels literature including communication (Mohr and Nevin 1990), conflict (Brown, Lusch, and Smith 1991), exit intention (Ping 1994), dependence (Keith, Jackson, and

Crosby 1990), and most notably, power (Hunt and Nevin 1974). Indeed, Geyskens, Steenkamp, and Kumar (1999) state that the most prevalent construct of channel member conduct that has been identified as an important determinant of channel member satisfaction is the partner's use of power.

For purposes here, distinguishing between the types of satisfaction under investigation is warranted. Oliver (1993) has noted that transaction-specific satisfaction refers to the evaluative judgment of the most recent transaction experience with the firm. Also, transaction-specific satisfaction is seen as a judgment made immediately after purchase. These judgments have been viewed as both transient in nature and encounter-specific (Garbarino and Johnson 1999). In contrast, cumulative satisfaction is seen as an evaluative judgment based on the experiences related to purchase and consumption with a good or service over time (Anderson, Fornell, and Lehman 1994).

This study utilizes the definition of satisfaction as developed by Anderson et al. (1994) and stated above as one that is cumulative and is seen as an evaluative judgment based on the experiences related to purchase and consumption with a good or service over time. This is in contrast to the transaction-specific orientation presented earlier. Utilizing this definition is beneficial for a couple of reasons. Having a conception of satisfaction, which is theoretically linked with experiences over time, is better suited for analysis in this study due to the relational nature of the study itself, which implies transactions over time. Secondly, this measure theoretically incorporates transaction-specific satisfaction in that transaction-specific satisfaction builds over the course of each transaction. Hence, the theoretical conceptualization used here is not only broader, but also more encompassing. Finally, such an understanding incorporates and integrates distinctions of aspects of satisfaction, such as between economic and noneconomic (Gassenheimer, Calantone, Schmitz and Robicheaux 1994).

Trust

Many researchers have utilized and substantiated the role of trust in determining relationships that are successful (Berry 1995; Morgan and Hunt 1994; Dwyer, Schurr, and Oh 1987). Perhaps the most dominant piece indicates that trust as a relational construct acts as a key-mediating variable in the development of a model of relationship marketing (Morgan and Hunt 1994). Economic transactions are embedded within networks of social relationships and the characteristics of such relationships, such as trust, are said to have a direct impact on the effectiveness of the exchanges in organizational settings (Granovetter 1985). Because the concept of trust has been identified to be an important topic of interest, there have been numerous studies incorporating trust. Consequently, there have been many discussions related to determining what is trust.

Ring and VanDeVen (1994) have stated that trust has been viewed in two ways in the business and sociology literature. First, in the business view, trust is based on confidence or risk in the predictability of one's expectations. In this view individuals and companies use trust to hedge against uncertainties in the marketplace and may, in addition, utilize formal contractual means, guarantees, and laws. Second, in the sociological view, trust is seen as the confidence in another's goodwill. Here, trust emphasizes faith in the moral integrity of the goodwill of others (Smeltzer 1997).

Expectations also plays a part in the conceptualization of trust as posited by Barber (1983). Here, trust can involve general expectations about the persistence and fulfillment of the natural and social order and expectations that are specific to particular contexts. Pertaining to specific contexts, trust can be related to two ideas. First, trust can be related to the technical competence of performance by another. The trust of the competence of another broadly means that one expects that the other has the knowledge, skill, and dependability to act in ways that result in positive outcomes for the person trusting. Second, trust can be related to fiduciary responsibility. Here the expectation is that another will act in a way that not only helps preserve the best interest of the trusting person but that the other will abstain from acting opportunistically, also categorized as goodwill (Baba 1999). Additionally, Bradach and Eccles (1989) concur in that they see trust as a mechanism that alleviates the fear that another will act opportunistically.

McLain and Hackman (1999) reiterate the above linkage of trust with the idea of potentially being open to vulnerabilities by defining trust as the belief that a specific other will be able and willing to act in the trustor's best interest. These authors argue that one must assess the ability and willingness of another and, to do so, trust is a cognitive estimate of a specific other's potential for reducing risk. Additionally, it has been posited that such cognition-based trust may be related to competence (Baba 1999).

Other studies have also identified dimensions of trust including that of integrity, competence, loyalty, consistency, and openness (Butler and Cantrell 1984; Schindler and Thomas 1993). Integrity is seen as the aspect of honesty and truthfulness attributable to someone whereas competence is the level of skill attained and displayed, whether technical or otherwise. The loyalty dimension of trust has been defined as the benevolence toward another. The consistency dimension was seen as the level of reliability and, finally, openness was defined as the level of willingness to share both information and other resources. Geyskens, Steenkamp, and Kumar (1998) report that many channel studies have defined trust as a composite of two primary dimensions, those of honesty and benevolence. They also add that most studies follow the lead of Larzelere and Huston (1980) in that while there may be many dimensions of trust, they are probably so closely intertwined that they are operationally inseperable. Accordingly, while this study does concern itself with the concept of trust, it does so in a holistic and global manner, meaning the numerous and debatable underlying dimensions of trust will not be investigated but the overall concept of trust will. By doing so, this solves the problems of both determining the potentially numerous underlying dimensions of trust and the integration of those dimensions. As such, the definition of trust utilized for this study follows directly from the one presented by Morgan and Hunt (1994) that defines trust as the confidence one has in the reliability and integrity of the exchange partner. Of note is the importance that in this study the confidence established is towards another institution, not an individual.

Relationship Continuance

Of established importance in channels literature is the concept of relationship marketing. Central to the concept of relationship marketing is the idea of relational exchange as developed by Macneil (1980). Here, all transactions can be classified on a continuum between discrete and relational. Discrete transactions are those transactions that nothing, or any interaction besides the transaction, is shared between the buyer and the seller, neither before nor after the transaction. Relational exchanges are those transactions that are not so discrete in the separation of the buyer and seller in question. Of the many indicators of relational exchange include the belief that benefits and burdens will be shared between the two exchange parties, the partners will share mutual trust, planning for future transactions will take place, and, most importantly, that there is an expectation that the exchange relationship will endure over time (Dwyer, Schurr, and Oh 1987; Kaufmann and Dant 1992). The two concepts above of planning for future transactions and the expectation that the exchange relationship will endure over time both express the importance of the future, most notably the latter. Indeed, Berry (1983) stressed the importance of the long-term nature of exchanges when defining relationship marketing as the activities in attracting, maintaining, and enhancing customer relationships.

Other frameworks have been developed which attempt to explain the relational content between buyers and sellers. Over time, buyers and sellers could engage in repeated transactions that could lead to long-term relationships, although it may be distinguished as more discrete rather than relational. Moving more towards the relational end of the continuum, relationships could be established which necessitate the need for transaction specific assets, viewed under TCA (Anderson and Narus 1990; Anderson and Weitz 1989) whereas Heide and John (1990) argue that close relationships emerge to protect such assets and suggest that closeness in such relationships can be affected by the degree of joint action, efforts aimed at verification, and, most importantly, expected continuity of the relationship. Again, we find that the concept of the relationship continuing to be of importance.

Additionally, Noordewier, John, and Nevin (1990) introduce the concept of expectation of continuity explicitly and indicate that it describes the expectation of future exchange between buyers and sellers and note that as transactions become more relational that they occur over longer periods of time and that there is a greater expectation of repeat business with the exchange partner. Accordingly, this study adopts elements proposed by this explanation and defines relationship continuance as the expectation that the relationship will continue into the future.

LINKING PERFORMANCE EVALUATION TO SATISFACTION

First, satisfaction is of great interest to managers because it is widely believed to be the best indicator of a company's future profits (Kotler 1991). For managers, it is imperative to determine what drives a customer's satisfaction and how those findings can be incorporated into the firm. However, as Anderson and Sullivan (1993) point out, maximizing the customer's satisfaction may not be the best overall strategy. They argue that satisfaction should be optimized, rather than maximized, so as not to waste precious resources. Obviously, then, it is important to determine the sources of satisfaction.

Literature pertaining to the development of satisfaction abounds. Simply, the linkage between performance evaluation and satisfaction has been widely developed under consumer research in modeling consumer satisfaction/dissatisfaction (CS/D), which attempted to show exactly how satisfaction was developed from consumer experiences. Early research adopted the use of the expectancy disconfirmation model where individuals are conceived to develop notions about how the product or service is expected to perform prior to purchase (see Yi 1990; Oliver 1980, 1981). These prepurchase expectations are followed by the use of the product or service, where performance is observed, and compare the performance with the expectations of the performance generated earlier. These expectations are then used to form disconfirmation perceptions that directly influence the level of satisfaction.

Contrary to the above model, findings indicate that performance has a direct impact upon satisfaction directly, as opposed to through disconfirmation, and has been empirically supported using a wide variety of products including video cassette recorders (Churchill and Surprenant 1982), compact disc players (Tse and Wilton 1988), and consumer telephone services (Bolton and Drew 1991). Accordingly, Bolton and Drew (1991) concluded that performance influences satisfaction through two mechanisms, directly via the observation of the performance and through the mechanism of disconfirmation. Both of these processes are assumed to be highly cognitive in nature.

The study presented here makes no intention to discern whether the performance evaluations either directly influence satisfaction through mere observation or through an explicit performance of the mechanism of disconfirmation. However, the previous discussion indicates clearly that performance, through either of the two mechanisms, has an impact upon satisfaction.

What is of concern to this study is the nature of the impact that these attribute level performance evaluations have upon satisfaction. Previously this study alluded that satisfaction should be optimized, rather than maximized. To optimize satisfaction, should a firm further exceed expectations on a given attribute of the product or attempt meet expectations on an attribute which the firm or product is not performing well? Or, as long as improvements are made, regardless where, does it matter? Interestingly, these questions imply that the relationship between performance evaluations on attributes and satisfaction is non-linear. The work of Oliva et al. (1995) specifically draws conclusions about the potential non-linear relationship between product performance and satisfaction and only allude that such a relationship exists between organizations.

Attribute level evaluations by a consumer have been shown to have differing effects on overall satisfaction. Mittal et al. (1997) demonstrated that negative performance on an attribute impacts overall satisfaction greater than positive performance for both a product and a service. As one evaluates a product or service, those aspects that are underperforming are of greater potential consequence to a consumer than potentially exceeding that customer's expectations. Accordingly, one unit increase of performance of an attribute has less impact than one unit decrease of the same attribute. The authors provided theoretical justification for these findings through both prospect theory and the memory of positive and negative events.

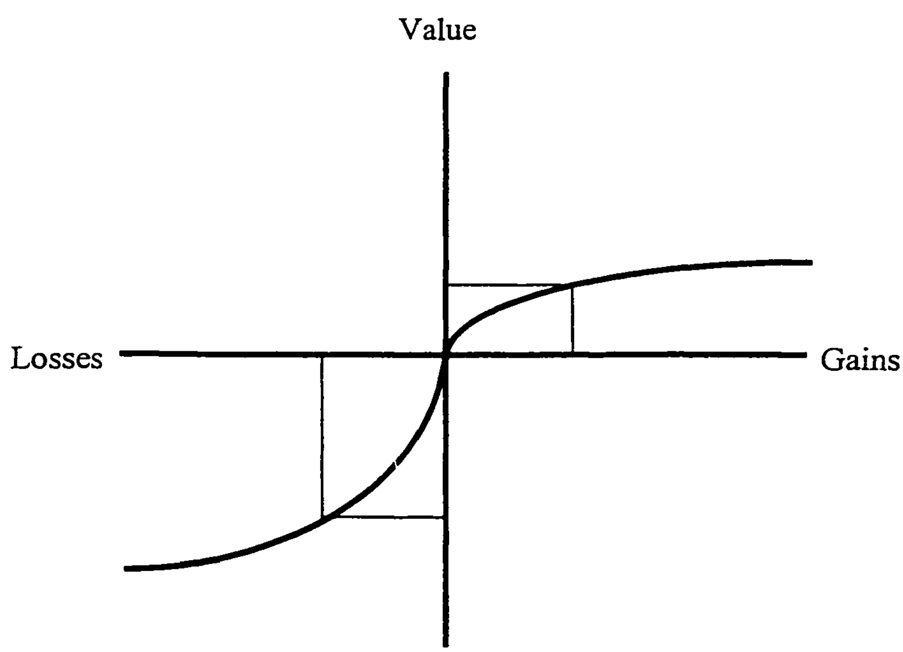
The argument for positive performance having a lesser impact upon satisfaction than negative performance is supported by how memory plays a role in evaluation. Yi (1990) indicates since global satisfaction is the assessment of satisfaction over time, memory plays an important role because items must be remembered for assessment. Following such, it is believed that negative information is more salient than positive information and, hence, more readily available to be retrieved from memory (Peeters and Czapinski 1990). Therefore, the impact of negative memory is deduced to be greater than positive memory.

In their seminal work concerning decision making under risk, Kahneman and Tversky (1979) developed prospect theory. While a response to the failures of expected utility theory, prospect theory described a hypothetical value function, which produced an

S-shaped curve. This curve function was presented in Figure 4.1 in the previous chapter. The figure was noted by the authors to be defined on deviations from the reference point represented by the intersection of the two axes. Also, the curve was said to be generally concave for gains, in the upper right hand quadrant, and generally convex for losses, in the lower left hand quadrant. Finally, the continuation of the curve in the lower left hand quadrant, representing losses, is steeper than gains, depicted in the upper right hand quadrant.

The implication from this research is that losses, when viewed from the frame of the origin, are seen as more psychologically impacting that gains. This implication is represented in Figure 4.1 shown below.

Figure 4.1
Comparison of Incremental Loss vs. Incremental Gain



Perhaps the greatest challenge of testing the above relationships is shifts of reference (Kahneman and Tversky 1979). The prospect theory curve is theoretically developed and illustrated when an individual assesses their change in reference from some starting point, indicated as the origin in Figure 4.1. However, this reference can be shifted by how one views or frames the situation. For example, an unexpected pay withdrawal due to increasing health insurance rates may be viewed as a loss, not a reduced gain. Or, a businessperson who is weathering an economic downturn with greater success than their competitors may interpret small losses as a gain, relative to the larger losses they could have expected. Therefore, an important assumption is made here. This study assumes that expectations perform a similar role to that of the origin in the figure, namely, that expectations are the foundation from which the point of reference is made to gauge performance of attributes.

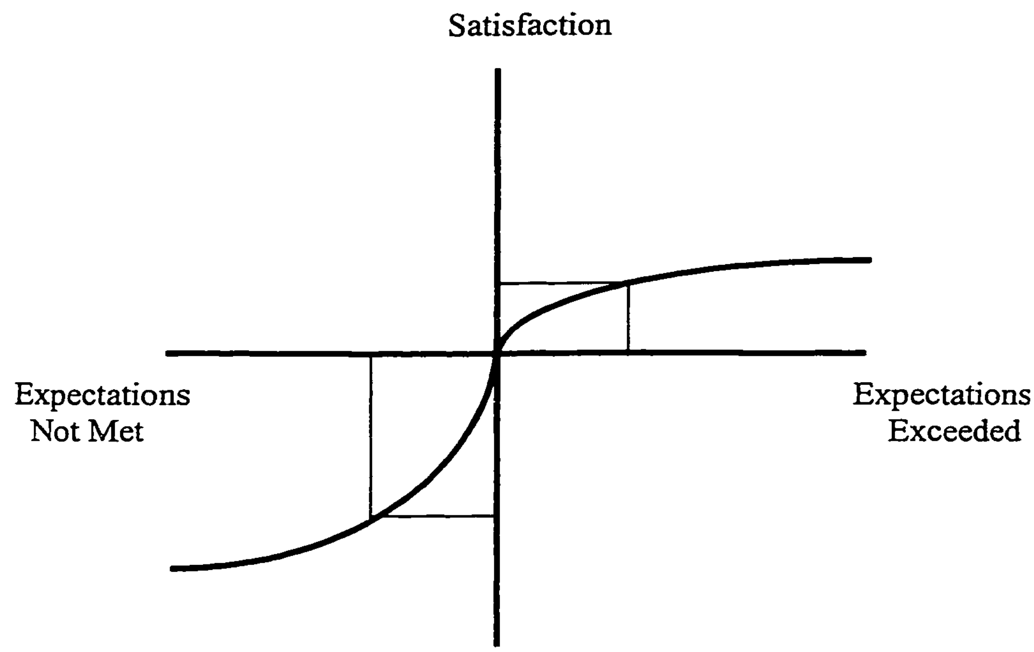
While prospect theory was originally developed to ascertain future events, it has been applied as an explanation how performance is linked with satisfaction (Mitttal et al. 1998). Logically, this makes sense because if prospects in the future are believed to result in gains represented by the value curve, it should follow that past events should be evaluated similarly.

To facilitate clarity and understanding of all of the hypotheses to be generated, it is at this point a discussion as to how the remainder of the chapter will follow. Briefly, a series of figures will be presented explicitly indicating the relationship between performance evaluation and satisfaction. Accordingly, these figures are not to be repeated in the development for the hypotheses relating to trust and relational continuance, however, the reader can substitute the concepts of either trust or relationship continuance for the concept of satisfaction as presented in the following figures as necessary.

Provided with the understanding that performance evaluation at the attribute level indeed has an impact upon satisfaction, this study relies upon the tenets of prospect theory heavily. Accordingly, prospect theory is broadly hypothesized to represent the impact of performance evaluation at the attribute level upon satisfaction. Given this assertion, and following closely to the arguments presented above, specific hypotheses to be tested are presented.

One of the central features of the prospect theory curve is the fact that losses loom larger than gains. In the terminology of this study, it is believed that unmet expectations on a particular attribute results in greater dissatisfaction than exceeded expectations on the same attribute results in satisfaction. This relationship is depicted in Figure 4.2 shown below by indicating that a unit loss of unmet expectations results in greater magnitude of satisfaction than the results of magnitude of satisfaction from a corresponding unit gain of exceeded expectations.

Figure 4.2
Comparison of Incremental Loss vs. Incremental Gain on Satisfaction



Stated formally:

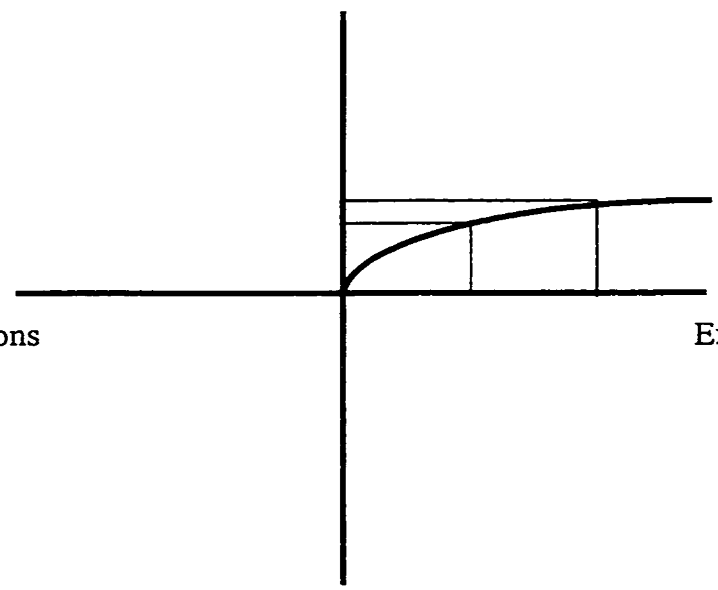
> H1: Unmet expectations on an attribute will have greater influence on overall satisfaction than exceeded expectations on the same attribute.

Prospect theory also predicts the concept of diminishing returns. This is highlighted by the fact that the curve was said to be generally concave for gains. This concept is highlighted by the depiction in Figure 4.3. For prospects, this relationship is easily seen. For example, the excitement generate from winning $100 can be quite thrilling. However, as one continues to win in increments of $100, each instance is not as thrilling as the previous. This assertion is also supported in discussions surrounding social exchange theory. Chapter two presented Homans' (1961) development of social exchange via Skinner's behavioral paradigm. The fourth basic proposition of his framework presented the idea of satiation, where rewards experience diminishing marginal utility in the eyes of the individual receiving the reward. Therefore, according to the propositions from both prospect theory and social exchange theory it is expected that when expectations are exceeded on a given attribute the influence upon satisfaction will display diminishing returns. Stated formally:

> H2: Exceeded expectations on a given attribute will have an influence on satisfaction that displays diminishing returns.

Figure 4.3
Incremental Gains and the Diminishing Returns on Satisfaction

Satisfaction



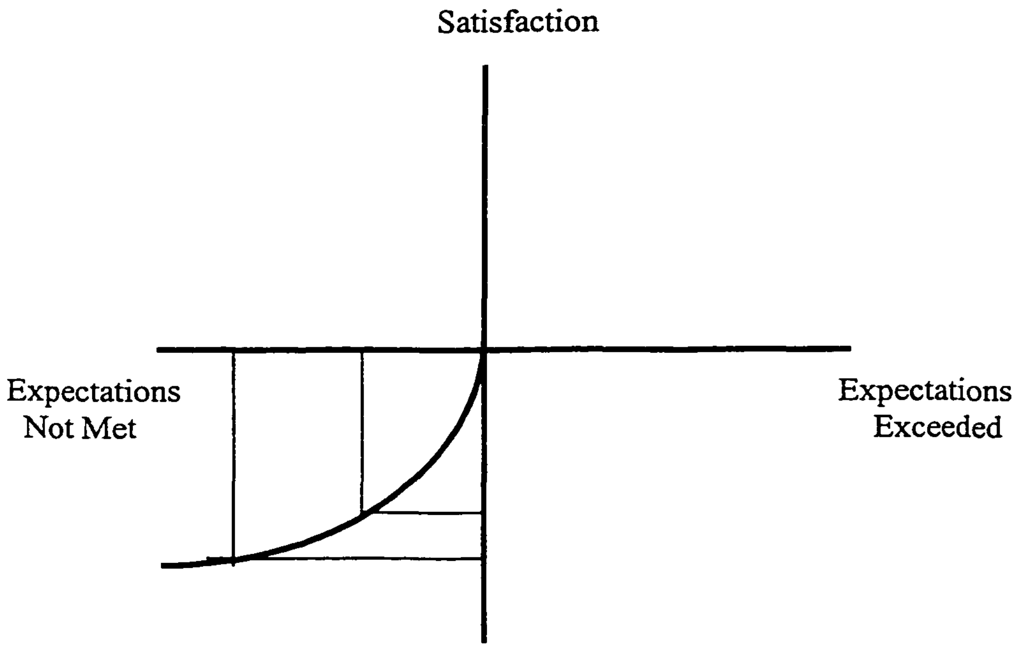
Expectations Not Met

Expectations Exceeded

In the negative domain, it is broadly accepted that unmet expectations on an attribute will result in dissatisfaction. However, incrementally not meeting expectations will not result in equal levels of dissatisfaction. That is, by not meeting expectations only marginally will result in dissatisfaction. Additional levels of unmet expectations are not simply additive in nature. Part of this phenomenon can be explained in surprise. The surprise of unmet expectations accounts for considerable amount of the dissatisfaction. However, additional unmet expectations are no longer surprising and, accordingly, not as dissatisfying.

Similarly, the tenets of prospect theory proposes that in the negative domain diminishing returns are expected as well given that the curve was said to be generally convex for losses. Here, rather than viewing the influence as diminishing returns, the influence is better stated as diminishing sensitivity. This relationship is depicted in Figure 4.4. Neither Homans' (1961) or Thibaut and Kelley's (1959) work *explicitly* have a proposition relating to such. However, application of the concept of satiation is adequately justified for support in the negative domain. While in the positive domain one becomes satiated by the increasing amounts of expectations being exceeded, in the negative domain one becomes adjusted, rather than satiated, to the increasing amounts of unmet expectations and, hence, the influence becomes more marginal.

Figure 4.4
Incremental Losses and the Diminishing Sensitivity on Satisfaction



In viewing Figure 4.4, based upon the application of prospect theory and the application of the concept of satiation in the negative domain, this study expects that unmet expectations on an attribute will have an effect upon satisfaction that exhibits diminishing sensitivity. Stated formally:

> H3: Unmet expectations on an attribute will have an influence on satisfaction that displays diminishing sensitivity.

LINKING PERFORMANCE EVALUATION TO TRUST

For the purposes of this study, trust has been defined as the confidence one has in the reliability and integrity of the exchange partner. Similarly, Moorman, Deshpande, and Zaltman (1993) define trust as a willingness of an exchange partner to rely on another in whom one has confidence. These definitions are similar in the fact that each highlights the importance of reliability and confidence. Garbarino and Johnson (1999) focused on the development of trust in an organization and captured trust as the confidence in the quality and reliability of the services offered. This definition embeds the notion of the provision of services and the performance of such services (on the dimensions of reliability and quality). Accordingly, we posit that performance evaluation on attributes of the product or service directly impacts the development of trust in an exchange relationship. This makes intuitive sense as well. Those who receive benefits from transactions over time will begin to develop the belief that transactions in the future will mimic the past; consequently, confidence (and trust) in the exchange partner is built. However, if there is a great variation in the levels of service received by someone experiencing both very good and very poor service, one will not develop a sense of continuity or expectation that future interactions will definitely result in met or exceeded expectations. Additionally, it is possible that consistency within either exceeded or unmet expectations can result in ambiguous outcomes. For example, if one receives service that greatly exceeds their expectations one time, and then receives service that marginally exceeds their expectations, and then receives service that again greatly exceeds their expectations, such individual is unclear about consistently predicting or developing a sense of the level of service to expect. Hence, such inconsistency, even though it is contained in the positive domain of meeting or exceeding expectations, can have the effect of providing an unstable base for evaluation.

Anderson and Narus (1990) express similar concerns about the linkage between performance evaluation and trust in that their definition of trust incorporates the concept that trust is partially based on the belief of others to take actions that will result in positive outcomes for the self. Obviously, then, the exchanges themselves should be a part of the actions by others that should result in positive outcomes. These outcomes are seen here to be performance evaluations of attributes.

Therefore, it is the assertion of this study that performance evaluations made at the attribute level will have an influence on the development of trust between the exchange partners of interest. Again, this relationship is expected to exhibit the tenets of prospect theory by producing an S-shaped value function for this relationship. Following the logic of the application presented earlier for the justification of the hypotheses related to satisfaction, it is expected that the influence of unmet expectations of an attribute will have more influence than that of exceeded expectations. Stated explicitly:

> H4: Unmet expectations on an attribute will have greater influence on trust than exceeded expectations on the same attribute.

Based upon the concept of satiation presented by Homans' (1961) work on social exchange theory and the tenets of prospect theory, additional hypotheses can be made regarding the curvilinear nature of the relationship between performance evaluations and trust. Specifically, exceeded expectations will exhibit a relationship of diminishing returns on trust and unmet expectations will exhibit a relationship of diminishing sensitivity with trust. Stated formally:

> H5: Exceeded expectations on a given attribute will have an influence on trust that displays diminishing returns

> H6: Unmet expectations on an attribute will have an influence on trust that displays diminishing sensitivity.

Attention is now directed towards the justification of the hypothesized relationship between performance evaluation and relationship continuance.

LINKING PERFORMANCE EVALUATION TO RELATIONSHIP CONTINUANCE

The relationship between performance evaluation of a particular attribute and the concept of relational continuance is the most easily seen of the three broad linkages presented. Relational continuance is the expectation of future exchange between the buyer and seller. Often buyers are seeking goods and services that are to fulfill a certain need. If the performance of the good or service on such attribute fulfills the need, expectations of the good or service had been met; otherwise the good or service would not have been initially purchased. If this need recurs again, the buyer has a higher likelihood of repurchasing the same goods or services of those that have fulfilled needs in the past rather than risking potential performance failure. However, if needs were not fulfilled, there is a higher likelihood that the buyer will seek to fulfill their performance requirements elsewhere. Therefore, over time, the performance and the evaluation of such performance on an attribute level influences the belief of the buyer that both a relationship could develop and such relationship will continue on into the future.

Again, since we see that performance evaluations made at the attribute level influence the degree of belief in continuing the relationship, this study applies the concepts presented in prospect theory to generate hypotheses. The central proposition of prospect theory, that losses loom larger than gains, is applicable here. Specifically:

> H7: Unmet expectations on an attribute will have greater influence on relational continuance than exceeded expectations on the same attribute.

Additionally, based upon the arguments of both prospect theory and the application of the concept of satiation presented in social exchange theory, hypotheses are generated concerning the non-linear relationship. It is expected that exceeded expectations will indicate diminishing returns on relationship continuance whereas unmet expectations will display diminishing sensitivity in its relationship with relational continuance. These hypotheses are presented more formally below:

> H8: Exceeded expectations on a given attribute will have an influence on relationship continuance that displays diminishing returns.
>
> H9: Unmet expectations on an attribute will have an influence on relational continuance that displays diminishing sensitivity.

Now it is time to discuss the implications arising from the potential of organizational identification with the organization with which one engages in exchange. The next section provides rationale for the development of hypotheses relating to the concept of identification.

THE ROLE OF ORGANIZATIONAL IDENTIFICATION

Identification had been previously defined as the perception of belongingness to some human aggregate. For the purposes of this study, it is important to note that organizational identification is specifically related to the identification with the other involved in the exchange relationship. As such, it is the intention of this study to determine what impact does organizational identification with an exchange partner have upon the relationship between the evaluation of performance and the key relational variables of satisfaction, trust, and relational continuance.

Following the convention utilized in the development of the hypotheses above, to facilitate clarity and understanding of all of the hypotheses to be generated, the figures will be presented explicitly indicating the role of organizational identification in relationship between performance evaluation and satisfaction. Accordingly, these figures are not to be repeated in the development for the hypotheses relating to the role of organizational identification with trust and relational continuance, however, the reader can substitute the concepts of either trust or relationship continuance for the concept of satisfaction as presented in the following figures as necessary.

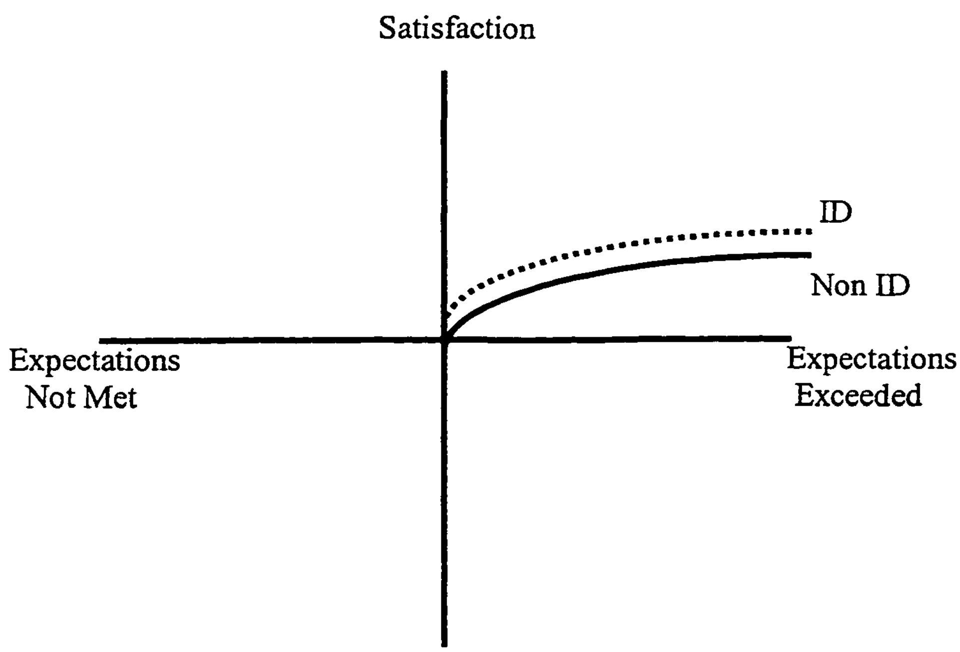
Organizational Identification and Satisfaction

The fundamental relationship that is hypothesized to exist between the evaluation of performance and satisfaction based upon prospect theory remains. If distinctions can be made between those who are organizationally identified with their exchange partner and those who are not it is still believed that the curvilinear relationship between performance evaluation and satisfaction will remain. Specifically, losses will loom larger than gains, diminishing returns will be exhibited in the positive domain, and diminishing sensitivity will be exhibited in the negative domain. However, it is the comparison between the S-shaped curves generated by those who are organizationally identified and those who are not organizationally identified that is of interest here.

First, the positive domain will be analyzed. Organizationally identified parties, who sense a feeling of belongingness to the exchange party, often will experience extra satisfaction than those who do not identify with the exchange party when both the organizationally identified and non-identified's expectations are exceeded. This is easily seen in the concept of identification filling a self-enhancement function (Erez and Earley 1993). Here the attachment allows the organizationally identified parties to perceive the focal organization as being positive (by exceeding their expectations of performance) and these positive perceptions are additionally reflected onto ones' self via the psychological connection of belongingness. This is depicted in Figure 4.5. Analogous is the belief that exceeding ones' expectations are seen as a success and the perceiver wishes to take credit for such success, the result of which is higher satisfaction. Those who do not identify, however, do not experience this satisfaction. Additionally, as per social exchange theory, exchanges have social as well as economic dimensions and that the exchange process itself matters in addition to the utility obtained from the service that is rendered and consumed (Singh and Sirdeshmukh 2000). Those who are organizationally identified, engage in behaviors, partially, to reinforce such organizational identification, heightening the value of the social component of exchange. Hypothesis 10 formally acknowledges the logic of the preceding arguments below:

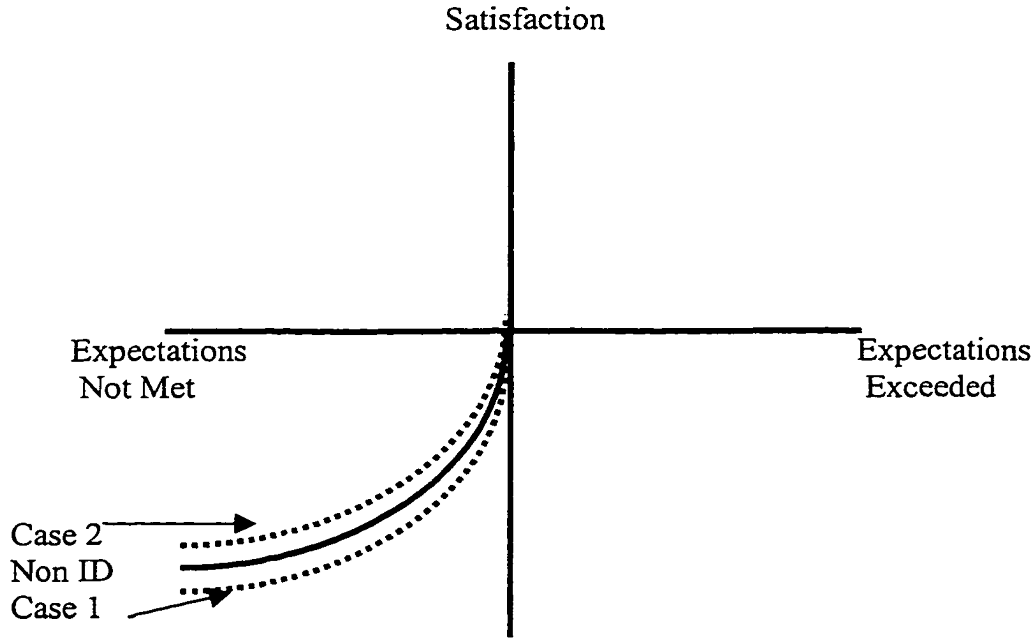
> H10: Exceeded expectations on a given attribute will have an influence on satisfaction that is greater for parties who are organizationally identified than for parties who do not identify.

Figure 4.5
Comparison of Identified vs. Non-Identified in Positive Domain



In the negative domain, two distinct possibilities are hypothesized. Case 1 and Case 2 in the following Figure 4.6 represent these comparisons.

Figure 4.6
Depiction of Hypothesized Cases of Identified vs. Non-Identified in Negative Domain



Expectations that are not met will also be influenced by the concept of organizational identification. Again, in the previous development, it is expected that the nature of the curves predicted by prospect theory do not change but shift. If expectations are not met, the non-identified party will treat it exactly as such. However, organizationally identified parties could interpret the lack of meeting expectations in one of two ways. First, the identified party would be dissatisfied because of the unmet expectations (as the non-identified) but could be further dissatisfied because the lack of service draws into question the identified party's positive feelings and sense of belongingness to the focal organization. Really, how could an organization in which one is a member of be treated in such a way? Where self-enhancement aids the impact on satisfaction in the positive domain, it detracts here. Additionally, Festinger (1957) would argue that cognitive dissonance would be produced between the inconsistency of the unmet expectations and the generally positive perception of the focal organization.

Additionally, attributions could be made by organizationally identified parties to attribute the cause to the disposition of the exchange partner as specifically desiring expectations to be unmet (as opposed to the cause of unmet expectations due to the situation or environmental forces). This follows directly from the fundamental attribution error. This attribution is likely to be made because the behavior is likely to be seen, by one who feels belongingness to the organization, as socially undesirable behavior, thereby being more informative to the perceiver, as discussed by Jones and Davis (1965). These arguments are depicted as Case 1 in Figure 4.6.

Accordingly, H11a proposes a hypothesis that follows from the arguments provided by self-enhancement, cognitive dissonance, and attribution theory. It is presented in the following:

> H11a: Unmet expectations on an attribute will have a *greater* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify.

Opposing, attribution theory provided justification as to why organizationally identified members may be less dissatisfied when expectations are not met as compared to those who do not identify with the exchange partner. This is illustrated as Case 2 in Figure 4.6.

Basically, organizationally identified parties may attribute the cause of the unmet expectations to situational forces beyond the control of the focal organization. This may be due to a number of reasons. First, these organizationally identified parties see themselves as belonging to the organization that could be the potential cause of the unmet expectations. Seeing this as a failure on the part of the organization one perceives they to belong to, the perceiver may enact the self-protective bias proposed under attribution theory and protect their ego by deflecting the cause away from the organization (seen as themselves, in part) to situational forces. Frazier (1983) argues that attributions of responsibility must be considered by channel members when expectations are not met and states that the target should be less dissatisfied when blame is attributed to the situation (Kelley 1972). These arguments provide the basis for H11b, a directly competing hypothesis to H11a. H11b is as follows:

> H11b: Unmet expectations on an attribute will have a *lesser* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify.

Organizational Identification and Trust

Similar to the arguments presented under the previous section, the hypotheses generated for the influence of organizational identification on the connection between performance evaluation and trust follow the basic tenets of prospect theory to generate the hypothetical S-shaped value functions. Again, the curves are not expected to change, merely shift and it is the primary interest to compare the generated curves of those who identify with the organization with whom the exchange is occurring to those who do not identify with the focal organization.

Under conditions of expectations being exceeded, it is hypothesized that parties who are organizationally identified will experience a greater influence of performance evaluation upon trust than those who do not identify. This is for a number of reasons.

Those who identify with the organization feel as though they belong to the organization. Consequently, when they experience performance from the organization that exceeds their expectations, they not only trust the focal organization, but their feeling of belongingness is reinforced, leading to additional confidence being established not only on grounds of the transaction but, perhaps, perceived on the basis of the relationship itself. Following such logic, H12 is presented below:

> H12: Exceeded expectations on a given attribute will have an influence on trust that is greater for parties who are organizationally identified than for parties who do not identify.

In the negative domain, where expectations of the exchange were not met, those who identify with the focal organization could interpret the unmet expectations in a variety of ways. First, the organizationally identified parties could develop even less trust than those parties who do not identify with the focal organization because they could feel as though their perceived belongingness to the organization was taken advantage of. Attribution theory would support this assertion in that the organizationally identified would attribute the cause of the failure to the disposition of the exchange partner due to the fact that it was their belonging to the group that provided the opportunity to be taken advantage of H13a expresses this logic below:

> H13a: Unmet expectations on an attribute will have a *greater* negative influence on trust for parties who are organizationally identified than for parties who do not identify.

Conversely, the self-protective bias under attribution theory would suggest the exact opposite. This is presented as H13b.

> H13b: Unmet expectations on an attribute will have a *lesser* negative influence on trust for parties who are organizationally identified than for parties who do not identify.

Organizational Identification and Relationship Continuance

The role organizational identification plays in the relationship between performance evaluation and relationship continuance both follows the tenets of prospect theory, with the S-shaped curves merely shifting, and is primarily concerned with comparing those curves established between those who are organizationally identified with those who do not identify.

Under the positive domain, it is expected that those who are organizationally identified will have a higher likelihood of continuing the relationship than those who are not identified because the nature of the exchange is conducive to continuing the sense of belongingness to the organization. Here, it is understood that the process of identifying with another has at least some effort involved. Hence, those who do identify have invested in the development of the sense of belongingness and seek opportunities to continue. This is supported by social exchange theory that expresses the concept of having to sacrifice in order to gain. The hypothesis gleaned from this reasoning is as follows:

> H14: Exceeded expectations on a given attribute will have an influence on relationship continuance that is greater for parties who are organizationally identified than for parties who do not identify.

When expectations on attributes are not met, it is hypothesized that those who are organizationally identified will be inclined to discontinue the relationship at a greater level than those who are not identified. The understanding here is that due to the surprise of expectations not being met and the fact that the party has a sense of belongingness to the exchange partner, attributions will be made that implicate the disposition of the exchange partner. Therefore, those who are organizationally identified will likely leave the exchange relationship in order to avoid further unmet expectations decidedly imposed by the exchange partner. Therefore H15a posits:

> H15a: Unmet expectations on an attribute will have a *greater* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify.

In opposition to H15a is H15b, which is justified because those who are organizationally identified may indeed deflect the cause of the unmet expectations to situational factors, thereby initiating a self-preservation bias. H15b is presented below:

> H15b: Unmet expectations on an attribute will have a *lesser* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify.

The competing hypotheses presented in H13a and H13b, H14a and H14b, and H15a and H15b, pose the problem that each could potentially counteract the effects of the other. However, it is unlikely that the effects will be very similar in magnitude, therefore, the stronger effect, if both are present, is likely to overshadow that of the lesser effect.

This chapter presented arguments that lead to the development of hypotheses delineating the relationship between the evaluation of performance at the attribute level and the key relational variables of satisfaction, trust, and relationship continuance. Additionally, hypotheses were generated implying the role of organizational identification in the previously developed hypotheses. A summary of all hypotheses generated can be seen in Table 4.1

Table 4.1
Summary of Hypotheses

Hypotheses Involving Satisfaction

H1: Unmet expectations on an attribute will have greater influence on overall satisfaction than exceeded expectations on the same attribute.
H2: Exceeded expectations on a given attribute will have an influence on satisfaction that displays diminishing returns.
H3: Unmet expectations on an attribute will have an influence on satisfaction that displays diminishing sensitivity.
H10: Exceeded expectations on a given attribute will have an influence on satisfaction that is greater for parties who are organizationally identified than for parties who do not identify.
H11a: Unmet expectations on an attribute will have a *greater* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify.
H11b: Unmet expectations on an attribute will have a *lesser* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify.

Hypotheses Involving Trust

H4: Unmet expectations on an attribute will have greater influence on trust than exceeded expectations on the same attribute.
H5: Exceeded expectations on a given attribute will have an influence on trust that displays diminishing returns.
H6: Unmet expectations on an attribute will have an influence on trust that displays diminishing sensitivity.
H12: Exceeded expectations on a given attribute will have an influence on trust that is greater for parties who are organizationally identified than for parties who do not identify.
H13a: Unmet expectations on an attribute will have a *greater* negative influence on trust for parties who are organizationally identified than for parties who do not identify.
H13b: Unmet expectations on an attribute will have a *lesser* negative influence on trust for parties who are organizationally identified than for parties who do not identify.

Hypotheses Involving Relationship Continuance

H7: Unmet expectations on an attribute will have greater influence on relationship continuance than exceeded expectations on the same attribute.
H8: Exceeded expectations on a given attribute will have an influence on relationship continuance that displays diminishing returns.
H9: Unmet expectations on an attribute will have an influence on relationship continuance that displays diminishing sensitivity.
H14: Exceeded expectations on a given attribute will have an influence on relationship continuance that is greater for parties who are organizationally identified than for parties who do not identify.
H15a: Unmet expectations on an attribute will have a *greater* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify.
H15b: Unmet expectations on an attribute will have a *lesser* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify.

CHAPTER FIVE

RESEARCH METHODOLOGY

In this chapter, all of the major aspects of the research methodology will be addressed. As mentioned in chapter one, this study utilizes two differing research paradigms in order to build a theoretical contribution to how the concept of organizational identification acts in a marketing channel. As such, this chapter addresses the research methodology separately. First, a brief discussion will address how these research paradigms are utilized in the present study. Second, each research paradigm's methodology will be discussed. Here, the quantitative portion of the study concerning the testing of the hypotheses developed in chapter four will be discussed first. The qualitative portion of the study will follow the quantitative portion and highlight the perspective of the grounded theory approach as developed by Glaser and Strauss (1967). Finally, a summary of chapter five will be presented.

MULTI-PARADIGM RESEARCH

By utilizing both inductive and deductive research paradigms it is hoped a more holistic understanding of identification will be attained. Creswell (1994) has discussed studies using both paradigms and developed a typology defining such. The first type described is the two-phase design where the researcher intends to keep the research paradigms separate, having both a qualitative and quantitative portion. The second type is a design where the researcher presents the study under one paradigm and uses the alternative paradigm as a small portion of the study under the "umbrella" of the original paradigm. A design of this nature is called the dominant-less dominant design. Finally, the third model is known as the mixed-methodology design, where the two paradigms are used at some or all of the methodological steps in the design together. This study intends to keep the paradigms and according methodologies as separate, thereby using a two-phase approach.

Given the use of the two-phase design, a brief understanding of the differences between the two paradigms utilized is needed and, hence, a discussion is warranted. The two differing approaches, or paradigms, are broadly noted throughout this investigation as quantitative and qualitative. The quantitative approach is the more traditional, scientific approach and is best associated with the empiricist or the positivist reasoning. The qualitative paradigm is one that is more naturalistic in its approach (cf. Creswell 1994) and is more closely related to the post-modern or post-positivist movements (Quantz 1992), the constructionist approach to research (Lincoln and Guba 1985), and the interpretive approach (Smith 1983). Perhaps more importantly are the underlying assumptions taken with each approach.

As can be seen in Table 5.1, distinctions can be made, based on the assumptions of each, between the two paradigms. These distinctions, although not definitive of the paradigms themselves, highlight the conceptual perspectives. By contrasting one another, a better understanding can be made. Additionally, it is important to note differences between the divergent approaches so discussion of the development of hypotheses and broad investigative questions are distinguished, appropriate methodologies are determined to test hypotheses and investigate theory, and differentiation between the analysis of collected data.

Table 5.1
Quantitative and Qualitative Paradigm Assumptions*

Assumption	Question	Quantitative	Qualitative
Ontological Assumption	What is the nature of reality?	Reality is objective and singular, apart from the researcher.	Reality is subjective and multiple, as seen by participants in a study.
Epistemological Assumption	What is the relationship of the researcher to that researched?	Researcher is independent from that being researched.	Researcher interacts with that being researched.
Axiological Assumption	What is the role of values?	Value-free and unbiased.	Value-laden and biased.
Rhetorical Assumption	What is the language of research?	Formal. Based on set definitions. Impersonal voice. Use of accepted quantitative words.	Informal. Evolving decisions. Personal voice. Accepted qualitative words.
Methodological Assumption	What is the process of research?	Deductive. Cause and effect. Context-free. Generalizations leading to prediction, explanation, and understanding. Accurate and reliable through validity and reliability.	Inductive. Mutual simultaneous shaping of factors. Emerging design—categories identified during research process. Context-bound. Patterns, theories developed for understanding.

* Adapted from Creswell (1994) and based on Firestone (1987), Guba and Lincoln (1988), and McCracken (1988).

Importantly, the qualitative portion of this study does not rely upon a theoretical foundation to deductively test developed hypotheses but utilizes a popular framework to inductively develop and refine current theory. To guide the investigation of the qualitative portion, the grounded theory technique, as introduced by Glaser and Strauss (1967) will be utilized to better understand the role of identification in a channels setting. This technique will be discussed when addressing the qualitative section of the research methodology. Attention is now turned to the specifics of the research methodologies associated with the two divergent perspectives employed in this research.

QUANTITATIVE RESEARCH METHODOLOGY

Research Design

This study utilizes a cross-sectional mail survey distributed to a nationwide sample of key informants of retail storeowner's who are knowledgeable about their organization's relationship with their primary supplier. Respondents were asked to provide frank assessments of their relationship with their primary supplier. While a longitudinal research design is often optimal for research concerning issues of relationships, practical considerations precluded such, primarily due to the resources available for conducting the investigation. Additionally, the survey format allowed standardizing the data collected across individuals and provided a rather rapid turnaround time for data collection.

Sampling Frame

The sampling frame consisted of independent retail storeowners who were members of a retail-sponsored cooperative. Within the theoretical development of the hypotheses, it is important to sample at least some respondents who identify with their primary supplier. As such, it was decided that the domain of the relationship type could facilitate in discovery of effects. One such domain, or channel relationship, where there is likely to be organizational identification between the retailer and a wholesaler with which they do business is a retail-sponsored cooperative. Here, the wholesale company is operated democratically to provide goods and services to the retailers who organize and own the wholesale company. This active participation and ownership by the independent retailers is likely to provide a basis for identification with the larger organization.

Generally, cooperatives represent a higher degree of vertical integration than completely independent operations. By participating in a cooperative, members implicitly agree to purchase a substantial portion of their merchandise from the organization, standardize operating procedures and demonstrate affiliation to the cooperative through the naming and signing of the store. By doing so, the retail members can enjoy economies of scale savings well beyond what they could achieve alone.

While cooperatives are classified as a marketing channel system that is more integrated than completely independent entities, ownership and participation in the cooperative is open. Namely, joining and participation in the cooperative is not limited. Second, Dwyer and Oh (1988) find no significant differences between cooperatives, wholesaler voluntaries, and independents with regard to centralization and participation in decision-making. As such, while the domain of a cooperative is justified for sampling due it being conducive to providing respondents who could potentially exhibit the central construct of interest, namely organizational identification, the domain also exhibits similarities to other channel systems which provide a justification for generalizability beyond just cooperatives.

Data Collection Method

Cooperation from a large, nationally recognized, retailer-sponsored hardware cooperative was garnered in attaining a sample for surveying. A mailing list was provided through this corporation and such list was examined so that owners of multiple stores would receive only one questionnaire at their main store. Additionally, international stores were eliminated from being mailed the survey packet. From the list provided, 4,442 members were identified. All identified members were sent a survey packet. The unit of analysis in this study was key informants of independent retailers. These key informants represent those individuals who are most knowledgeable about their business in general and the relationship between their firm and the focal firm of interest, the cooperative. In the instructions of the survey, it specified that only the owners should answer the questionnaire. Of those sent a packet, 1,534 were returned, representing a 34.5% response rate.

Many items facilitated the relatively high response rate for mail survey of this type. Prior to sending the survey packets, the potential respondents were prenotified in a letter from the chairman and the co-chief operating officer of the cooperative. This letter announced that they would be receiving the survey packet from researchers at the

University of Oklahoma and urged participation. Approximately one week after the prenotification letter, the survey packet was mailed.

Great care was taken in survey construction. Putting the measurement items aside, which will be discussed shortly, the survey was designed to produce an instrument that would induce response. Ordering of items was taken into account and the survey was arranged so that many construct items were "staggered" so respondents would not logically deduce multiple measures or tire of answering similar questions that tap the same construct. At the beginning of each section, clear and concise directions were provided to not only help frame the questions but to provide instructions to answer. All of the sections combined produced a survey 12 pages long. While the survey can be considered quite lengthy, the utilizing of highlighting techniques, clearly labeled scales, and placing the questionnaire in booklet form is believed to help in garnering usable responses. Finally, a postage-paid return envelope was believed to help in the response rate. The survey packet included a cover letter on university letterhead referencing the prenotification, the questionnaire, and the postage-paid return envelope.

Following the mailing of the survey packet, a reminder letter from the cooperative's two vice-chairmen was sent to urge participation in the survey if they had not already done so. If one had already responded to the survey, they were thanked for their efforts.

While the above efforts were made to induce response to the questionnaire, many efforts were taken to insure that the questionnaire itself produced viable responses for analysis. These efforts are now explored in the following sections describing the measurment of variables, nonresponse, the preliminary data analysis, and the reliability and validity analysis.

Measurement of Variables

The scales used for analysis are operationalized and adapted primarily from previous studies in marketing, management, and psychology. The notable exception to this is the measure for attribute level performance, which is discussed first in this section. Following, discussion focuses on the measurements of organizational identification, satisfaction, trust, and relationship continuity. Finally, the operationalizations for the descriptive variables not central to the hypotheses are presented in this section.

Attribute Level Performance

The discussion in chapter two identified three primary criteria for measuring firm performance in this study. First, evaluation was to be at the attribute level. Second, the attributes should represent the total offering of the supplying firm, here the cooperative. Finally, the expectancy disconfirmation paradigm is a driving force for the measurement.

In order to meet the three criteria explained above and in chapter two, input from the cooperative was necessary for a couple of reasons. First, in order to measure at the attribute level, meaningful attributes of both products and services provided by the wholesaler to the retailer must be identified. As such, meetings with management identified six categories of product and service offerings. Again, through the discussions with management of the cooperative, attributes of each broad category were identified. Now, each attribute identified was to be measured. Secondly, the broad categories of product and service offerings represent the holistic offering of the cooperative to the retailer. As discussed in chapter two, this is analogous to the total product concept as presented by Theodore Levitt (1980, 1986). These items are presented in Table 5.2 in the order in which they appeared in the survey and are deemed adequate to satisfy the need to measure at the attribute level and representing the total offering of the supplying firm.

Table 5.2
Product and Service Attributes Used for Performance Evaluation

Specific Product or Service Attribute	
A. High quality merchandise.	B. Appropriate product assortments (warehouse).
C. Appropriate selection of private label merchandise.	D. Availability of merchandise tailored to my region.
E. Timely supply of new products.	F. Assortment differentiation from retail competition.
G. Competitive wholesale prices.	H. Low prices on highly visible and price sensitive items.
I. Reasonable payment terms.	J. High fill rate on orders.
K. Delivery frequency.	L. Dependable, on-time deliveries.
M. Accurate deliveries.	N. Reasonable freight rates.
O. Minimum order size on full-packs.	P. Warehouse claims processed quickly.
Q. Easy to place orders.	R. Easy to revise or change orders.
S. Accurate invoices.	T. Billing statement easy to understand.
U. Retail consultants available.	V. Effective national advertising.
W. Effective direct mail circulars.	X. Effective traffic generating programs.
Y. Helpful assistance with planogramming.	Z. Effective training and educational programs.
AA Effective computerized store system.	BB Effective in-store merchandising kits.
CC Appropriate charges on broken cartons.	DD Effective store design services.
EE Effective "how to compete" advice.	FF Effective L/BM sourcing.
GG Competitiveness of L/BM programs.	HH Effectiveness of [ordering] catalog.
II Effective retail credit card program.	

The above attributes were intended to measure the broad product and service offerings of the following eight categories: (1) merchandise and products offered, (2) ordering, (3) pricing and credit, (4) delivery and freight, (5) advise from sales representative or wholesaler, (6) advertising and marketing assistances, (7) invoicing, and (8) miscellaneous items. The corresponding attribute to broad category can be seen in Table 5.3.

These items represent 35 service attributes the wholesaler provides to the retailer. The items above were measured on a five-point scale ranging from (1) far below my expectations to (5) far exceeded my expectations. Additionally, not applicable (6) was offered as a response. Respondents were asked to assess how the cooperative has performed over the prior twelve months. Implicitly, by utilizing the scale anchors above, the expectancy disconfirmation paradigm is utilized, satisfying the third criteria of utilizing outlined above.

Table 5.3
Broad Categories and Corresponding Attributes
Used for Performance Evaluation

MERCHANDISE/PRODUCTS	ORDERING
A. High quality merchandise.	J. High fill rate on orders.
B. Appropriate product assortments (warehouse).	O. Minimum order size on full-packs.
C. Appropriate selection of private label merchandise.	Q. Easy to place orders.
D. Availability of merchandise tailored to my region.	R. Easy to revise or change orders.
E. Timely supply of new products.	CC. Appropriate charges on broken cartons.
F. Assortment differentiation from retail competition.	HH. Effectiveness of [ordering] catalog.
PRICING/CREDIT	**DELIVERY/FREIGHT**
G. Competitive wholesale prices.	K. Delivery frequency.
H. Low prices on highly visible and price sensitive items.	L. Dependable, on-time deliveries.
I. Reasonable payment terms.	M. Accurate deliveries.
II. Effective retail credit card program.	N. Reasonable freight rates.
SALES REPS/ADVICE FROM WHOLESALER	**ADVERTISING/MARKETING**
U. Retail consultants available.	V. Effective national advertising.
Y. Helpful assistance with planogramming.	W. Effective direct mail circulars.
Z. Effective training and educational programs.	X. Effective traffic generating programs.
DD. Effective store design services.	BB. Effective in-store merchandising kits.
EE. Effective "how to compete" advice.	
INVOICING	**MISCELLANEOUS**
P. Warehouse claims processed quickly.	AA. Effective computerized store system.
S. Accurate invoices.	FF. Effective L/BM sourcing.
T. Billing statement easy to understand.	GG. Competitiveness of L/BM programs.

Organizational Identification

The measure for organizational identification was to measure the perception to which a channel member buyer, here the independent retailer, as an individual has a sense of belongingness to a particular seller in the channel as an organization, here the cooperative. It is unnecessary to determine exactly how one identifies with the organization, but merely that they do feel identified with the organization. To tap this construct of organizational identification, respondents were asked to indicate their level of agreement with the following items in Table 5.4 using a five-point Likert scale where (1) indicated strongly disagree and (5) strongly agree. These items were adapted from previously used scales (Bhattacharya et al 1995; Buchanan 1974; Cook and Wall 1980).

Table 5.4
Organizational Identification Measurement Items

ID1. If a story in the media criticized [company], I would feel embarrassed.
ID 2. I feel that [company]'s problems are my problems.
ID 3. I feel a sense of pride in being affiliated with [company].
ID 4. I feel myself to be a part of [company].
ID 5. I would recommend to a close friend to join [company].

Satisfaction

Given the discussion presented in chapter four, satisfaction as operationalized in this study represents a global satisfaction of the retailer with their focal supplier, here the cooperative. This scale utilized two items that were very similar to items used previously in channels research (Dwyer and Oh 1987; Gaski 1986), however, these items only represented satisfaction with the entity as a whole and not any specific aspect. These two items can be seen in Table 5.5. Here, respondents were asked to indicate their level of agreement with the following items using a five point Likert scale where (1) indicated strongly disagree and (5) strongly agree.

Table 5.5
Satisfaction Measurement Items

SAT1. Considering everything, if I had it to do over again I would become a member of [company].
SAT2. Considering everything, I am satisfied with our relationship with [company].

Trust

To measure the amount one exchange partner has in the reliability and integrity of the other exchange partner, respondents were asked to indicate their levei of agreement with the items shown in Table 5.6. These items used a five-point Likert scale where (1) indicated strongly disagree and (5) strongly agree. These items were adapted from a scale previously used by Morgan and Hunt (1994) which was adapted from Larzelere and Huston (1980) and is believed to be a good measure to tap the major facets of trust (Morgan and Hunt 1994).

Table 5.6
Trust Measurement Items

The company:
TRUST1. Operates with integrity.
TRUST 2. Is always faithful.
TRUST 3. Can be counted on to do what is right.
TRUST 4. Can be trusted.
TRUST 5. Is honest and truthful.
TRUST 6. Treats us fairly.
TRUST 7. Cannot be trusted at times. (Reverse coded)

Relationship Continuity

Respondents were asked to indicate the chance of their store continuing their relationship with the company of interest. A seven-point scale ranging from (0%) definitely will not continue to (100%) definitely will continue was utilized across the three time measures. This measure was adapted from a similar measure for propensity to leave used by used by Morgan and Hunt (1994) where it was defined as the perceived likelihood that a partner would terminate the relationship.

Table 5.7
Relationship Continuity Measurement Items

We will continue our relationship with [company]:
RC1. Over the next six months.
RC2. Over the next year.
RC3. Over the next two years.

The decision to utilize previously used measures or adaptations thereof for the focal psychological constructs of interest is largely based on the suggestions of Wilson (1995) who argued that there exists a need for consistency of measures across studies in the domain of relationship marketing.

Descriptive Measures

There were several variables not directly associated with the testing of the hypotheses that were included in the survey instrument. These variables included market penetration, time of association, and store sales. Market penetration was measured by a single question ascertaining the percent of total annual purchases that the retailer estimated came from the cooperative. Time of association was measured by asking the respondents to indicate how many years they have been associated with the cooperative. Finally, store sales were estimated by asking the respondent to indicate their level of store sales on a categorical scale where (1) represented under $100,000, (2) $100,000-$249,999, (3) $250,000-$499,999, (4) $500,000-$749,999, (5) $750,000-$999,999, (6) $1,000,000-$1,999,999, (7) $2,000,000-$4,999,999, (8) $5,000,000-$9,999,999, (9) $10,000,000-$19,999,999, and (10) over $20,000,000. These descriptive measures were used for classification and comparison purposes.

Nonresponse

The careful editing of the measures and of the survey instrument itself was performed in order to increase the response rate and to diminish the potential effects of nonresponse bias. By performing the data analysis on those who did respond to the survey one assumes that those who did not respond feel and act in a similar way to those who did. If this assumption is violated, generalizations about the statistical analysis are moot.

This study attempted to assess the level of nonresponse in two primary ways. First, the items within the survey were examined for nonresponse. Here, nonresponse occurs when one or more of the measures are left blank. Second, nonresponse can occur as alluded to above, namely, when individuals do not return or answer the questionnaire completely.

Examining the returned surveys it is noted that item nonresponse was only a very minimal problem within the construct measures that are central to the hypotheses. However, the respondents exhibited greater nonresponse when examining the demographical variables collected for study. Notably, respondents seemed to take issue at the question asking them to indicate their level of sales. This could have occurred for a number of reasons. The respondents could have seen this question as being too intrusive or the respondents may not have known the answer. Either way, this variable was not of interest in testing the hypotheses. Accordingly, the survey items were deemed adequate for analysis concerning nonresponse due to the overall completion of the entire questionnaire by most respondents.

The second method utilized in this study to ascertain nonresponse bias was the analysis of early versus late waves of respondents. Armstrong and Overton (1977) review this method as the time trend of extrapolation and it is assumed that those who respond later are assumed to be more similar to nonrespondents than those who respond early. While their analysis provided insufficient data to judge the effectiveness of this method, they do state that it is widely utilized. Here, the responses of the early respondents were compared to the responses of the late respondents across the key psychological constructs and the demographical variables discussed above. Independent t-tests of the responses to the summated scales indicated no statistical significance ($\forall = 0.05$) with the exception of the summated scale for the measure of organizational identification. These tests between the early and late respondents can be seen in Table 5.8.

The preponderance of nonsignificant values exhibited in Table 5.8 suggests an absence of nonresponse bias in the survey. Additionally, provided with the examination of the item nonresponse and the relatively high response rate attained for the survey overall, it is believed that the nonresponse bias overall is minimal.

Table 5.8
Test for Nonresponse Bias Early vs. Late Respondents

Variable	Early/Late	Mean	t-value	Significance
Organizational Identification	Early	19.3	-1.973	.049
	Late	19.8		
Satisfaction	Early	7.6	.284	.776
	Late	7.5		
Trust	Early	24.4	-.908	.365
	Late	24.7		
Relationship Continuance	Early	275.6	-.731	.465
	Late	277.7		
Store Penetration	Early	76.1	-.858	.391
	Late	77.4		
Years Associated with Cooperative	Early	18.5	.653	.514
	Late	18.1		
Store Sales Volume (Categorical)	Early	4.9	-.437	.663
	Late	5.0		

Preliminary Data Analysis

The preliminary data analysis includes analysis of the measures to test for univariate normality, the presence of outliers, and a correlation analysis. Each of these topics is addressed briefly below.

Normality

Normality for each scale item was tested using the Kolmogorov-Smirnov test. This test indicates whether a sample is drawn from a normally distributed population.

Additionally, skewness and kurtosis values were computed to identify departures from normality. In performing these tests, many of the scale items were found to be slightly skewed to the left, indicating higher scores on the measured items. To alleviate the skewness, transformations of those variables was employed utilizing the single bend family of transformations (Mosteller and Tukey 1977). Following such, the distributions were re-checked and such items appeared to be closer to normality than before. Additionally, the viewing of the plots associated with the above tests affirmed the assumption of normality is deemed adequate.

Outliers

The presence of outliers was detected by the use of stem and leaf plots. Although outliers have been identified, they remained in the overall sample. This was done for a couple of reasons. First, these responses represent theoretically true scores and should remain to influence the results presented, regardless of how damaging they might be to the remainder of the data. Secondly, the outliers represented such a small portion of the overall data that the impact of their presence is expected to be quite low. Accordingly, it was decided that outliers were to remain included in the final analysis.

Correlation Analysis

A correlation analysis was performed in order to ascertain the overall picture of how the constructs are correlated and identify those correlations that are significant. The results of this analysis are presented in Table 5.9. As one can see, all correlations were significant at the 0.01 level, providing at least some evidence of nomological validity of the collection of constructs under investigation.

Table 5.9
Correlation Matrix for the Summates of Key Constructs

		Identification	Satisfaction	Trust	Relationship Continuance
Identification	Pearson Correlation	1.000			
	Sig. (2tailed)	.			
	N	1504			
Satisfaction	Pearson Correlation	.663**	1.000		
	Sig. (2tailed)	.000	.		
	N	1499	1525		
Trust	Pearson Correlation	.604**	.724**	1.000	
	Sig. (2tailed)	.000	.000	.	
	N	1462	1483	1485	
Relationship Continuance	Pearson Correlation	.501**	.571**	.474**	1.000
	Sig. (2tailed)	.000	.000	.000	.
	N	1421	1440	1411	1443

** Correlation is significant at the 0.01 level (2-tailed).

Reliability and Validity Analysis

It is important to assess the adequacy of the measures employed. This section describes the testing of the psychological constructs for reliability, face validity, convergent validity, and discriminant validity. In performing this analysis, reliabilities for each of the constructs were calculated. Additionally, principal components analysis was performed to ensure that the items were loading on the proper factors.

Most of the dependent measures utilized in this study were either previously utilized or adapted from other studies. As such, it is expected that the reliabilities of these constructs were to display a relatively high degree of reliability. As one can see in Table 5.10, the reliabilities for each of the scales have been presented. Comparing the these reliabilities to the guideline set forth by Nunnally (1978), which states that an alpha of 0.7 or greater is acceptable, the results indicate that the scales used to measure the construct represent a set of highly interrelated items.

Table 5.10
Results of the Reliability of Measures

Construct	Chronbach Alpha
Organizational Identification	0.849
Satisfaction	0.889
Trust	0.931
Relationship Continuity	0.876

The measures also satisfy the requirement of content, or face, validity. The aim of meeting content validity is to insure that the items used in the measurement of the construct do indeed capture the theoretical content of the hypothesized construct. As all dependent measures utilized some aspects of previously established scales, content validity is believed to be established.

Principal components analysis was performed on each of the dependent psychological constructs in order to check for evidence of convergent validity. Evidence of convergent validity can be seen in Table 5.11 where the correlations between the items and the constructs are depicted. All but two two of the measures indicate a factor loading exceeding 0.70. This analysis indicated that 63% of the cumulative variance was extracted by the indicators. The remaining constructs also produced high cumulative variance being extracted by their indicators with satisfaction at 90%, trust at 72%, and relationship continuity at 82%. Additionally, the analysis produced only one solution where eigenvalues were greater than one, indicating unidimensionality of the constructs. Finally, viewing the scree plots produced in the analysis also supported these findings.

Table 5.11
Results of the Check for Convergent Validity

Construct	Factor Loadings, Standardized
Organizational Identification	
ID1	0.654
ID2	0.745
ID3	0.870
ID4	0.841
ID5	0.842
Satisfaction	
SAT1	0.949
SAT2	0.949
Trust	
TRUST1	0.832
TRUST2	0.863
TRUST3	0.884
TRUST4	0.864
TRUST5	0.925
TRUST6	0.896
TRUST7	0.647
Relationship Continuity	
RC1	0.865
RC2	0.962
RC3	0.891

Finally, all of the constructs themselves exhibited cross-construct correlations that were significantly different from 1.0 ($p > 0.1$). This provides additional evidence that the constructs possess adequate discriminant validity. Overall, then, the constructs are considered to be both reliable and valid for analysis.

This concludes the methodology section for the quantitative portion of the study. As discussed earlier, discussion will now focus on the qualitative research methodology.

QUALITATIVE RESEARCH METHODOLOGY

A qualitative investigation was undertaken in conjunction with the quantitative analysis of the developed hypotheses. The purpose of this portion of the study was to develop theory and uncover relevant emergent themes concerning the central construct of organizational identification. This section of the chapter deals specifically with those issues related to the research methodology of the qualitative research. First, some of the assumptions related specifically to qualitative research are presented. A discussion of the sample generated to develop data follows. Next, the interview process utilized in this research is expanded upon. The last section of the qualitative research methodology section pertains to many of the driving issues of data analysis.

Assumptions of Qualitative Research

Table 5.1 highlights many of the assumptions that differentiate the differences between qualitative and quantitative research. Other researchers have also identified many assumptions related to qualitative research that are of note. Merriam (1988) has noted that qualitative research is built upon six basic assumptions. First, qualitative research typically involves fieldwork of some type. Here the researcher is required to physically relocate in order to collect data by meeting people or visiting locations. Second, qualitative research is often descriptive in nature and intends to adequately delineate or represent the phenomena under investigation. Third, and highlighted previously, qualitative research is driven by inductive logic. Fourth, qualitative research is concerned with process rather than outcomes of phenomena. Fifth, the research is usually directed at understanding the meaning of how individuals make sense of their lives and experiences. Finally, a distinct aspect of qualitative research is that the researchers themselves are the primary instrument for conducting and collecting data for analysis.

Many of the assumptions mentioned above are particularly applicable here. This research was conducted in the field by attending places of business. The data presented in chapter six contains elements that can be considered descriptive, concerned with both the process and meanings communicated through the interviews, and findings are deduced. Lastly, all interviews were conducted, directed, analyzed, and interpreted by the author, thereby making the researcher the primary tool for collection and analysis.

As many of the assumptions associated with qualitative research are certainly found here, the qualitative investigation was not conducted without some interaction from the findings of the quantitative portion. The most significant interaction occurred in that the quantitative sample and preliminary findings helped drive the sample selection for the interviews. Attention is now turned to the specifics of how the sample was generated.

Sample

The quantitative portion of the study helped in identifying potential individuals for interviewing. First, due primarily to limitations in amount of travel to be conducted, individuals closest in proximity were identified based on the mailing list for the survey. Second, those individuals who responded to the survey were highlighted. It was believed that these individuals would be more willing to participate in a face-to-face interview than those who did not respond to the survey packet. However, non-respondents to the survey were maintained on the list. Perhaps most importantly, the developed list was also screened, where available, to the respondent's level of organizational identification noted on the questionnaire. One of the aims of conducting the interviews was to ensure that the sample contained at least some individuals across the entire range of organizational identification found in the survey. With the exception of those interviewed who did not respond to the survey, it was decided to attempt to maintain equal numbers of respondents who were classified as being high in organizational identification, average in organizational identification, and low in organizational identification. Due to the canceling of two interviews and one asking not to be interviewed after arrival at the location, this goal was maintained although the number of respondents is not perfectly equal across groups.

In total, 18 interviews were conducted. Those interviewed were all males and owners of their stores. The interviews were conducted at the store. All owners were also significantly involved in working at the store and could not be considered owners but not operators. Additionally, locations ranged from very rural to very urban sites. Store sizes varied from approximately 4,000 square feet to well over 50,000 square feet. Finally, interviews were conducted in three different states (Oklahoma, Missouri, and Illinois).

<u>Interviews</u>

Before interviews were conducted, the pared list of potential interviewees was contacted by the cooperative and notified they may be selected to be asked to participate in the interviews. This prenotification also highlighted the fact that the interviews were to be both confidential and completely voluntary. Finally, they were urged to participate.

All interviewees were contacted over the phone and asked if they were willing to participate in the interview and again reminded that the interviews would remain personally confidential and voluntary. If agreed to, a time for the interview was established. Interviews were typically conducted in the mornings on weekdays.

Prior to beginning the interviews, the respondents were informed of their rights of a respondent and the conditions of participation. The respondents were asked to sign a release stating that they understood their rights in participating. Additionally, the respondents were provided with a copy of their rights in case they wished to pull their participation at a later date or had questions and needed to contact the investigator. A copy of the informed consent form can be found the Appendix.

The interviews were conducted in a nondirective, non-evaluative format. Interviews were initiated by simply asking the informant to "tell me [the researcher] a little about their store." Once the interview was underway, the "flow" of the interview was attempted to be managed by asking follow up questions to topics of relevance and "steering" the conversation towards more fruitful areas. Typically the interviews were structured, at the beginning anyways, around the relevant and historical events of the stores and the owners and often followed a chronological format. After this introductory period of the interview, there seemed to be very little similarity in the format across interviews.

The intention of the interviews was to not come with any preconceived notions about what the respondents may tell. However, the broad scope was to focus around the concept of identification. Given this, and the fact that identification is primarily a social construct, questions typically worked around the relationships that the storeowner has with other individuals and organizations. Additionally, it was found that many of the informants enjoyed speaking about the people that they interacted with, providing additional richness to the interviews.

All interviews were recorded on micro-cassette. The interviews lasted from as short as 37 minutes to nearly two hours, with the average being slightly longer than one hour. Upon completing the interview, and sincerely thanking the respondents, the research notes taken during the interview were relayed into the cassette recorder with some additional thoughts and comments.

Data Analysis

The first step in analyzing the data collected from the interviews was to translate all material recorded on the micro-cassette to an electronic text file. This file was then input into the NUD*IST (Qualitative Solutions & Research Pty Ltd.) qualitative software package to facilitate analysis of the data. Analysis of the data was generally guided by the tenets set forth in the grounded theory approach. The grounded theory approach is briefly delineated below.

The Grounded Theory Approach

The grounded theory approach was first introduced by Glaser and Strauss in their book *The Discovery of Grounded Theory* (1967). The text first provided a logic for grounded theory, which was accomplished in the text by indicating how to better connect empirical research and theory. Although grounded theory attempts to establish this connection between empirical research and theory, it is clearly aimed as a qualitative method.

As it is a qualitative method, similarities between grounded theory and other qualitative methods occur. Perhaps the most pervasive similarity is the sources of data, including interviews, observations of behavior and documents. Secondly, this method is also an interpretive method. Although interpretive, this method deviates from other qualitative methods in that it provides a methodology for including the perspectives of the people under investigation (Strauss and Corbin 1994).

The grounded theory approach is different from other qualitative approaches in that it intends to build theory. Other approaches may be concerned more with accurate descriptions. Accurate descriptions are of concern here too, but only to develop theory of the concepts gleaned from analysis. The theory developed from this method can be used to both explain reality, as interpreted by the researcher, and provide a framework for action. This contrasts significantly to the qualitative research that is descriptive, presenting data primarily to illustrate how the world acts. The development of theoretically informed interpretations is in line with other researchers who believe such a method is powerful in assessing reality (Blumer 1969; Diesing 1971; Glaser 1978).

While the above reasons to utilize grounded theory are interesting, the reader who is not familiar with grounded theory may still be wondering exactly what it is. To succinctly address this concern, we have borrowed a passage from *Basics of Qualitative Research: Grounded Theory Procedures and Techniques* (Strauss and Corbin 1990, pg 23) that states:

> A grounded theory is one that is inductively derived from the study of the phenomena it represents. That is, it is discovered, developed, and

> provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. Therefore, data collection, analysis, and theory stand in reciprocal relationship with each other. One does not begin with a theory, then prove it. Rather, one begins with an area of study and what is relevant to that area is allowed to emerge.

While the grounded theory technique was the guiding form for data analysis, many of the specific techniques utilized are of note. Spiggle (1994) reviews many of the techniques that have been used in consumer research and are worthy of discussion here since most of these techniques have been incorporated in the data analysis in this study. These techniques include categorization, abstraction, comparison, dimensionalization, integration, iteration, and refutation.

Categorization refers to the taking of smaller units of data, such as specific words, sentences, paragraphs, or stories and coding them via classification or labeling. These units of data are supposed to represent or be an example of some more general phenomena. Abstraction is one step removed from categorization in that abstraction groups the data into even more general classes but higher ordered conceptualizations. The technique of comparison is used to discover the similarities and differences of data across types, classes, and the like. Dimensionalization is the process of uncovering aspects or properties of previously identified constructs. Integration involves the building of more complex structures and the interaction of developed themes in order to create a more theoretical contribution. Iteration involves the data in successive steps and previous data analysis helps in defining later stages of data analysis. Finally, the technique of refutation is employed by scrutinizing the emergent themes of the data analysis to some form of empirical analysis in the aim of refuting the theme. Each of these techniques has been incorporated in at least minor ways in the analysis of the data collected.

SUMMARY OF CHAPTER FIVE

This chapter began with a discussion of the similarities and differences between two rather divergent research paradigms and attempted to explain how they would be integrated in this research. Following, the research methodology associated with the quantitative portion of the research was discussed. In this section, the topics of research design, sampling frame, data collection method, the measurement of the key psychological variables, nonresponse, preliminary data analysis, and the reliability and validity of the measures were discussed at length. The second major section of the chapter dealt with the research issues concerned with the qualitative portion of the study and discussed major topics such as the assumptions behind qualitative research, sample selection, the interview process, and the data analysis.

CHAPTER SIX

ANALYSIS AND RESULTS

Two major sections distinguish this chapter. Following the convention in chapter five, these two sections are the analysis and results of the data collected concerning the quantitative portion and the qualitative portion. Beginning with the quantitative portion, a description of the respondents based on the few demographical variables collected is presented. After such description, a framework is presented for the data analysis and to facilitate the numerous tests involved. Following, the hypotheses test results are presented as specified in the framework for the data analysis. These findings are then summarized. The second section of the chapter pertains to the qualitative portion. Here, the characteristics of the respondents are again reviewed briefly. Next, the major theses elicited from the interviews are presented with supporting comments. To conclude this section, a summary or the findings from the qualitative investigation are presented. Finally, a summary for the entire chapter is presented.

QUANTITATIVE RESEARCH

This section of the chapter contains results of the testing of hypotheses that were presented in chapter four. First, a brief description of the respondents is reviewed. Next, a framework for the analyzing the hypotheses is presented with a strategy for grouping similar hypotheses for ease of reading. The results are presented following the framework and the strategy for the grouping of hypotheses. These results are then summarized.

Respondent Characteristics

As previously noted in chapter five, cooperation from a large, nationally recognized, retailer-sponsored hardware cooperative was garnered in attaining a sample for surveying. From the list provided, after paring down for multiple storeowners and internationally operated stores, 4,442 members were identified. All identified members were sent a survey packet. In the instructions of the survey, it specified that only the owners should answer the questionnaire. Of those sent a packet, 1,534 were returned, representing a 34.5% response rate.

Important to the survey was the fact that the respondents were concerned with their primary supplier. By viewing the amounts purchased from the cooperative by the retailer over the last twelve months we can ascertain the level of penetration that the supplier or cooperative has achieved. The results from the questionnaire pertaining to the level of cooperative penetration can be seen in Table 6.1. In the table, categories representing ten percent increments in level of penetration were created. As one can see, the cooperative has a relatively high degree of penetration across the sample. In fact, for 83.2 percent of those who responded to the survey, the cooperative supplies at least 50 percent of their total annual purchases. Provided with this information, the sample generally relates to the cooperative as their primary supplier since the average level of penetration is 76.5 percent.

Table 6.1
Frequency Distribution of Supplier Penetration

Over the last 12 months, approximately what percent of your total annual purchases came from the cooperative?				
		Frequency	**Valid Percent**	**Cumulative Percent**
Valid	10.00% or less	33	2.3	2.3
	10.01%-20.00%	44	3.1	5.4
	20.01%-30.00%	40	2.9	8.3
	30.01%-40.00%	63	4.4	12.7
	40.01%-50.00%	58	4.1	16.8
	50.01%-60.00%	76	5.4	22.2
	60.01%-70.00%	106	7.5	29.7
	70.01%-80.00%	245	17.3	47.0
	80.01%-90.00%	333	23.5	70.5
	90.01%-100.00%	417	29.5	100.0
	Total	1415	100.0	
Missing		119		
Total		1534		

The average length of affiliation with the cooperative was 18.4 years. The frequency distribution representing the number of years affiliated wit the cooperative for the entire range of respondents is presented in Table 6.2. Here, the data was collapsed into categories representing a five-year range. Over ten percent of the sample has bees associated with the cooperative for over thirty years, indicating a loyal base of retail members. Conversely, the table also indicates that over ten percent of the respondents have been associated with the cooperative five years or less. The largest percentage of respondents as represented in Table 6.2 is the 15.1-20 years segment with 18.3 percent with the 10.1-15 years and the 5.1-10 years segments following closely. This data indicates that, overall, the number of years being associated with the cooperative is relatively high.

Table 6.2
Frequency Distribution of Years Affiliated with Cooperative

How many years have you been affiliated with the cooperative (or its predecessor)?				
		Frequency	Valid Percent	Cumulative Percent
Valid	0-5 years	157	10.7	10.7
	5.1-10 years	235	16.1	26.8
	10.1-15 years	252	17.2	44.0
	15.1-20 years	269	18.3	62.3
	20.1-25 years	209	14.3	76.6
	25.1-30 years	179	12.2	88.8
	30.1-35 years	74	5.1	93.9
	35.1-40 years	47	3.2	97.1
	40.1-45 years	18	1.2	98.3
	45.1-50 years	19	1.3	99.6
	50+ years	6	0.4	100.0
	Total	1465	100.0	
Missing		69		
Total		1534		

The third and final demographical characteristic described in this study is the relative size of the retail stores that the storeowners operate. This variable was measured utilizing a ten-point categorical scale represented by the categories in Table 6.3. In viewing the table, one can see that the majority of the respondents own and operate relatively smaller establishments that have total annual sales of two million dollars or less. However, some very large stores are also represented in the sample. Although representing a somewhat small percentage of the overall sample, 95 of the respondents indicated that there store or stores sold five million dollars or more in the previous calendar year.

Table 6.3
Frequency Distribution of Total Sales Volume

For the most recent calendar year what was the approximate total sales volume of your store?				
		Frequency	**Valid Percent**	**Cumulative Percent**
Valid	Under $100,000	19	1.3	1.3
	$100,000-$249,999	111	7.4	8.7
	$250,000-$499,999	280	18.7	27.4
	$500,000-$749,999	225	15.1	42.5
	$750,000-$999,999	191	12.8	55.3
	$1,000,000-$1,999,999	368	24.6	79.9
	$2,000,000-$4,999,999	206	13.8	93.6
	$5,000,000-$9,999,999	56	3.7	97.4
	$10,000,000-$19,999,999	28	1.9	99.3
	Over $20,000,000	11	0.7	100.0
	Total	1495	100.0	
Missing		39		
Total		1534		

Generally, the respondents tended to utilize the cooperative as their primary source of supply. Additionally, the respondents overall have had a tendency to display a rather long length of affiliation with the cooperative, but there is a large number of respondents who have been with the cooperative for only a short period. Finally, the respondents' stores generally perform less than two million dollars of sales annually, indicating that the stores are not overwhelmingly large.

Now that the reader has a very general perception of the average respondent, the framework for analyzing these respondents' answers on the questionnaire is developed. This is the topic of the next section.

Framework for Testing Hypotheses

The section dealing with the actual tests of the hypotheses is set up similar to the remainder of the study, that is, there is a section for each of the primary dependent variables of interest (satisfaction, trust, relationship continuity). As such, the testing of the hypotheses follows the listing of the hypotheses as they are presented in Table 4.1. Although not in numerical order in Table 4.1, these hypotheses are grouped according to how they relate to satisfaction, trust, or relationship continuity.

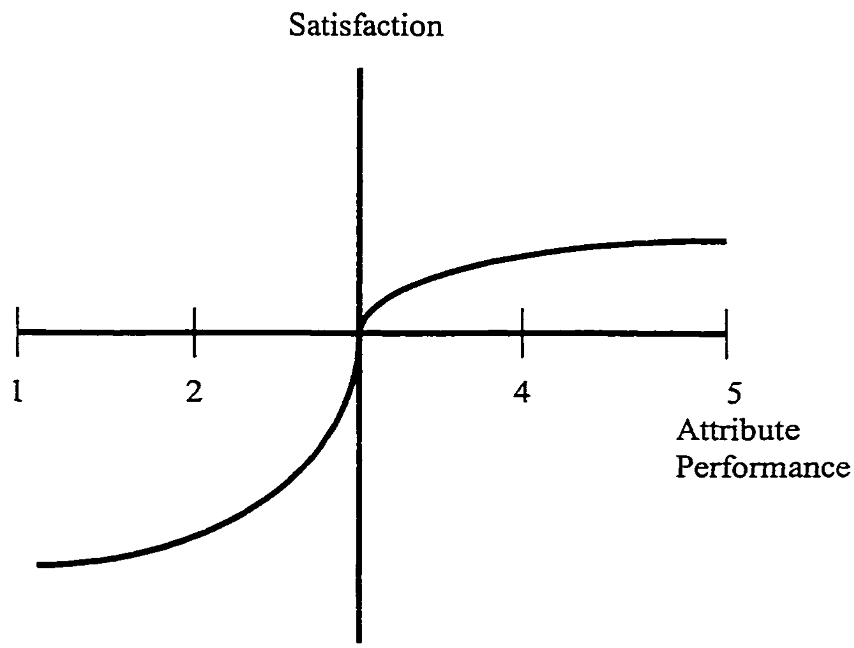
The hypotheses relate the perceived performance at the attribute level, not at the aggregate level, to the dependent variables. Accordingly, the findings are presented across the hypotheses at the attribute level. These findings are presented consistently in this study across all hypotheses and their associated groups order the attributes as presented in Table 5.3. This consistency should help in two ways. First, the attributes that are similar to other attributes are presented together and not in the order presented in the questionnaire. Second, this order is maintained across the testing of the three different dependent variables. Table 6.4 indicates the measure with the letter designation of the measure, subsequent to table 6.4; the measures will be referred to only as their letter designate.

Table 6.4
Performance and Service Attributes and Associated Letter Designate

Specific Product or Service Attribute
Merchandise/Products
A. High quality merchandise.
B. Appropriate product assortments (warehouse).
C. Appropriate selection of private label merchandise.
D. Availability of merchandise tailored to my region.
E. Timely supply of new products.
F. Assortment differentiation from retail competition.
Pricing/Credit
G. Competitive wholesale prices.
H. Low prices on highly visible and price sensitive items.
I. Reasonable payment terms.
II. Effective retail credit card program.
Delivery/Freight
K. Delivery frequency.
L. Dependable, on-time deliveries.
M. Accurate deliveries.
N. Reasonable freight rates.
Ordering
J. High fill rate on orders.
O. Minimum order size on full-packs.
Q. Easy to place orders.
R. Easy to revise or change orders.
CC. Appropriate charges on broken cartons.
HH. Effectiveness of [ordering] catalog.
Invoicing
P. Warehouse claims processed quickly.
S. Accurate invoices.
T. Billing statement easy to understand.
Advertising/Marketing
V. Effective national advertising.
W. Effective direct mail circulars.
X. Effective traffic generating programs.
BB. Effective in-store merchandising kits.
Sales Reps/Advice
U. Retail consultants available.
Y. Helpful assistance with planogramming.
Z. Effective training and educational programs.
DD. Effective store design services.
EE. Effective "how to compete" advice.
Miscellaneous
AA. Effective computerized store system.
FF. Effective L/BM sourcing.
GG. Competitiveness of L/BM programs.

Regarding the relationship between the performance attributes and the dependent variables, one of the primary theoretical explanations of the relationship was the prospect theory curve. To test the hypotheses, it was necessary to 'map' the relationship of the respondents' answers in a framework for analysis. This was performed via a dummy coding procedure. The performance attributes were measured on a five-point scale ranging from "far below my expectations" (1) to "far exceeded my expectations" (5). The mid-point of this scale was labeled as "met my expectations" (3). This mapping of the respondents' perceived performance on an attribute versus the expected result as hypothesized via prospect theory is represented in Figure 6.1.

Figure 6.1
Mapping of Attribute Performance on Satisfaction



In viewing Figure 6.1, take note that the axes' label will change, but the scale will remain the same. For the vertical axis, the dependent variable will either be satisfaction (as represented in the example of Figure 6.1), trust, or relationship continuity. The horizontal axis will always be one of the performance attributes. However, each of the attributes is taken into consideration independently and not in any aggregate. The example in Figure 6.1 does not indicate which of the attributes and is meant only as an example for understanding.

It is also important to note that via the dummy coding procedure, the intercept is represented by the mean of the dependent variable and the influence of the independent variable (whichever attribute is being investigated) when the perceived attribute merely meets respondents' expectations. The dummy coding was performed in this way for two reasons. First, to achieve orthogonality, the natural mid-point of the scale (3) was confounded with the intercept. Second, the natural mid-point of the scale provides an excellent reference for comparison of the incremental gains and losses associated with each attribute, where a single incremental gain (loss) is represented as the 4 (2) in the above figure. An additional incremental and equal gain (loss) is represented as the 5 (1) in Figure 6.1.

The data was first analyzed for the hypothesis testing by creating a regression equation that regressed upon the dependent variables of interest. An example of the general format of the regression equation is presented below.

equation 6.1:

$$\text{Satisfaction} = \text{Intercept} + \text{Beta1 } X1 + \text{Beta2 } X2 + \text{Beta4 } X4 + \text{Beta 5 } X5 + \text{error}$$

Reading this equation one can see that satisfaction is regressed upon by a number of predictors. The first predictor is the intercept. Here the intercept not only includes the mean but the influence of meeting the respondents' expectations for a given attribute. Hence, these are confounded. Beta1 represents the mean for only those who rated the attribute performance as a 1 or as "far below my expectations" and Beta5 for only those who rated the attribute performance as a 5 or "far exceeded my expectations." The predictors of Beta2 and Beta4 represent the intermediate between the mid-point of the scale and the ends of the continuum. The error of the equation is also part of the equation and represented.

If the unstandardized coefficients of the regression equation are presented, one can see the actual impact of each of the dummy codes upon the intercept in scale to the summated variable. By adding the unstandardized coefficient to the intercept the result is the mean for that coefficients class. For example, if we used the above equation for attribute A and found that Beta2 was equal to -.987 and the intercept was 7.591, by adding those terms together one gets 6.604. Hence, 6.604 represents the mean of satisfaction by those respondents who noted the performance of attribute A was a two on the five-point scale. We can also see that 6.604 was less than the 7.591 of the intercept, which is the mean of those who noted the performance of attribute A as a 3, or the mid-point of the scale. All reported regressions utilize the unstandardized coefficients to aid the interpretation of the results. This is done in favor of the standardized coefficients because the standardized coefficients report the relative level of the coefficient as a predictor versus the other coefficients in the equation, not the overall level of influence.

Now that a better understanding of the framework for analysis for the testing of the hypotheses has been presented, it is time to present the results of the hypotheses tests. The following section addresses such.

Hypotheses Test Results

The results presented in this section are presented in three different groups. First, the results for those hypotheses relating to the dependent variable of satisfaction is presented. Next, the results pertaining to the hypotheses surrounding trust are presented followed by the results of the relationship continuity hypothesis group.

Hypotheses Involving Satisfaction

This section pertains to those hypotheses that center around satisfaction as the key dependent variable of interest. To help remind the reader, these hypotheses are repeated below:

> H1: Unmet expectations on an attribute will have greater influence on overall satisfaction than exceeded expectations on the same attribute.
> H2: Exceeded expectations on a given attribute will have an influence on satisfaction that displays diminishing returns.
> H3: Unmet expectations on an attribute will have an influence on satisfaction that displays diminishing sensitivity.
> H10: Exceeded expectations on a given attribute will have an influence on satisfaction that is greater for parties who are organizationally identified than for parties who do not identify.
> H11a: Unmet expectations on an attribute will have a *greater* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify.
> H11b: Unmet expectations on an attribute will have a *lesser* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify.

In testing these hypotheses, and as outlined in a prior section, a regression equation for each attribute was developed. Here, the responses for the performance attributes were dummy coded to confound the mid-point of the scale with the intercept and the mean of the dependent variable. The results of each of these regressions for the entire sample are presented in Table 6.5.

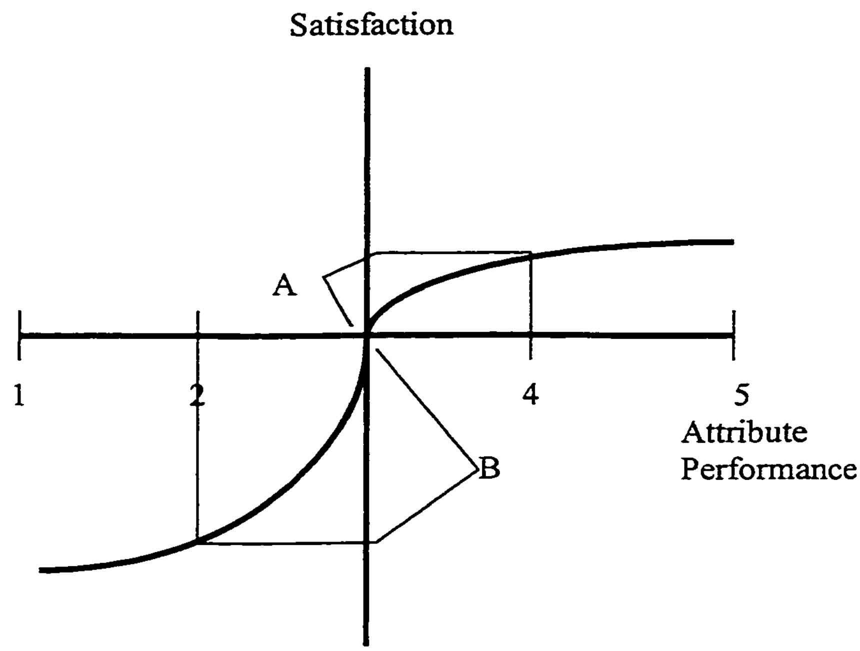
If the supposition about prospect theory were to hold true, one would expect to see a pattern from the beta coefficients presented in Table 6.5. Specifically, one would expect that Beta1 and Beta2 to be negative as they are below the midpoint of the scale and expectations are therefore unmet. Additionally, Beta 1 should be a greater negative number than Beta2 as the respondents' expectations were met to a lesser degree. Following, Beta4 and Beta5 should be positive numbers as expectations were exceeded. Beta5 should be greater than Beta4 as those respondents' expectations were exceeded more. Table 6.5 also highlights those coefficients (with an asterisk) those coefficients that are not adequate predictors at the 0.05 level. While the ability of the coefficient as an adequate predictor is not of scrutiny here, the analysis is provided. As one can see, the majority of the coefficients are significant.

The first hypothesis involving the dependent variable of satisfaction is H1. Hypothesis 1 predicts that unmet expectations on an attribute will have a greater influence on overall satisfaction than exceeded expectations on the same attribute. To test such, at the attribute level it was necessary to compare the magnitude difference at the according increments. As such, the data was recoded to reflect the magnitude difference by centering the data at the intercept. Accordingly, two specific comparisons must be made. The first comparison is shown in Figure 6.2. This set of comparisons involves the magnitude difference of the influence of expectations not being met by one increment versus the influence of expectations being exceeded by one increment. These differences are noted by A and B in Figure 6.2.

Table 6.5
Attribute Level Regressions on Satisfaction, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	7.59	-3.36	-0.99	0.60	0.66
B	7.62	-2.22	-0.65	0.56	0.96
C	7.66	-2.19	-0.65	0.44	0.34*
D	7.76	-1.56	-0.75	0.50	1.24
E	7.78	-1.47	-0.64	0.41	1.34
F	7.87	-0.26	-0.74	0.59	1.04
Pricing/Credit					
G	7.57	-2.04	-0.94	0.61	1.33
H	7.47	-1.68	-0.86	0.62	1.18
I	7.55	-1.76	-0.80	0.65	0.81
II	7.65	-1.18	-0.61	0.43	0.59
Delivery/Freight					
K	7.53	-1.15	-0.74	0.57	0.51
L	7.55	-1.31	-0.64	0.41	0.57
M	7.87	-1.06	-0.40	0.23 *	-0.04*
N	7.68	-1.24	-0.80	0.38	0.71
Ordering					
J	7.97	-1.08	-0.69	0.53	0.46*
O	7.57	-2.07	-0.72	0.52	0.45
Q	7.38	-3.04	-0.97	0.38	0.95
R	7.55	-1.76	-0.49	0.31	0.92
CC	7.66	-1.79	-0.78	0.65	1.19
HH	7.56	-1.31	-0.93	0.70	1.12
Invoicing					
P	7.66	-1.33	-0.52	0.37	0.84
S	7.62	-1.78	-0.54	0.38	0.71
T	7.53	-1.37	-0.64	0.44	0.99
Advertising/Marketing					
V	7.94	-1.51	-0.46	0.22*	0.47 *
W	7.75	-1.47	-0.55	0.46	0.87
X	7.90	-1.76	-0.55	0.46	1.43
BB	7.62	-2.46	-0.76	0.52	1.39
Sales Reps/Advice					
U	7.76	-1.34	-0.44	0.35	0.55
Y	7.79	-1.53	-0.66	0.30	0.58
Z	7.64	-1.71	-0.44	0.41	1.23
DD	7.65	-1.98	-0.58	0.49	0.88
EE	7.83	-2.01	-0.87	0.41	1.00
Miscellaneous					
AA	7.63	-1.45	-0.75	0.57	1.09
FF	7.60	-0.99	-0.79	0.57	0.69*
GG	7.56	-1.17	-0.67	0.57	0.75*

Figure 6.2
Single Increment Comparison on Satisfaction



The results of the recoding of the data and the calculations are presented in Table 6.6. In Table 6.6 one can note that the average difference of those who responded as their expectations on a particular attribute being exceeded by one increment (4) matches the Beta4 as presented in Table 6.5. Similarly, this is true for the Beta2 in Table 6.5 and the average difference in Table 6.6 for those who responded as their expectations not being met by one increment. It is important to recognize that the total satisfaction means for these groups were not compared but the difference between these groups and those who responded that their expectations about the particular attribute were met exactly. As such, the data was recoded to reflect this change by centering on those who responded as their expectations being met exactly. These average differences in magnitude were then compared and subjected to a t test. The calculated t test statistic, the according degrees of freedom (df), and the significance level are all presented for each attribute in

Table 6.6
Comparison of Incremental Loss to Incremental Gain on Satisfaction
(*Non-significant differences)

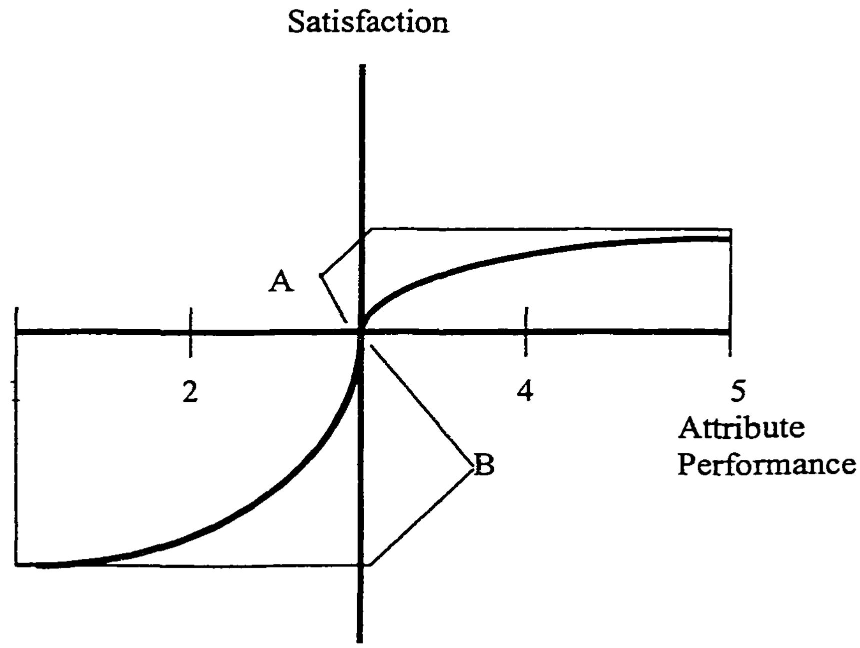
Attribute	Average difference (2)	Average difference (4)	t-value	df	Significance
Merchandise/Products					
A	-0.99	0.60	-9.025	210	0.000
B	-0.65	0.56	-9.125	504	0.000
C	-0.65	0.44	-6.903	443	0.000
D	-0.75	0.50	-6.266	346	0.000
E	-0.64	0.41	-5.819	332	0.000
F	-0.74	0.59	-9.685	342	0.000
Pricing/Credit					
G	-0.94	0.61	-11.758	436	0.000
H	-0.86	0.62	-10.339	343	0.000
I	-0.80	0.65	-8.220	208	0.000
II	-0.61	0.43	-4.675	406	0.000
Delivery/Freight					
K	-0.74	0.57	-4.569	318	0.000
L	-0.64	0.41	-4.568	438	0.000
M	-0.40	0.23	-2.915	687	0.004
N	-0.80	0.38	-7.711	485	0.000
Ordering					
J	-0.69	0.53	-4.794	635	0.000
O	-0.72	0.52	-6.758	348	0.000
Q	-0.97	0.38	-4.649	56	0.000
R	-0.29	0.31	-4.022	419	0.000
CC	-0.78	0.65	-7.871	370	0.000
HH	-0.93	0.70	-7.709	501	0.000
Invoicing					
P	-0.52	0.37	-5.049	559	0.000
S	-0.54	0.38	-6.292	386	0.000
T	-0.64	0.44	-5.442	311	0.000
Advertising/Marketing					
V	-0.46	0.22	-4.997	350	0.000
W	-0.55	0.46	-8.088	542	0.000
X	-0.55	0.46	-6.644	550	0.000
BB	-0.76	0.52	-7.635	347	0.000
Sales Reps/Advice					
U	-0.44	0.35	-5.665	493	0.000
Y	-0.66	0.30	-6.394	405	0.000
Z	-0.44	0.41	-5.398	437	0.000
DD	-0.58	0.49	-5.618	300	0.000
EE	-0.87	0.41	-8.326	382	0.000
Miscellaneous					
AA	-0.75	0.57	-6.855	370	0.000
FF	-0.79	0.57	-3.959	186	0.000
GG	-0.67	0.57	-3.533	188	0.001

Table 6.6. Accordingly, significant differences were determined by comparing the calculated t statistic to the critical value of t. Critical values of the t statistic was tempered in two ways. First, the t value represents the Dunn multiple comparison procedure where the alpha level is controlled. The Dunn t statistic is designed to control the error rate as per family, as opposed to family wise or per comparison. Controlling the alpha per family is the intermediate between family wise and per comparison. The Dunn statistic is good for a small number of comparisons, which is the case here as applied to the attribute level as only two comparisons are being made per attribute (at the one incremental gain or loss and the two incremental gain or loss). Additionally, the power for each of the comparisons using the Dunn procedure has been rated as good (Toothaker 1993).

By reviewing the results presented in Table 6.6, one finds that the difference between the magnitude of one's expectation not being met by one increment versus the magnitude in one's expectation being exceeded by one increment is significant across all attributes. As such, at the one increment level comparison, there is strong support to reject the null and evidence of H1 being true.

The same procedure was run at the two-increment level as well. Here, those who responded as their expectations not being met by two increments were compared to those who responded as their expectations on a particular attribute as being exceeded by two increments. This comparison is shown in Figure 6.3. Again, if the tenets of prospect theory were followed, one would expect that the magnitude of B is greater than A as presented in Figure 6.3.

Figure 6.3
Two Increment Comparison on Satisfaction



The two-increment comparison of the magnitudes of the differences is depicted in Table 6.7. The results presented in this table were compiled in a similar manner to those in the single increment solution. The t statistic is represented by the Dunn procedure and the significance level between the magnitudes was tested by comparing the calculated t statistic to the critical value as tempered by controlling for the error for the number of comparisons per family. Table 6.7 indicates that across all attributes the differences in the magnitude is significant. One exception to the expected pattern was item M, where the average difference was negative. As such, this provides additional support to the findings at the single increment level. Accordingly, there is evidence to reject the null hypothesis and H1 is supported.

Table 6.7
Comparison of Two Incremental Losses to Two Incremental Gains on Satisfaction
(*Non-significant differences)

Attribute	Average difference (1)	Average difference (5)	t-value	df	Significance
Merchandise/Products					
A	-3.36	0.66	-6.511	52	0.000
B	-2.22	0.96	-7.498	98	0.000
C	-2.19	0.34	-5.003	46	0.000
D	-1.56	1.24	-4.020	158	0.000
E	-1.47	1.34	-4.905	190	0.000
F	-0.26	1.04	-5.615	109	0.000
Pricing/Credit					
G	-2.04	1.33	-9.640	74	0.000
H	-1.68	1.18	-7.624	59	0.000
I	-1.76	0.81	-7.467	135	0.000
II	-1.18	0.59	-5.977	154	0.000
Delivery/Freight					
K	-1.15	0.51	-6.616	161	0.000
L	-1.31	0.57	-7.898	224	0.000
M	-1.06	-0.04	-2.560*	398	0.011
N	-1.24	0.71	-6.350	137	0.000
Ordering					
J	-1.08	0.46	-2.802	481	0.005
O	-2.07	0.45	-6.735	129	0.000
Q	-3.04	0.95	-6.897	19	0.000
R	-1.76	0.92	-8.022	110	0.000
CC	-1.79	1.19	-6.849	31	0.000
HH	-1.31	1.12	-8.166	119	0.000
Invoicing					
P	-1.33	0.84	-9.482	201	0.000
S	-1.78	0.71	-8.514	175	0.000
T	-1.37	0.99	-8.773	172	0.000
Advertising/Marketing					
V	-1.51	0.47	-7.307	49	0.000
W	-1.47	0.87	-9.005	150	0.000
X	-1.76	1.43	-10.724	37	0.000
BB	-2.46	1.39	-9.642	73	0.000
Sales Reps/Advice					
U	-1.34	0.55	-8.006	305	0.000
Y	-1.53	0.58	-7.321	113	0.000
Z	-1.71	1.23	-9.498	106	0.000
DD	-1.98	0.88	-5.209	84	0.000
EE	-2.01	1.00	-8.887	56	0.000
Miscellaneous					
AA	-1.45	1.09	-8.282	140	0.000
FF	-0.99	0.69	-4.656	49	0.000
GG	-1.17	0.75	-4.824	47	0.000

The second hypothesis stated that exceeded expectations on a given attribute will have an influence on satisfaction that displays diminishing returns. This hypothesis deals exclusively with those respondents who indicated that their expectations was greater than merely meeting their expectations and answered 4 or 5 on the scale for each attribute. Therefore, this hypothesis pertains to the positive domain only.

To test the supposition of H2, the data was presented in Table 6.5 was recomputed to reflect the mean of satisfaction for those who responded as their expectations on the attribute being exceeded by one increment (4) and the mean of satisfaction who responded as their expectations as being far exceeded, or exceeded by two increments (5). These means, per attribute, are presented in Table 6.8.

Table 6.8 also provides two additional pieces of information. First, a t value was calculated using the results presented in Table 6.5. The calculation for determining the t value that indicates the difference of the means utilized a formula specifically designed for dummy coded regression equations and is presented in Equation 6.2 (Hardy 1993).

equation 6.2:

$$t = (Bj\text{-}Bk) / [\text{var}(Bj) + \text{var}(Bk) - 2\text{cov}(BjBk)]^{1/2}$$

These t values presented in Table 6.8 were then compared to the critical value of t with a Bonferroni adjustment for the appropriate degrees of freedom. The non-significant values are indicated with an asterisk. Second, to provide additional evidence to determine if the respondents' answers do indeed indicate a diminishing sensitivity, a diminishing index was calculated. Here, the unstandardized coefficients presented in Table 6.5 were utilized and to calculate the index. This comparison is depicted in Figure 6.4. Logically, the one incremental gain's influence on satisfaction (4)

Table 6.8
Comparison of Incremental Gain to Two Incremental Gains on Satisfaction
(*Non-significant differences)

Attribute	Mean (4)	Mean (5)	t-value	df	Diminishing Index
Merchandise/Products					
A	8.19	8.25	0.17*	308	0.09
B	8.18	8.58	1.48*	377	0.73
C	8.10	8.00	-0.26*	287	-0.22
D	8.25	9.00	1.55*	186	1.51
E	8.19	9.12	2.24*	175	2.29
F	8.46	8.91	0.93*	157	0.76
Pricing/Credit					
G	8.19	8.90	3.33	457	1.17
H	8.09	8.65	3.26	552	0.90
I	8.20	8.36	0.73*	366	0.25
II	8.08	8.24	0.71*	278	0.40
Delivery/Freight					
K	8.09	8.04	-0.27*	390	-0.09
L	7.96	8.12	1.04*	499	0.40
M	8.10	7.83	-0.82*	163	-1.19
N	8.06	8.39	1.38*	299	0.86
Ordering					
J	8.50	8.43	-0.15*	97	-0.13
O	8.09	8.02	-0.34*	396	-0.14
Q	7.76	8.33	4.10	700	1.50
R	7.86	8.47	3.23	430	1.97
CC	8.31	8.86	1.23*	172	0.85
HH	8.26	8.68	1.62*	312	0.59
Invoicing					
P	8.03	8.51	2.39	394	1.31
S	7.99	8.33	1.80*	416	0.88
T	7.97	8.52	2.95	416	1.27
Advertising/Marketing					
V	8.16	8.41	0.81*	214	1.11
W	8.21	8.62	1.82*	320	0.90
X	8.35	9.32	2.39	154	2.12
BB	8.13	9.00	3.10	287	1.68
Sales Reps/Advice					
U	8.11	8.30	1.02*	318	0.57
Y	8.09	8.38	1.06*	210	0.94
Z	8.05	8.88	2.65	235	2.03
DD	8.13	8.52	1.04*	178	0.80
EE	8.24	8.83	1.73*	185	1.45
Miscellaneous					
AA	8.19	8.71	2.01*	271	0.92
FF	8.17	8.29	0.25*	80	0.20
GG	8.13	8.31	0.40*	91	0.32

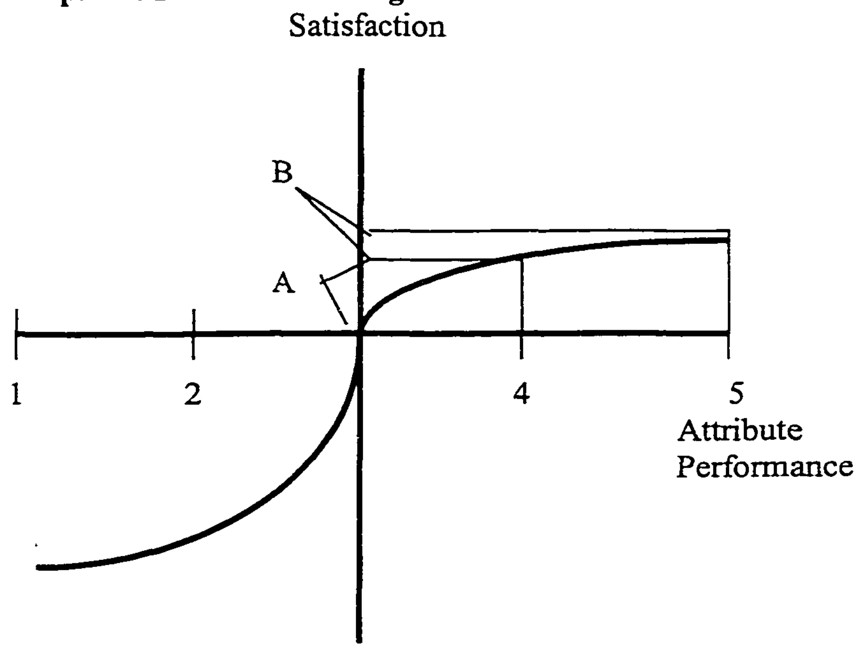
should be larger than the second incremental gain (5). To assess this, the following formula was utilized and is presented in Equation 6.3 below.

equation 6.3:

$$\text{Diminishing Index} = (B5 - B4) / B4$$

Accordingly, the diminishing index presented in Table 6.8 is scaled towards the integer of one. If the index indicates a number greater than one, this indicates the gains are increasing rather than diminishing. Additionally, if the index is negative, this indicates that those who experienced their expectations being exceeded by two increments incur less satisfaction than those who indicated the attribute to only exceed their expectations by one increment.

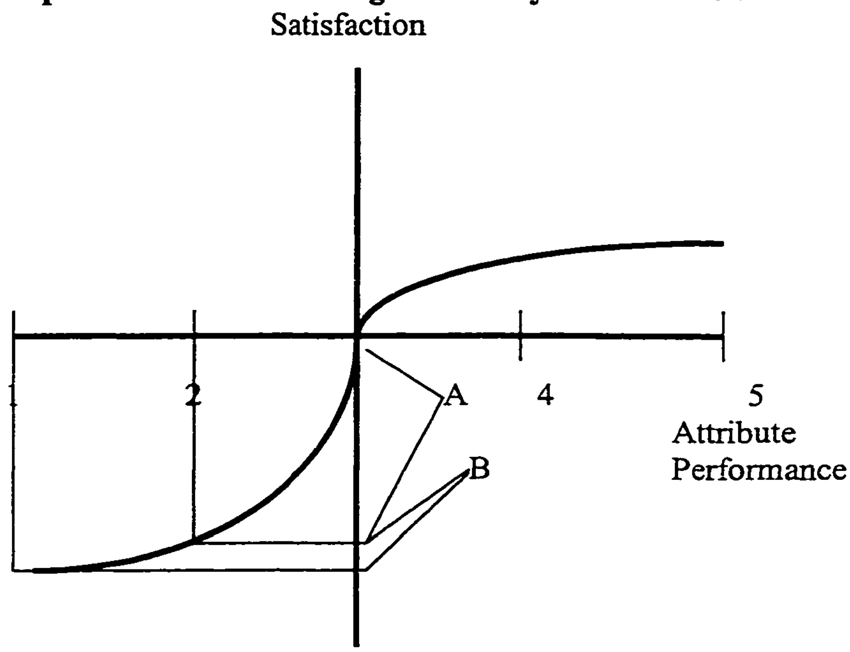
Figure 6.4
Comparison for Diminishing Returns on Satisfaction



The results presented in Table 6.8 indicate that of the thirty-five attributes, eighteen indicate a diminishing index between zero and one. Seventeen of these eighteen indicate a non-significant t value. Of the total thirty-five attributes, twenty-six of these have results that indicate a non-significant difference, including all of the cases that were not in the direction hypothesized (five cases). Overall, twenty-one attributes had non-significant t values and in the direction hypothesized, five attributes were in the wrong direction, and nine attributes were in the correct direction but were significantly different. Eighteen cases had diminishing indexes that were of the appropriate value (between zero and one), five attributes were in the wrong direction, and twelve exhibited increasing returns. Overall, then, most attributes exhibited the hypothesized pattern of diminishing returns. These results provide some evidence for diminishing returns in the positive domain H2 is partially supported.

Hypothesis 3 (H3) indicated that unmet expectations on an attribute would have an influence on satisfaction that displays diminishing sensitivity. This hypothesis deals exclusively with the negative domain and is interested in the comparison depicted in Figure 6.5 by both A and B. To analyze the results to test for H3, a similar procedure was followed as in the testing for H2, namely the one increment difference was compared to the two increment difference via the means, a t test was employed, and an index was generated. However, in this case those who responded as the attribute performing at one increment below their expectations (2) is compared to those who reported the level of far below their expectations (1, two increments from the center of the scale). The results for the analysis are presented in Table 6.9 and include the mean for each increment category, the calculated t value differences between such means, and the sensitivity index.

Figure 6.5
Comparison for Diminishing Sensitivity on Satisfaction



The sensitivity index indicates the similar results presented above for the diminishing index, except this is adjusted for the negative domain. Here, the unstandardized coefficients presented in Table 6.5 were utilized and to calculate the index. The one incremental loss' influence on satisfaction (2) should be larger than the second incremental loss (1). To assess this, the following formula was utilized and is presented in Equation 6.4 below.

equation 6.4:

$$\text{Diminishing Index} = (B1 - B2) / B2$$

Again, the sensitivity index presented in Table 6.9 is scaled towards the integer of one. If the index indicates a number greater than one, this indicates the losses in satisfaction are increasing rather than exhibiting sensitivity. Additionally, if the index is negative, this indicates that those who experienced their expectations being unmet by two

Table 6.9
Comparison of Incremental Loss to Two Incremental Losses on Satisfaction
(*Non-significant differences)

Attribute	Mean (1)	Mean (2)	t-value	df	Sensitivity Index
Merchandise/Products					
A	4.23	6.60	-7.42	168	2.40
B	5.40	6.97	-7.09	329	2.43
C	5.47	7.01	-6.38	282	2.38
D	6.20	7.40	-7.84	601	3.40
E	6.31	7.44	-7.88	652	3.30
F	7.61	7.13	2.78*	472	-0.65
Pricing/Credit					
G	5.54	6.64	-4.75	301	1.18
H	5.79	6.61	-3.25	266	0.97
I	5.78	6.74	-4.13	207	1.20
II	6.48	7.34	-4.69	346	2.80
Delivery/Freight					
K	6.37	7.38	-4.74	258	7.19
L	6.24	7.31	-5.93	350	4.51
M	6.81	7.67	-7.76	951	4.34
N	6.44	6.88	-2.15*	332	0.54
Ordering					
J	6.89	7.68	-7.71	1001	2.72
O	5.50	7.05	-6.41	261	3.00
Q	4.33	6.40	-4.63	68	2.12
R	5.79	7.26	-6.59	278	5.12
CC	5.88	7.08	-6.19	316	2.07
HH	6.25	7.23	-5.48	394	3.00
Invoicing					
P	6.33	7.35	-6.63	466	3.19
S	5.84	7.08	-6.25	308	2.31
T	6.17	7.09	-4.48	273	2.09
Advertising/Marketing					
V	6.43	7.47	-8.54	701	2.27
W	6.29	7.20	-6.06	477	1.66
X	6.13	7.34	-8.33	587	2.19
BB	5.16	6.85	-6.59	235	2.22
Sales Reps/Advice					
U	6.41	7.32	-6.24	525	2.09
Y	6.26	7.13	-5.15	428	1.30
Z	5.94	7.20	-6.18	323	2.85
DD	5.67	7.07	-5.85	218	2.42
EE	5.83	6.96	-6.58	386	1.31
Miscellaneous					
AA	6.18	7.08	-4.56	311	1.64
FF	6.61	7.31	-2.84	186	2.40
GG	6.39	7.39	-4.01	190	5.75

increments incur greater satisfaction than those who indicated the attribute to not meet their expectations by only one increment.

The results presented in Table 6.9 indicate that one measure (F) was in the opposite direction as expected in H3. Diminishing sensitivity was expected by H3 although the sensitivity index indicates that only two measures followed (H, N) the hypothesis. Of these two, only one (N) exhibited a t value that, when compared to the critical value of t, was not significantly different. The remainder of the measures all displayed a sensitivity index greater than one and a t value that was significant, indicating that the differences are important. Overwhelmingly, then, these results indicate a rejection of H3.

Subsequent to the prior analysis, the testing of the hypotheses involving satisfaction regarding the differences between the groups of respondents who are organizationally identified versus those respondents who are not identified was required. The sample was mean split on the summated scale of organizational identification where a greater number indicates a higher degree of identification with the supplier. In testing these hypotheses, and as outlined in a prior section, a regression equation for each attribute was developed. Here, the responses for the performance attributes were dummy coded to confound the mid-point of the scale with the intercept and the mean of the dependent variable. The results of each of these regressions for the entire sample are presented in two separate tables, one for the organizationally identified portion of the respondents and one for the lesser identified, or non-identified portion. Table 6.10 exhibits the unstandardized coefficients for the attribute level regression of the identified sample on satisfaction. Table 6.11 does the same for the non-identified.

Table 6.10
Attribute Level Regressions of Identified Sample on Satisfaction, Unstandardized
(*Non-significant Predictors)

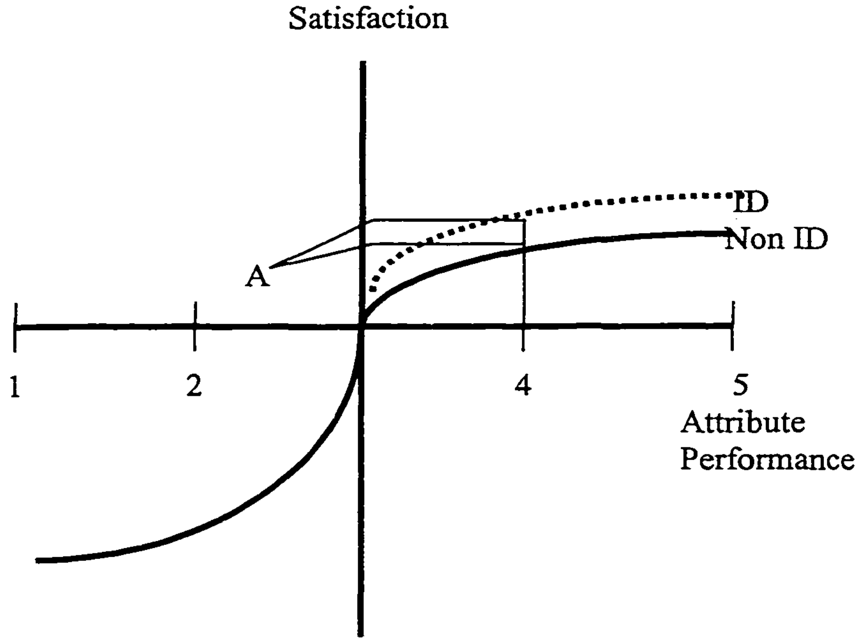
Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	8.27	-1.61	-0.52	0.27	0.66
B	8.22	-0.63	-0.16*	0.36	0.72
C	8.27	-1.16	-0.20*	0.36	0.39*
D	8.33	-0.28*	-0.25	0.44	0.56
E	8.39	-0.58	-0.27	0.17*	1.32
F	8.43	-1.26	-0.49	0.40	0.57*
Pricing/Credit					
G	8.22	-1.06	-0.47	0.43	0.79
H	8.22	-0.98	-0.52	0.27	0.79
I	8.17	-0.41*	-0.35	0.54	0.75
II	8.25	-0.33	0.01*	0.27	0.58
Delivery/Freight					
K	8.19	-0.55	0.08*	0.50	0.38
L	8.13	-0.17*	0.10*	0.43	0.48
M	8.42	-0.30	-0.21	0.27	-0.03*
N	8.32	-0.79	-0.32	0.21	0.41
Ordering					
J	8.55	-0.44	-0.40	0.38	0.36*
O	8.22	-0.83	-0.20*	0.34	0.72
Q	8.13	-1.63	-0.68	0.21	0.75
R	8.17	-0.71	-0.02*	0.34	0.83
CC	8.32	-0.62	-0.38	0.41	0.93
HH	8.20	-0.52	-0.04*	0.48	0.74
Invoicing					
P	8.30	-0.81	-0.18*	0.29	0.69
S	8.25	-0.43	-0.28	0.28	0.52
T	8.15	-0.39	0.02*	0.37	0.91
Advertising/Marketing					
V	8.41	-0.54	-0.28	0.19*	0.42*
W	8.29	-0.27*	-0.51	0.35	0.80
X	8.36	-0.65	-0.31	0.50	1.14
BB	8.23	-0.88	-0.47	0.41	1.12
Sales Reps/Advice					
U	8.35	-0.70	-0.22	0.19*	0.44
Y	8.29	-0.59	-0.22	0.31	0.44
Z	8.22	-0.48	-0.15*	0.44	0.99
DD	8.25	-0.88	-0.27	0.31	1.17
EE	8.37	-0.95	-0.58	0.27	0.86
Miscellaneous					
AA	8.19	-0.19*	-0.14*	0.50	0.90
FF	8.23	-0.07*	-0.17*	0.39	0.21*
GG	8.20	-0.28*	0.06*	0.34	0.35*

Table 6.11
Attribute Level Regressions of Non-Identified Sample on Satisfaction, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	6.88	-2.89	-1.05	0.47	0.41*
B	7.00	-2.45	-0.77	0.37	0.45*
C	7.00	-2.20	-0.92	-0.03*	-0.67*
D	7.06	-1.73	-0.37	0.10*	2.27
E	7.05	-1.61	-0.33	0.29*	-0.71
F	7.19	-2.58	-0.80	0.38*	0.82*
Pricing/Credit					
G	6.86	-2.58	-0.83	0.60	1.56
H	6.76	-2.14	-0.84	0.69	0.82
I	6.89	-2.09	-0.86	0.42	-0.05*
II	6.94	-1.68	-0.59	0.37	-0.41*
Delivery/Freight					
K	6.81	-1.78	-0.34	0.44	0.13*
L	6.88	-1.46	-0.25*	0.24*	0.07*
M	7.16	-1.26	-0.16*	0.03*	-0.25*
N	6.95	-1.26	-0.80	0.18*	0.80
Ordering					
J	7.33	-1.43	-0.28	0.30*	-0.66*
O	6.87	-2.24	-0.52	0.46	-0.58
Q	6.65	-2.59	-0.45*	0.31	0.55
R	6.90	-2.01	-0.36	-0.03*	0.18*
CC	6.89	-1.98	-0.52	0.48*	1.44
HH	6.82	-1.37	-0.41	0.72	1.18
Invoicing					
P	6.99	-1.39	-0.43	0.16*	0.25*
S	6.96	-2.00	-0.69	0.21*	0.27*
T	6.86	-1.44	-0.58	0.23*	0.39*
Advertising/Marketing					
V	7.34	-1.74	-0.63	-0.13*	-0.21*
W	7.09	-1.68	-0.47	0.09*	0.12*
X	7.22	-1.98	-0.68	-0.19*	1.58
BB	6.91	-2.40	-0.84	0.25*	1.19
Sales Reps/Advice					
U	7.03	-1.29	-0.46	0.26*	0.16*
Y	7.12	-1.52	-0.87	-0.02*	0.07*
Z	6.95	-1.58	-0.63	-0.04*	0.93*
DD	6.94	-2.09	-0.86	0.15*	0.40*
EE	7.13	-2.05	-0.86	0.16*	0.54*
Miscellaneous					
AA	6.84	-1.72	-0.52	0.45	0.86*
FF	6.86	-1.32	-0.22*	0.50*	1.14*
GG	6.84	-1.43	-0.37*	0.53*	1.16

The fourth hypothesis involving satisfaction is H10. H10 expects that exceeded expectations on a given attribute will have an influence on satisfaction that is greater for the organizationally identified that the non-identified. To test this hypothesis, the analysis was performed at two levels; at one incremental level of exceeding expectations and the two level increments of expectations being exceeded. The one level increment is exhibited pictorially in Figure 6.6.

Figure 6.6
Identified vs. Non-Identified on Single Increment Comparison on Satisfaction



The sample was recoded to compare the mean of the resultant satisfaction for those who deemed the performance of an attribute as exceeding their expectations by one increment. Accordingly, the identified were compared to the non-identified and a t value was calculated. This t value was then compared to the critical value of t using the Dunn procedure and controlling for the error rate per family. The results of this analysis are presented, with the mean satisfaction for the two groups in Table 6.12.

Table 6.12
Comparison of Non-Identified to Identified of Incremental Gain on Satisfaction
(*Non-significant differences)

Attribute	Mean Non-ID (4)	Mean ID (4)	t-value	df	Significance
Merchandise/Products					
A	7.35	8.54	-6.584	121	0.000
B	7.36	8.58	-7.368	176	0.000
C	6.96	8.63	-8.142	126	0.000
D	7.16	8.77	-7.703	170	0.000
E	7.34	8.57	-5.855	183	0.000
F	7.57	8.83	-6.022	143	0.000
Pricing/Credit					
G	7.46	8.65	-8.984	391	0.000
H	7.45	8.49	-7.619	284	0.000
I	7.31	8.71	-8.227	171	0.000
II	7.31	8.52	-5.885	129	0.000
Delivery/Freight					
K	7.25	8.68	-8.593	206	0.000
L	7.12	8.56	-9.092	244	0.000
M	7.20	8.69	-6.215	132	0.000
N	7.13	8.53	-7.194	238	0.000
Ordering					
J	7.63	8.93	-4.940	81	0.000
O	7.33	8.56	-7.738	209	0.000
Q	6.97	8.33	-10.546	409	0.000
R	6.87	8.51	-9.609	219	0.000
CC	7.37	8.73	-5.503	73	0.000
HH	7.54	8.69	-7.784	263	0.000
Invoicing					
P	7.15	8.58	-8.984	306	0.000
S	7.16	8.53	-8.843	204	0.000
T	7.09	8.52	-8.378	186	0.000
Advertising/Marketing					
V	7.21	8.61	-5.760	91	0.000
W	7.18	8.64	-7.873	127	0.000
X	7.03	8.86	-8.174	134	0.000
BB	7.16	8.64	-7.528	125	0.000
Sales Reps/Advice					
U	7.29	8.54	-5.454	101	0.000
Y	7.09	8.60	-7.129	90	0.000
Z	6.90	8.66	-8.557	108	0.000
DD	7.09	8.56	-5.050	60	0.000
EE	7.29	8.64	-6.043	158	0.000
Miscellaneous					
AA	7.29	8.69	-7.739	134	0.000
FF	7.36	8.63	-4.120	39	0.000
GG	7.37	8.54	-3.674	38	0.001

The results presented in Table 6.12 show that the t value is significant across all attributes. These results indicate that the mean satisfaction for those who are organizationally identified and indicated that the performance of the attribute exceeded their level of expectation by one level is greater than those who are not identified and who indicated that their expectations on the attribute were exceeded by one level. Given that all of these results are similar and in the same direction, strong support for H10 is found at one increment.

Figure 6.7 exhibits the two increment comparison also used to test H10. Again, the mean values of satisfaction were compared between the two groups, identified and the non-identified, where the respondents indicated that their expectations on the attribute had been far exceeded. The results of the t tests of the two increment comparison of the identified versus the non-identified are presented in Table 6.13.

Figure 6.7
Identified vs. Non-Identified on Two Increment Comparison on Satisfaction

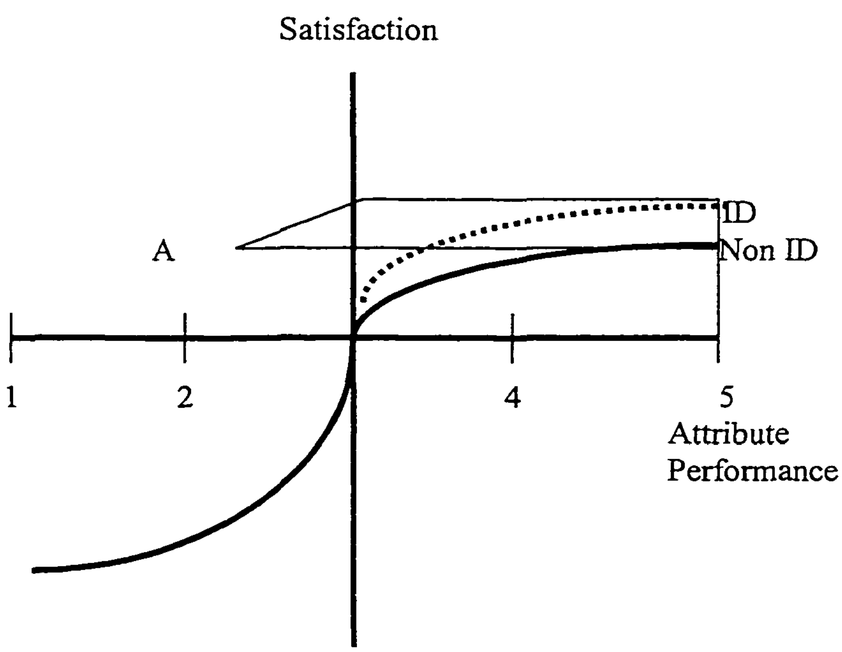


Table 6.13
Comparison of Non-Identified to Identified of Two Incremental Gains on Satisfaction
(*Non-significant differences)

Attribute	Mean Non-ID (5)	Mean ID (5)	t-value	df	Significance
Merchandise/Products					
A	7.29	8.93	-1.854*	22	0.077
B	7.45	8.93	-2.410*	36	0.021
C	6.33	8.67	-2.352*	6	0.058
D	9.33	8.89	0.454*	10	0.659
E	6.33	9.71	-1.660*	2	0.237
F	8.00	9.00	-0.905*	9	0.389
Pricing/Credit					
G	8.42	9.00	-1.745*	57	0.086
H	7.58	9.01	-4.231	32	0.000
I	6.83	8.92	-4.343	22	0.000
II	6.53	8.83	-3.847	19	0.001
Delivery/Freight					
K	6.95	8.57	-4.721	87	0.000
L	6.95	8.61	-5.832	66	0.000
M	6.91	8.39	-1.604*	12	0.135
N	7.75	8.73	-2.380*	55	0.021
Ordering					
J	6.67	8.91	-0.924*	2	0.450
O	6.29	8.94	-4.940	27	0.000
Q	7.20	8.87	-6.219	81	0.000
R	7.08	9.00	-5.475	32	0.000
CC	8.33	9.25	-1.355*	12	0.200
HH	8.00	8.94	-1.923*	44	0.061
Invoicing					
P	7.24	8.98	-3.740	24	0.001
S	7.22	8.77	-4.385	98	0.000
T	7.25	9.06	-6.240	96	0.000
Advertising/Marketing					
V	7.13	8.83	-2.675*	8	0.027
W	7.20	9.09	-3.396	16	0.004
X	8.80	9.50	-1.371*	15	0.191
BB	8.10	9.35	-2.985*	34	0.005
Sales Reps/Advice					
U	7.19	8.79	-4.487	100	0.000
Y	7.18	8.73	-3.171*	46	0.003
Z	7.88	9.21	-3.331	30	0.002
DD	7.33	9.42	-3.830	19	0.001
EE	7.67	9.22	-2.902	22	0.008
Miscellaneous					
AA	7.69	9.08	-2.474*	15	0.026
FF	8.00	8.45	-0.863*	12	0.405
GG	8.00	8.56	-0.966*	14	0.350

The results for the two increment solution presented in Table 6.13 indicate that there is one instance (D) where the solution is in the opposite direction as expected. Apart from that particular attribute, of the remaining 34 attributes, 16 were found to be significantly different and greater for those who were identified as opposed to those who do not identify. However, 18 of the attributes displayed non-significant differences between the identified and the non-identified, although these 18 cases were in the hypothesized direction. These results, all but one in the hypothesized direction, and nearly half of those being significant, provide some support for the hypothesis. Coupled with the one increment solution, partial support overall is found for H10.

The remaining two hypotheses concerning satisfaction as the key dependent variable are independent, directional hypotheses with the same null. As such, they can be tested simultaneously. Both H11a and H11b deal with the negative domain or those whose expectations were not met. H11a expects that the influence upon satisfaction will be greater for the organizationally identified as compared to the non-identified. H11b, conversely, expects that the influence on satisfaction for the identified will be less than those who do not identify. These relationships are shown in Figure 6.8.

Moving one increment left from the origin provides us with the ability to compare the means of satisfaction of those who are identified to those who are not identified. This comparison is depicted in Figure 6.9 and shows both hypotheses H11a and H11b. Table 6.14 provides the mean of satisfaction associated with both groups, the corresponding calculated t value, degrees of freedom, and significance level. In Table 6.14, the nonsignificant t values, when compared to the critical value, are highlighted with an asterisk.

Figure 6.8
Competing Hypotheses on Satisfaction

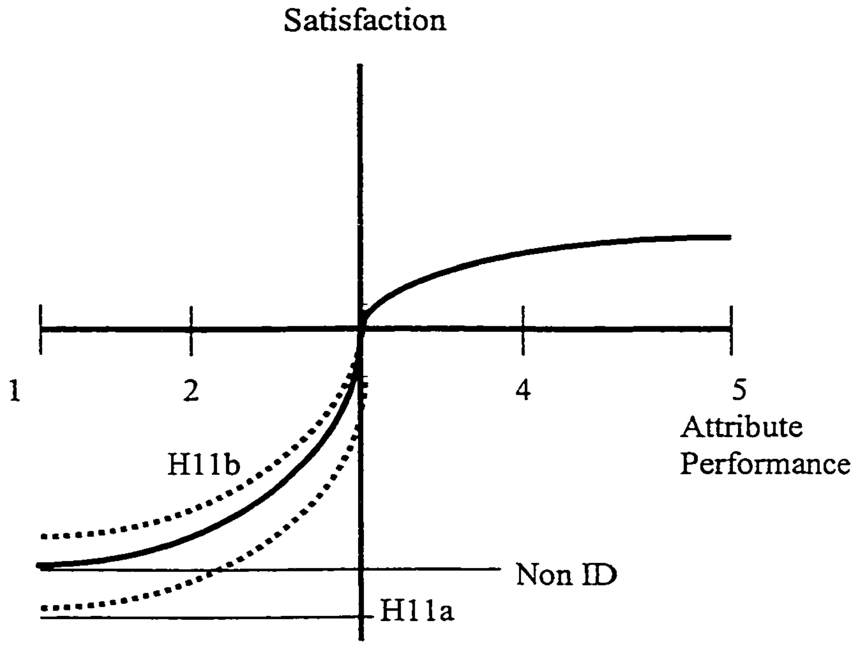


Figure 6.9
Single Increment Comparison of Competing Hypotheses on Satisfaction

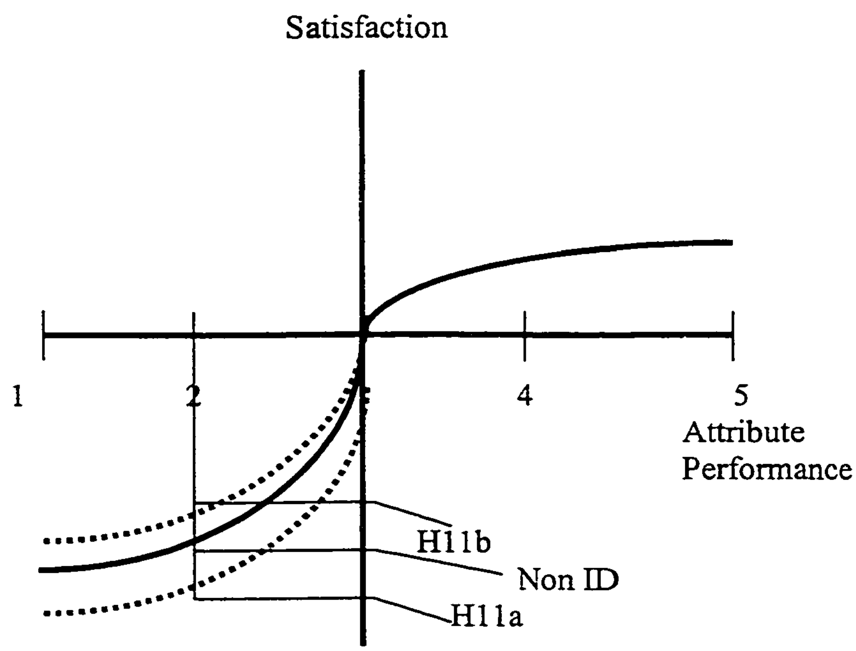


Table 6.14
Comparison of Non-Identified to Identified of Incremental Loss on Satisfaction
(*Non-significant differences)

Attribute	Mean Non-ID (2)	Mean ID (2)	t-value	df	Significance
Merchandise/Products					
A	5.83	7.76	-6.723	132	0.000
B	6.23	8.06	-10.216	257	0.000
C	6.08	8.07	-9.561	212	0.000
D	6.69	8.08	-9.902	417	0.000
E	6.72	8.13	-10.335	443	0.000
F	6.39	7.94	-10.224	349	0.000
Pricing/Credit					
G	6.02	7.75	-8.964	213	0.000
H	5.92	7.70	-8.215	212	0.000
I	6.03	7.82	-6.913	127	0.000
II	6.35	8.26	-9.180	171	0.000
Delivery/Freight					
K	6.48	8.27	-8.015	137	0.000
L	6.63	8.24	-8.442	205	0.000
M	7.00	8.21	-9.779	481	0.000
N	6.14	8.00	-9.828	246	0.000
Ordering					
J	7.05	8.15	-8.929	446	0.000
O	6.35	8.02	-7.008	190	0.000
Q	6.20	7.45	-2.833	36	0.007
R	6.54	8.15	-7.896	189	0.000
CC	6.37	7.94	-8.421	232	0.000
HH	6.41	8.16	-9.340	268	0.000
Invoicing					
P	6.56	8.12	-8.401	252	0.000
S	6.27	7.97	-8.013	201	0.000
T	6.28	8.17	-8.400	172	0.000
Advertising/Marketing					
V	6.70	8.13	-10.297	367	0.000
W	6.62	7.79	-7.269	267	0.000
X	6.54	8.06	-11.155	363	0.000
BB	6.08	7.76	-6.826	182	0.000
Sales Reps/Advice					
U	6.57	8.14	-9.648	285	0.000
Y	6.25	8.08	-10.231	260	0.000
Z	6.32	8.07	-8.520	221	0.000
DD	6.07	7.98	-7.412	113	0.000
EE	6.27	7.79	-8.276	245	0.000
Miscellaneous					
AA	6.32	8.04	-7.400	194	0.000
FF	6.64	8.07	-5.080	99	0.000
GG	6.47	8.26	-6.949	100	0.000

The results provided in Table 6.14 indicate that all 35 of the attributes have significant differences between the identified group and the non-identified group at the one increment of loss level. Further, all of these significances are in the same direction. Here, the mean level of satisfaction experienced by those who are organizationally identified is significantly higher than those who are not identified. Accordingly, this provides strong support in favor of H11b, where the unmet expectations on an attribute have a lesser negative influence on satisfaction for those who are identified than for those who do not identify. Conversely, the results show strong support against H11A, where it was expected that unmet expectations on an attribute would have a greater negative influence on satisfaction for those who are organizationally identified versus those who are not.

Additional testing of the competing hypotheses was performed at the two increment level as well. This comparison level is presented in Figure 6.10. The corresponding tests of the attribute level differences of the groups are presented in Table 6.15.

Figure 6.10
Two Increment Comparison of Competing Hypotheses on Satisfaction

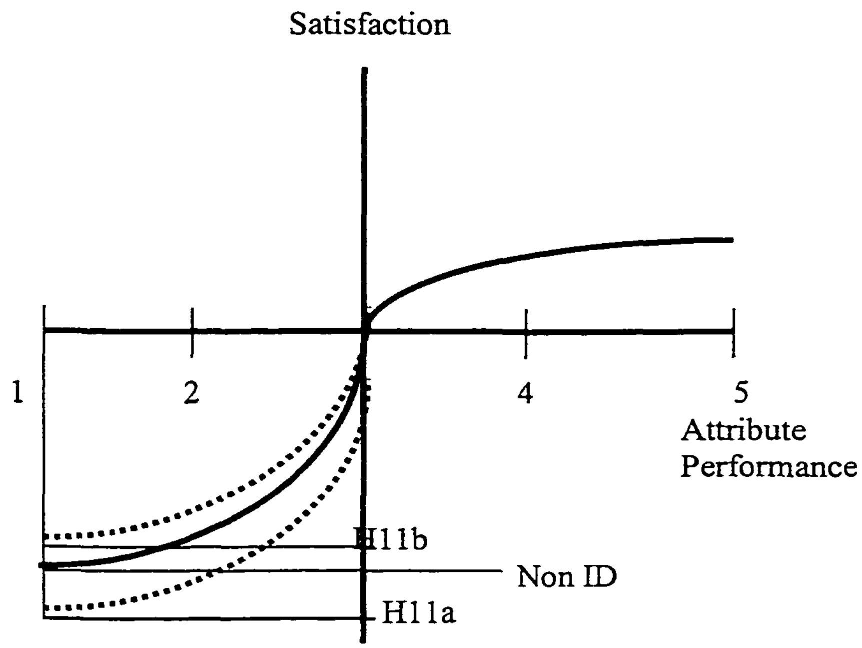


Table 6.15
Comparison of Non-Identified to Identified of Two Incremental Losses on Satisfaction
(*Non-significant differences)

Attribute	Mean Non-ID (1)	Mean ID (1)	t-value	df	Significance
Merchandise/Products					
A	3.99	6.67	-1.096*	2	0.383
B	4.54	7.58	-5.598	39	0.000
C	4.80	7.12	-3.744	54	0.000
D	5.33	8.05	-8.679	128	0.000
E	5.44	7.82	-8.243	166	0.000
F	4.61	7.17	-6.340	96	0.000
Pricing/Credit					
G	4.28	7.16	-5.393	52	0.000
H	4.62	7.24	-4.374	45	0.000
I	4.80	7.76	-7.093	71	0.000
II	5.26	7.92	-8.642	133	0.000
Delivery/Freight					
K	5.04	7.63	-5.773	88	0.000
L	5.43	7.97	-7.582	107	0.000
M	5.90	8.12	-12.976	358	0.000
N	5.68	7.53	-4.274	79	0.000
Ordering					
J	5.90	8.11	-14.490	450	0.000
O	4.63	7.40	-6.649	53	0.000
Q	4.06	6.50	-1.390*	16	0.183
R	4.89	7.46	-5.496	69	0.000
CC	4.92	7.70	-6.830	73	0.000
HH	5.45	7.68	-6.772	106	0.000
Invoicing					
P	5.60	7.49	-7.146	177	0.000
S	4.95	7.82	-7.945	85	0.000
T	5.43	7.76	-6.799	92	0.000
Advertising/Marketing					
V	5.60	7.87	-11.072	260	0.000
W	5.40	8.02	-9.254	144	0.000
X	5.24	7.72	-8.116	130	0.000
BB	4.51	7.35	-5.128	26	0.000
Sales Reps/Advice					
U	5.74	7.66	-7.273	198	0.000
Y	5.60	7.70	-6.011	137	0.000
Z	5.36	7.74	-5.745	48	0.000
DD	4.84	7.38	-4.630	62	0.000
EE	5.08	7.42	-5.866	117	0.000
Miscellaneous					
AA	5.12	8.00	-8.434	102	0.000
FF	5.55	8.17	-6.331	72	0.000
GG	5.41	7.92	-5.667	63	0.000

The results indicated in Table 6.15 for the two increment solution shows that two of the 35 attributes have nonsignificant differences between the mean of satisfaction for the groups. Following, 33 of the attributes show a significant difference. All of these significant differences are in the same direction and in the same direction for the single increments solution, namely, that the mean of satisfaction for those who are organizationally identified is greater than those who do not identify. These results provide additional strong support for H11b and strong evidence to reject the hypothesis presented in H11a. Overall, then, coupling both the single increment tests with the two increment tests provide strong support for H11b.

The results presented in this section pertaining to the dependent variable of satisfaction is closely followed in form in the next two sections. As such, many of the figures presented above will be referenced as guides. However, the dependent variable of interest presented in the previous figures (satisfaction) will change to trust and relationship continuance, respectively. Attention is now turned towards the testing of the hypotheses related to trust.

Hypotheses Involving Trust

Using the key dependent variable of trust as the outcome variable of interest, this section tests the following hypotheses as developed in chapter four.

H4: Unmet expectations on an attribute will have greater influence on trust than exceeded expectations on the same attribute.
H5: Exceeded expectations on a given attribute will have an influence on trust that displays diminishing returns.
H6: Unmet expectations on an attribute will have an influence on trust that displays diminishing sensitivity.

H12: Exceeded expectations on a given attribute will have an influence on trust that is greater for parties who are organizationally identified than for parties who do not identify.

H13a: Unmet expectations on an attribute will have a *greater* negative influence on trust for parties who are organizationally identified than for parties who do not identify.

H13b: Unmet expectations on an attribute will have a *lesser* negative influence on trust for parties who are organizationally identified than for parties who do not identify.

Again, utilizing the entire sample, a regression equation for each attribute where the responses were dummy coded to represent the incremental levels of performance and their influence upon trust was developed. The results of these regression equations are presented in Table 6.16. Table 6.16 presents the unstandardized coefficients associated with each of the dummy variables developed. Those coefficients that are not adequate predictors of the dependent variable of trust are highlighted with an asterisk. Most of the dummy coded regression coefficients are adequate predictors of the dependent variable.

Hypothesis H4, the first hypothesis dealing specifically with trust, predicts that unmet expectations about an attribute of performance will have a greater influence on trust than exceeded expectations about the same attribute. The data was recoded to reflect the magnitude difference by utilizing a data centering technique where the data was centered by the response of those whose expectations were met exactly, as indicated by responding a 3 on the appropriate performance of any specific attribute. These differences in magnitude at the one increment level, as analogous to the differences presented in Figure 6.2 only using trust as the dependent variable, are presented in Table 6.17. Additionally, the t value associated with the testing of these differences, the degrees of freedom, and the level of significance are shown for each attribute.

Table 6.16
Attribute Level Regressions on Trust, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	24.70	-9.84	-2.39	1.91	3.12
B	24.98	-6.07	-2.48	1.53	2.92
C	25.02	-6.22	-2.48	1.53	1.41*
D	25.34	-6.43	-2.28	1.56	4.75
E	25.61	-4.72	-1.60	1.19	3.98
F	25.71	-7.99	-2.41	1.77	4.48
Pricing/Credit					
G	24.85	-5.79	-3.19	1.72	3.36
H	24.43	-6.04	-2.25	1.94	2.70
I	24.70	-4.42	-2.59	1.65	3.01
II	25.11	-3.34	-1.31	0.94	1.43
Delivery/Freight					
K	24.73	-5.27	-1.50*	1.41	1.17
L	24.58	-3.92	-0.82	0.65	1.41
M	25.52	-2.94	-0.36*	0.30*	1.18*
N	25.08	-4.16	-2.37	0.88	2.08
Ordering					
J	25.95	-3.51	-2.74	2.08	1.48*
O	24.74	-6.33	-2.49	1.65	1.45
Q	24.24	-6.19	-2.92	1.01	2.24
R	24.70	-4.03	-1.50	1.07	2.71
CC	25.00	-5.58	-3.47	1.93	3.00
HH	24.79	-4.28	-3.00	2.07	3.31
Invoicing					
P	25.30	-4.56	-1.59	0.54*	2.94
S	24.84	-4.15	-1.88	1.26	2.00
T	24.61	-3.61	-2.39	1.44	2.30
Advertising/Marketing					
V	25.86	-4.30	-1.98	1.18	2.40
W	25.37	-4.38	-1.69	0.75	2.05
X	25.66	-5.24	-1.98	1.86	2.40
BB	24.90	-6.86	-2.51	1.43	2.71
Sales Reps/Advice					
U	25.60	-4.49	-1.85	0.47*	0.96
Y	25.20	-4.04	-2.74	2.06	1.20*
Z	24.92	-5.19	-2.29	1.75	3.67
DD	25.03	-5.54	-1.72	1.23	1.92*
EE	25.38	-5.57	-2.26	1.35	3.12
Miscellaneous					
AA	24.91	-5.02	-1.82	1.58	2.05
FF	24.89	-3.04	-2.69	2.11	1.34*
GG	24.84	-3.28	-2.81*	2.11	0.63*

Table 6.17
Comparison of Incremental Loss to Incremental Gain on Trust
(*Non-significant differences)

Attribute	Average difference (2)	Average difference (4)	t-value	df	p value
Merchandise/Products					
A	-2.39	1.91	-7.349	230	0.000
B	-2.48	1.53	-8.918	521	0.000
C	-2.48	1.53	-7.784	448	0.000
D	-2.28	1.56	-5.960	615	0.000
E	-1.60	1.19	-5.980	294	0.000
F	-2.41	1.77	-8.250	508	0.000
Pricing/Credit					
G	-3.19	1.72	-11.132	434	0.000
H	-2.25	1.94	-9.105	341	0.000
I	-2.59	1.65	-7.271	202	0.000
II	-1.31	0.94	-4.458	412	0.000
Delivery/Freight					
K	-1.50	1.41	-3.783	457	0.000
L	-0.82	0.65	-3.210	545	0.001
M	-0.36	0.30	-1.130*	178	0.260
N	-2.37	0.88	-6.402	480	0.000
Ordering					
J	-2.74	2.08	-5.011	613	0.000
O	-2.49	1.65	-6.202	377	0.000
Q	-2.92	1.01	-4.911	545	0.000
R	-1.50	1.07	-5.320	527	0.000
CC	-3.47	1.93	-6.148	389	0.000
HH	-3.00	2.07	-6.648	515	0.000
Invoicing					
P	-1.59	0.54	-4.660	571	0.000
S	-1.88	1.26	-6.430	413	0.000
T	-2.39	1.44	-5.430	328	0.000
Advertising/Marketing					
V	-1.98	1.18	-7.219	406	0.000
W	-1.69	0.75	-5.639	532	0.000
X	-1.98	1.86	-8.045	267	0.000
BB	-2.51	1.43	-6.936	370	0.000
Sales Reps/Advice					
U	-1.85	0.47	-4.861	525	0.000
Y	-2.74	2.06	-7.696	360	0.000
Z	-2.29	1.75	-5.700	428	0.000
DD	-1.72	1.23	-4.744	305	0.000
EE	-2.26	1.35	-6.926	418	0.000
Miscellaneous					
AA	-1.82	1.58	-6.421	371	0.000
FF	-2.69	2.11	-3.469	185	0.001
GG	-2.81	2.11	-3.712	196	0.000

The results presented in Table 6.17 indicate nonsignificant differences with an asterisk, which were assessed by comparing the critical value of t to the calculated value of t for the appropriate level of degrees of freedom and using the Dunn multiple comparison procedure designed to control the error rate per family. These results indicate that only one of the attributes (M) displayed a nonsignificant difference in magnitude. The remaining 34 attributes all exhibited statistically significant differences and in the hypothesized direction. Concerning the finding from the one increment solution, there is strong support in favor of H4.

Similarly, the result from the two increment level analysis is presented in Table 6.18. Here, the extreme ends of the performance evaluations were compared as to their magnitude difference. This comparison is similar to the comparison depicted in Figure 6.3 only using trust as the dependent variable. Comparison of the critical t value to the calculated t value indicates that two attributes do not have significant differences in magnitude. However, these two nonsignificant differences are in the hypothesized direction. Additionally, the 33 significantly different attribute level magnitudes indicate that the unmet expectations do indeed influence the level of trust more than a corresponding level of exceeded expectations. The two increment level results then provide strong support for H4. Taking both the single and two increment level results together provide strong support in favor of H4.

Table 6.18
Comparison of Two Incremental Losses to Two Incremental Gains on Trust
(*Non-significant differences)

Attribute	Average difference (1)	Average difference (5)	t-value	df	p value
Merchandise/Products					
A	-9.84	3.12	-7.762	51	0.000
B	-6.07	2.92	-6.778	95	0.000
C	-6.22	1.41	-4.512	75	0.000
D	-6.43	4.75	-7.782	18	0.000
E	-4.72	3.98	-5.397	186	0.000
F	-7.99	4.48	-6.105	108	0.000
Pricing/Credit					
G	-5.79	3.36	-8.094	109	0.000
H	-6.04	2.70	-8.345	146	0.000
I	-4.42	3.01	-6.674	141	0.000
II	-3.34	1.43	-4.840	148	0.000
Delivery/Freight					
K	-5.27	1.17	-6.780	174	0.000
L	-3.92	1.41	-7.186	284	0.000
M	-2.94	1.18	-3.476	392	0.001
N	-4.16	2.08	-5.738	134	0.000
Ordering					
J	-3.51	1.48	-2.965	471	0.003
O	-6.33	1.45	-6.747	124	0.000
Q	-6.19	2.24	-5.710	201	0.000
R	-4.03	2.71	-6.957	163	0.000
CC	-5.58	3.00	-4.519	87	0.000
HH	-4.28	3.31	-7.091	157	0.000
Invoicing					
P	-4.56	2.94	-11.698	208	0.000
S	-4.15	2.00	-6.735	189	0.000
T	-3.61	2.30	-6.753	189	0.000
Advertising/Marketing					
V	-4.30	2.40	-7.259	42	0.000
W	-4.38	2.05	-7.487	130	0.000
X	-5.24	2.40	-4.567	175	0.000
BB	-6.86	2.71	-6.781	80	0.000
Sales Reps/Advice					
U	-4.49	0.96	-7.482	300	0.000
Y	-4.04	1.20	-4.866	184	0.000
Z	-5.19	3.67	-8.146	81	0.000
DD	-5.54	1.92	-4.109	82	0.000
EE	-5.57	3.12	-6.901	40	0.000
Miscellaneous					
AA	-5.02	2.05	-6.329	147	0.000
FF	-3.04	1.34	-2.285*	85	0.025
GG	-3.28	0.63	-2.274*	79	0.026

The second hypothesis centered on the variable trust, H5, hypothesized that exceeded expectations on an attribute would have an influence upon trust that displays diminishing returns. This hypothesis is similar to the comparison presented in Figure 6.4 only using trust as the dependent variable. To test this hypothesis, the data was recoded to reflect the mean of trust as a summated scale for those who responded as their expectations being exceeded by one increment and for those who responded as their expectations being exceeded by two increments on a particular attribute. These means are presented in Table 6.19. Also in Table 6.19 is the calculated t value utilizing the dummy coded coefficients presented in Table 6.16 and using Equation 6.2 designed specifically for dummy coded regression equations.

The diminishing index is also provided in Table 6.19 and, while not a statistical test, provides information relating to the relative amount of additional trust gained in the move from the one increment performance (4) to the two increment increase in performance (5). This diminishing index has been calculated using the formula presented in Equation 6.3. Remember, those values of the diminishing index that are between zero and one indicate diminishing returns. Values that are negative indicate that exceeding performance by an additional increment results in a loss of trust. Values greater than one potentially highlight increasing returns on trust.

The results of the t test in Table 6.19 indicate that twenty-five of the thirty five attributes had nonsignificant means of trust between those respondents who indicated the performance attribute as exceeding their expectations by a single increment (4) versus those who indicated their expectations being exceeded by two increments (5). Three of these t tests indicated that there were significant differences and seven were in the direction opposite of what was hypothesized where an additional level of exceeding the respondents' expectations resulted in a loss of trust. The diminishing index shows these seven attributes were in the wrong direction with a negative sign. The diminishing index also indicated that fourteen of the attributes displayed diminishing returns and fourteen displayed increasing returns. Taking the statistical test and the diminishing returns together, support is found for H5.

Table 6.19
Comparison of Incremental Gain to Two Incremental Gains on Trust
(*Non-significant differences)

Attribute	Mean (4)	Mean (5)	t-value	df	Diminishing Index
Merchandise/Products					
A	26.61	27.83	1.06*	308	0.64
B	26.51	27.90	1.53*	377	0.90
C	26.56	26.43	-0.10*	287	-0.08
D	26.90	30.09	1.92*	186	2.05
E	26.80	29.59	2.06*	175	2.34
F	27.48	30.18	1.70*	157	1.52
Pricing/Credit					
G	26.57	28.21	2.24*	457	0.95
H	26.37	27.13	1.32*	552	0.39
I	26.35	27.71	1.87*	366	0.82
II	26.05	26.54	0.64*	278	0.52
Delivery/Freight					
K	26.14	25.90	-0.38*	390	-0.17
L	25.23	26.00	1.46*	499	1.17
M	25.81	26.69	0.79*	163	2.97
N	25.96	27.16	1.50*	299	1.37
Ordering					
J	28.02	27.43	-0.39*	97	-0.29
O	26.39	26.19	-0.28*	396	-0.12
Q	25.26	26.48	2.61	700	1.21
R	25.78	27.42	2.59	430	1.52
CC	26.93	28.00	0.72*	172	0.56
HH	26.87	28.11	1.47*	312	0.60
Invoicing					
P	25.84	28.24	3.69	394	4.45
S	26.10	26.84	1.19*	416	0.59
T	26.05	26.91	1.37*	416	0.60
Advertising/Marketing					
V	27.04	28.26	1.19*	214	1.03
W	26.12	27.43	1.70*	320	1.73
X	27.52	28.06	0.40*	154	0.29
BB	26.33	27.61	1.35*	287	0.90
Sales Reps/Advice					
U	26.08	26.56	0.75*	318	1.02
Y	27.26	26.40	-0.98*	210	-0.42
Z	26.67	28.59	1.89*	235	1.10
DD	26.26	26.95	0.55*	178	0.56
EE	26.73	28.50	1.54*	185	1.31
Miscellaneous					
AA	26.49	26.96	0.55*	271	0.29
FF	27.00	26.23	-0.47*	80	-0.37
GG	26.95	25.47	-0.96*	91	-0.70

Hypothesis 6 is similar to the one presented in H5 in accounting for the diminishing returns except for it is concerned with the negative domain, unmet expectations' influence on trust, and is described as diminishing sensitivity. Similar to the relationship exhibited in Figure 6.5, H5 expects that unmet expectations on an attribute would have an influence on trust that displays diminishing sensitivity. As above, to test this hypothesis the one increment difference was compared to the two increment difference via the means of trust, a t test was employed, and the sensitivity index was generated. The sensitivity index was generated using Equation 6.4, again scaled proportionally for sensitivity to be between zero and one. The results for this analysis are presented in Table 6.20.

The results of the analysis presented in Table 6.20 indicate that thirty-four of the attributes show significant differences in levels of trust between those who responded as their expectations not being met and those who indicated the performance was far below their expectations. Only one attribute (Q) exhibited a nonsignificant difference. The results from the sensitivity index indicate a similar outcome in that thirty-two of the attributes displayed increasing loss when expectations were not met. Only three attributes displayed diminishing sensitivity (G, I, N). Provided with the results from both the statistical analysis and the findings from the sensitivity index, there is strong support to reject H6.

Table 6.20
Comparison of Incremental Loss to Two Incremental Losses on Trust
(*Non-significant differences)

Attribute	Mean (1)	Mean (2)	t-value	df	Sensitivity Index
Merchandise/Products					
A	14.87	22.32	-7.00	168	3.12
B	18.91	22.49	-4.89	329	1.44
C	18.80	22.54	-4.67	282	1.51
D	20.91	24.06	-6.19	601	2.46
E	20.89	24.01	-6.56	652	1.94
F	17.71	23.30	-9.70	472	2.32
Pricing/Credit					
G	19.06	21.66	-3.30	301	0.82
H	18.39	22.18	-4.40	266	1.69
I	20.28	22.11	-2.38	207	0.71
II	21.77	23.80	-3.34	346	1.55
Delivery/Freight					
K	19.47	24.24	-6.68	258	9.64
L	20.66	23.76	-5.11	350	3.76
M	22.58	25.16	-6.99	951	7.22
N	20.93	22.71	-2.58	332	0.75
Ordering					
J	22.44	25.21	-8.21	1001	3.74
O	18.40	23.24	-6.03	261	3.24
Q	18.06	21.32	-2.18*	68	1.12
R	20.68	23.20	-3.39	278	1.68
CC	19.43	23.54	-5.78	316	2.81
HH	20.51	23.80	-5.52	394	3.30
Invoicing					
P	20.75	23.72	-5.94	466	1.87
S	20.69	22.96	-3.39	308	1.21
T	21.00	23.22	-3.19	273	1.59
Advertising/Marketing					
V	21.56	23.88	-5.68	701	1.17
W	20.99	23.69	-5.25	477	1.60
X	20.42	23.68	-6.70	587	1.65
BB	18.04	22.40	-4.96	235	1.73
Sales Reps/Advice					
U	21.11	23.75	-5.47	525	1.43
Y	21.16	23.46	-4.13	428	1.33
Z	19.73	23.63	-5.79	323	3.01
DD	19.49	23.32	-4.72	218	2.23
EE	19.81	23.12	-5.65	386	1.46
Miscellaneous					
AA	19.89	23.08	-4.86	311	1.75
FF	21.85	24.21	-2.91	186	3.43
GG	21.56	24.02	-2.99	190	3.03

The remaining hypotheses, pertaining to the dependent variable of trust (H12, H13a, and H13b), are tested by splitting the sample between those individuals who exhibit organizational identification with the supplier and those who do not exhibit identification. As outlined in a prior section, a regression equation for each attribute was developed. The performance attributes were dummy coded to confound the mid-point of the scale with the intercept and the mean of the dependent variable. The results of each of these regressions for the entire sample are presented in two separate tables, one for the organizationally identified portion of the respondents and one for the lesser identified, or non-identified portion. The unstandardized coefficients for the attribute level regression of the identified sample on trust are exhibited in Table 6.21. The same procedure is performed for the non-identified portion of the respondents in Table 6.22.

Hypothesis H12 indicates that exceeded expectations on an attribute will have an influence on trust that is greater for those who are organizationally identified with the supplier than for those who are not identified. To test this hypothesis, the analysis was again performed at two levels. The first level was one increment away from the mid-point of the scale, or intercept as indicated in the figures, but only in the positive domain, or where expectations are exceeded. This comparison is similar to the one depicted in Figure 6.6. The second level was at two increments away from the mid-point of the scale and is similar to the comparison made in Figure 6.7.

Table 6.21
Attribute Level Regressions of Identified Sample on Trust, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	26.72	-5.05	-1.20	0.87	3.67
B	26.70	-2.04	-1.15	1.08	2.23
C	26.80	-3.11	-1.49	1.50	0.67*
D	27.08	-1.54	-1.19	1.55	3.67
E	27.40	-3.04	-1.36	0.64*	3.96
F	27.34	-3.65	-2.05	1.36	2.76
Pricing/Credit					
G	26.75	-4.44	-1.73	1.12	2.09
H	26.79	-5.14	-1.25	0.62*	1.53
I	26.69	-2.28	-1.89	1.13	1.91
II	27.04	-1.51	-1.32	0.48*	1.56
Delivery/Freight					
K	26.81	-4.04	-0.25*	0.93	0.96*
L	26.50	-0.98*	0.11*	0.91	1.43
M	27.28	-1.33	-0.53*	0.55*	1.05*
N	26.96	-2.52	-1.46	0.46*	2.41
Ordering					
J	27.87	-2.20	-1.30	1.46	0.58*
O	26.75	-3.44	-0.67*	0.76	2.34
Q	26.46	-8.46	-2.66	0.55*	1.82
R	26.60	-2.83	-0.71*	1.02	2.66
CC	27.01	-3.59	-1.40	1.37	3.00
HH	26.58	-2.01	-0.29*	1.50	3.60
Invoicing					
P	27.15	-3.60	-1.25	0.46*	2.29
S	26.79	-1.29*	-1.47	0.85	1.74
T	26.46	-1.46	0.04*	1.21	2.06
Advertising/Marketing					
V	27.42	-2.21	-1.49	0.59*	1.84
W	27.24	-1.44	-2.05	-0.03*	1.48
X	27.12	-2.28	-1.24	1.76	2.79
BB	26.77	-3.77	-1.91	1.19	2.15
Sales Reps/Advice					
U	27.32	-2.48	-1.50	0.32*	0.65*
Y	26.84	-2.02	-0.84	1.75	0.79*
Z	26.58	-3.13	-0.33*	2.06	2.63
DD	26.99	-3.73	-1.56	0.59*	2.86
EE	27.14	-3.55	-1.84	0.45*	3.03
Miscellaneous					
AA	26.56	-2.56	-0.27*	1.16	1.85
FF	26.76	-1.83	0.01*	1.66	0.46*
GG	26.65	-2.11	0.24*	1.48	0.80*

Table 6.22
Attribute Level Regressions of Non-Identified Sample on Trust, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	22.61	-8.57	-2.25	1.71	1.89*
B	23.19	-6.53	-2.79	0.72*	1.37*
C	23.12	-6.20	-2.96	-0.22*	0.71*
D	23.24	-4.56	-1.08	0.01*	5.09
E	23.50	-4.61	-1.60	0.45*	-2.16*
F	23.73	-8.20	-2.25	0.70*	7.27*
Pricing/Credit					
G	22.72	-6.15	-2.88	1.80	2.19*
H	22.22	-6.44	-2.15	2.52	1.24*
I	22.61	-4.66	-2.26	1.17	2.73
II	22.83	-4.06	-1.07	0.67*	-2.25
Delivery/Freight					
K	22.55	-5.08	-0.66*	1.24	-0.52*
L	22.99	-4.30	-0.89*	-0.19*	-0.56*
M	23.23	-2.96	-0.02*	-0.65*	0.78*
N	22.96	-4.22	-2.10	0.12*	0.24*
Ordering					
J	23.78	-3.94	-0.39*	1.67*	-0.11*
O	22.55	-6.61	-1.37	1.91	-1.73*
Q	22.12	-4.06	-1.41*	0.79	0.68*
R	22.77	-3.82	-1.86	0.24*	-0.05*
CC	22.65	-5.36	-0.75*	1.04*	2.68*
HH	22.70	-4.45	-1.10	2.19	-0.08*
Invoicing					
P	23.34	-4.37	-1.81	-0.31*	1.85*
S	22.80	-4.07	-2.02	0.94	-0.52*
T	22.63	-3.55	-1.91	0.84*	0.48*
Advertising/Marketing					
V	23.89	-4.45	-2.35	1.06*	1.49*
W	23.10	-4.64	-0.88*	0.46*	0.43*
X	23.77	-5.73	-2.40	0.36*	-0.17*
BB	22.82	-6.15	-2.50	0.39*	1.19*
Sales Reps/Advice					
U	23.56	-4.52	-1.76	-0.47*	-0.23*
Y	23.05	-3.56	-1.94	1.46	-0.78*
Z	22.96	-4.31	-1.92	0.05*	3.80
DD	22.72	-4.86	-1.71	0.43*	0.39
EE	23.05	-4.98	-1.74	1.55	0.45
Miscellaneous					
AA	22.64	-5.02	-2.09	1.68	0.44*
FF	22.75	-3.00	-0.94*	1.62*	1.25*
GG	22.82	-3.23	-1.78	1.84*	-0.32*

Recoding of the sample was performed to compare the mean of the resultant trust for the organizationally identified portion of the sample to the portion who do not identify, all at the one increment level. Following, the identified were compared to those who do not identify and a t value was calculated to test the significance of the difference of the means of trust. This calculated t value was compared to the value of t using the Dunn procedure and controlling for the error rate per family. The results of this procedure are reported in Table 6.23.

Table 6.23 shows the mean of trust as a summated scale for each of the respondents who indicated that their expectations were exceeded by one increment and is split by those who are organizationally identified and those who do not identify. The corresponding t values are highlighted with an asterisk if these differences in the mean are nonsignificant. However, in Table 6.23 all of the differences, as checked by comparing the calculated t value to the critical t value, are significant and in the hypothesized direction. Therefore, for the single increment gain in expectations the results indicated that the organizationally identified group has a higher degree of trust than those who do not identify. The results presented in Table 6.23 provide strong support in favor of H12 at the one increment level.

The two increment away from the mid-point comparison, similar to the graph in Figure 6.7, for trust is also utilized to test hypothesis H12. The results from the tests of significance for the mean of trust as a summated scale for those who indicated that their expectations were far exceeded are presented in Table 6.24. Those differences in the mean level of trust that are nonsignificant are presented with an asterisk in the table. The table indicates that 18 of the attributes display significant differences in the mean and in the direction hypothesized in H12, providing support for the hypothesis. However, a near equal number of attributes, sixteen, display nonsignificant differences in the means, although all of these nonsignificant differences are in the hypothesized direction, providing at least some support for the hypothesis. Finally, one attribute (F) displayed a difference that was opposite of the hypothesis presented in H12. This contrary item's opposite direction, however, was not so severe as to display any significance. For the two increment gains, the results show partial support for the hypothesis because all but one attribute were in the hypothesized direction and over half of the attributes displayed significant differences. Taken with the results from the single increment findings, H12 is partially supported.

Table 6.23
Comparison of Non-Identified to Identified of Incremental Gain on Trust

(*Non-significant differences)

Attribute	Mean Non-ID (4)	Mean ID (4)	t-value	df	p value
Merchandise/Products					
A	24.32	27.59	-5.211	270	0.000
B	23.91	27.79	-6.620	179	0.000
C	22.90	28.30	-8.025	138	0.000
D	23.25	28.64	-6.731	165	0.000
E	23.95	28.04	-4.534	69	0.000
F	24.43	28.70	-5.215	141	0.000
Pricing/Credit					
G	24.52	27.88	-7.269	384	0.000
H	24.74	27.40	-6.153	434	0.000
I	23.77	27.82	-7.110	184	0.000
II	23.51	27.52	-5.870	135	0.000
Delivery/Freight					
K	23.80	27.74	-6.900	293	0.000
L	22.80	27.41	-8.590	262	0.000
M	22.57	27.83	-4.957	86	0.000
N	23.08	27.42	-6.093	231	0.000
Ordering					
J	25.45	29.33	-3.592	79	0.001
O	24.47	27.51	-5.394	313	0.000
Q	22.91	27.01	-8.928	418	0.000
R	23.01	27.62	-8.174	240	0.000
CC	23.69	28.37	-5.332	151	0.000
HH	24.89	28.08	-5.655	257	0.000
Invoicing					
P	23.04	27.61	-7.712	298	0.000
S	23.74	27.64	-6.732	221	0.000
T	23.47	27.67	-7.201	215	0.000
Advertising/Marketing					
V	24.95	28.02	-4.405	175	0.000
W	23.56	27.21	-5.435	123	0.000
X	24.13	28.88	-5.337	57	0.000
BB	23.20	27.96	-6.229	116	0.000
Sales Reps/Advice					
U	23.09	27.64	-5.843	113	0.000
Y	24.51	28.59	-5.566	155	0.000
Z	23.01	28.64	-7.863	121	0.000
DD	23.15	27.58	-4.587	67	0.000
EE	24.59	27.60	-3.535	156	0.001
Miscellaneous					
AA	24.32	27.71	-5.421	211	0.000
FF	24.37	28.43	-3.571	72	0.001
GG	24.65	28.13	-2.933	71	0.005

Table 6.24
Comparison of Non-Identified to Identified of Two Incremental Gains on Trust
(*Non-significant differences)

Attribute	Mean Non-ID (5)	Mean ID (5)	t-value	df	p value
Merchandise/Products					
A	24.50	30.39	-2.567*	21	0.018
B	24.56	28.93	-2.115*	36	0.041
C	23.83	27.47	-1.413*	19	0.174
D	28.33	30.75	-1.059*	9	0.317
E	21.33	31.36	-2.971	15	0.010
F	31.00	30.10	0.211*	9	0.838
Pricing/Credit					
G	24.91	28.85	-1.558*	12	0.146
H	23.46	28.32	-4.239	99	0.000
I	25.33	28.60	-2.190*	64	0.032
II	20.59	28.60	-4.523	21	0.000
Delivery/Freight					
K	22.04	27.77	-4.621	87	0.000
L	22.43	27.93	-5.614	156	0.000
M	24.00	28.33	-2.169*	27	0.039
N	23.20	29.36	-3.492	28	0.002
Ordering					
J	23.67	28.46	-1.492*	12	0.162
O	20.83	29.09	-5.489	32	0.000
Q	22.80	28.28	-6.502	182	0.000
R	22.72	29.27	-4.295	30	0.000
CC	25.33	30.00	-1.838*	12	0.091
HH	22.62	30.18	-3.444	14	0.004
Invoicing					
P	25.19	29.44	-4.379	80	0.000
S	22.28	28.53	-5.160	95	0.000
T	23.11	28.52	-4.629	94	0.000
Advertising/Marketing					
V	25.38	29.26	-2.116*	29	0.043
W	23.53	28.72	-3.580	58	0.001
X	23.60	29.92	-2.216*	15	0.043
BB	24.00	28.92	-2.201*	33	0.035
Sales Reps/Advice					
U	23.32	27.97	-3.875	100	0.000
Y	22.27	27.62	-2.493*	46	0.016
Z	26.75	29.21	-1.325*	30	0.195
DD	23.11	29.85	-2.767	19	0.012
EE	23.50	30.17	-3.093	22	0.005
Miscellaneous					
AA	23.08	28.40	-3.115	46	0.003
FF	24.00	27.22	-0.864*	11	0.406
GG	22.50	27.45	-1.886*	13	0.082

Hypotheses H13a and H13b are competing, directional hypotheses with the same null. These hypotheses will be tested simultaneously and are concerned with comparing the organizationally identified portion of the respondents to the nonidentified portion in the negative domain, that is, when these respondents indicated that their expectations about the performance of an attribute was not met. Summarized in H13a is the case where it is expected that unmet expectations on an attribute will have a greater negative influence on trust for those who are identified than those who do not identify. In this instance, the identified would display trust as being overall lower than the nonidentified. Conversely, H13b expects that the influence on trust would be lower for the identified, where their trust would be greater than the nonidentified. These are analogous to that presented in Figure 6.8.

These hypotheses are again tested at one increment, moving one level to the left of the midpoint, and at two increments, moving two levels from the midpoint. These comparisons are similar, with the exception of using trust instead of satisfaction, to those presented in Figures 6.9 and 6.10, respectively. Table 6.25 indicates the means for trust for the two groups at the one increment level. Additionally, the table provides a t value associated with these corresponding differences in the levels of trust, the degrees of freedom, and the significance level for each of the attributes. Those differences that are not statistically significant are highlighted with an asterisk.

Table 6.25
Comparison of Non-Identified to Identified of Incremental Loss on Trust
(*Non-significant differences)

Attribute	Mean Non-ID (2)	Mean ID (2)	t-value	df	p value
Merchandise/Products					
A	20.36	25.52	-5.391	129	0.000
B	20.40	25.55	-7.800	258	0.000
C	20.16	25.31	-7.128	217	0.000
D	22.16	25.90	-7.978	438	0.000
E	21.90	26.04	-8.881	467	0.000
F	21.48	25.30	-7.387	359	0.000
Pricing/Credit					
G	19.84	25.02	-7.309	238	0.000
H	20.08	25.54	-7.230	205	0.000
I	20.34	24.80	-4.564	121	0.000
II	21.77	25.72	-5.646	204	0.000
Delivery/Freight					
K	21.90	26.56	-6.423	155	0.000
L	22.10	26.62	-6.858	208	0.000
M	23.21	26.75	-8.396	531	0.000
N	20.86	25.49	-6.818	242	0.000
Ordering					
J	23.39	26.58	-8.124	523	0.000
O	21.18	26.08	-6.176	192	0.000
Q	20.71	23.80	-1.445*	46	0.155
R	20.92	25.89	-6.940	195	0.000
CC	21.90	25.61	-5.674	230	0.000
HH	21.60	26.29	-6.947	266	0.000
Invoicing					
P	21.53	25.91	-7.204	266	0.000
S	20.78	25.32	-6.206	202	0.000
T	20.73	26.50	-7.922	170	0.000
Advertising/Marketing					
V	21.54	25.94	-8.623	365	0.000
W	22.22	25.20	-4.976	271	0.000
X	21.38	25.89	-9.341	391	0.000
BB	20.32	24.85	-5.330	180	0.000
Sales Reps/Advice					
U	21.80	25.82	-7.021	308	0.000
Y	21.11	25.99	-8.443	266	0.000
Z	21.04	26.25	-7.627	225	0.000
DD	21.01	25.43	-5.067	144	0.000
EE	21.31	25.31	-6.564	251	0.000
Miscellaneous					
AA	20.55	26.29	-7.544	190	0.000
FF	21.82	26.77	-5.048	106	0.000
GG	21.03	26.89	-6.784	118	0.000

The findings presented in Table 6.25 indicate that there is only one nonsignificant attribute (Q) that displays statistically equivalent levels of trust between the two groups. The remainder of the attributes all display significant levels of difference and are in the same direction. As the mean for the organizationally identified group is higher across all attributes, and statistically significant (using a unidirectional test) in all but one instance, these findings provide support for H13b, where the influence of expectations not being met is lesser upon trust for the identified than the nonidentified. Accordingly, there is strong evidence to reject H13a.

The two increment findings are presented in Table 6.26 and Figure 6.10 displays a similar relationship of the tests being employed here only utilizing trust as the dependent variable. Table 6.26 provides the test of the t value, calculated to display the difference in levels of trust displayed by the two groups, by highlighting with an asterisk those differences that are nonsignificant in a directional test.

The findings presented in Table 6.26 indicate that two items or attributes displayed corresponding levels of trust that were nonsignificant. These two items were item A and item Q. Additionally, item Q was the only attribute which displayed trust as being higher in the nonidentified group as compared to the organizationally identified. The remaining items all displayed significant differences between the identified and the nonidentified and in a similar direction, namely that the identified exhibited greater amounts of trust than those who are not identified. These results provide strong support for hypothesis H13b and strong evidence to refute hypothesis H13a.

Table 6.26
Comparison of Non-Identified to Identified of Two Incremental Losses on Trust
(*Non-significant differences)

Attribute	Mean Non-ID (1)	Mean ID (1)	t-value	df	p value
Merchandise/Products					
A	14.04	21.67	-1.105*	2	0.381
B	16.65	24.67	-4.253	62	0.000
C	16.92	23.69	-3.591	53	0.001
D	18.69	25.54	-6.044	143	0.000
E	18.89	24.36	-6.234	157	0.000
F	15.53	23.69	-5.242	33	0.000
Pricing/Credit					
G	16.57	22.32	-3.483	48	0.001
H	15.78	21.65	-3.180	43	0.003
I	17.95	24.41	-3.909	73	0.000
II	18.78	25.53	-6.145	127	0.000
Delivery/Freight					
K	17.47	22.77	-3.968	84	0.000
L	18.69	25.52	-6.573	124	0.000
M	20.26	25.95	-10.043	354	0.000
N	18.74	24.43	-4.371	77	0.000
Ordering					
J	19.84	25.67	-11.324	450	0.000
O	15.95	23.32	-4.782	54	0.000
Q	18.06	18.00	0.012*	16	0.990
R	18.96	23.77	-3.171	68	0.002
CC	17.29	23.42	-4.516	67	0.000
HH	18.25	24.58	-6.462	102	0.000
Invoicing					
P	18.97	23.56	-5.484	179	0.000
S	18.73	25.50	-4.981	89	0.000
T	19.09	25.00	-4.635	88	0.000
Advertising/Marketing					
V	19.43	25.21	-8.604	276	0.000
W	18.46	25.80	-7.721	171	0.000
X	18.05	24.85	-7.072	157	0.000
BB	16.67	23.00	-2.840	43	0.007
Sales Reps/Advice					
U	19.04	24.85	-7.299	194	0.000
Y	19.49	24.82	-4.923	164	0.000
Z	18.65	23.45	-2.913	83	0.005
DD	17.86	23.26	-2.777	61	0.007
EE	18.06	23.59	-4.440	115	0.000
Miscellaneous					
AA	17.62	24.00	-5.185	99	0.000
FF	19.75	24.93	-3.699	72	0.000
GG	19.59	24.54	-3.422	63	0.001

Together, the findings presented in Tables 6.24 and 6.25 show strong support for H13b and evidence to refute H13a. Therefore, according to the findings, the influence of expectations not being met by a supplier across attributes seems to have less of an influence on trust for those parties who identify with the supplier than for those parties who do not identify with the supplier. The organizationally identified display, overall, higher degrees of trust, as a summated scale, than the nonidentified.

The following section follows the two previous sections dealing with satisfaction and trust quite closely in examining the hypotheses involving the variable relationship continuance. Again, many of the figures developed in explaining the tested relationships for satisfaction are referred only to display the hypothesized relationships. These are intended as examples and the variable of satisfaction is to be replaced with relationship continuance for actual application in the following section.

Hypotheses Involving Relationship Continuance

The key dependent variable of relationship continuance (RC) is utilized as the outcome variable of interest in this section. Below are the hypotheses presented in chapter four concerning this outcome variable.

H7: Unmet expectations on an attribute will have greater influence on relationship continuance than exceeded expectations on the same attribute.

H8: Exceeded expectations on a given attribute will have an influence on relationship continuance that displays diminishing returns.

H9: Unmet expectations on an attribute will have an influence on relationship continuance that displays diminishing sensitivity.

H14: Exceeded expectations on a given attribute will have an influence on relationship continuance that is greater for parties who are organizationally identified than for parties who do not identify.
H15a: Unmet expectations on an attribute will have a *greater* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify.
H15b: Unmet expectations on an attribute will have a *lesser* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify.

The entire sample was utilized to developed a regression equation for each attribute where the responses were dummy coded to represent the incremental levels of performance and their influence upon RC. These regression equations are presented in Table 6.27. Table 6.27 presents the unstandardized coefficients associated with each of the dummy variables developed where those coefficients that are not adequate predictors of the dependent variable of RC are highlighted with an asterisk.

H7 predicts that unmet expectations about an attribute of performance will have a greater influence on RC than exceeded expectations about the same attribute. Recoding the data reflected the magnitude difference by centering where the data was centered by the response of those whose expectations were met exactly. These differences in magnitude at the one increment level are similarly presented in Figure 6.2 only using RC as the dependent variable. Table 6.28 indicates the mean of the summated variable of RC and presents the t value associated with the testing of these differences, the degrees of freedom, and the level of significance are shown for each attribute.

Table 6.27
Attribute Level Regressions on Relationship Continuance, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	276.34	-81.34	-13.53	12.89	9.38*
B	278.81	-60.94	-12.93	8.84	11.19*
C	278.41	-38.01	-14.32	7.30	-10.41*
D	279.88	-34.14	-13.40	6.77	5.95*
E	281.56	-33.78	-5.40*	1.93*	8.44*
F	281.22	-51.63	-8.42	4.55*	16.56*
Pricing/Credit					
G	277.57	-57.78	-15.27	10.18	12.24
H	276.14	-46.61	-15.73	9.88	11.96
I	276.53	-28.64	-14.18	10.14	5.86*
II	280.05	-28.51	-6.96	4.80*	6.46*
Delivery/Freight					
K	276.63	-29.24	-13.37*	7.59	8.61*
L	277.37	-31.45	-14.07*	5.45	9.93
M	285.04	-22.98	-7.56	-2.02*	5.73*
N	278.85	-25.05	-14.00	5.15*	11.15
Ordering					
J	284.48	-22.26	-5.80*	4.22*	-1.15*
O	279.02	-51.66	-14.82	5.17	-0.78*
Q	273.73	-86.40	-29.36	7.71	13.32
R	276.67	-41.06	-5.20*	4.44*	13.45
CC	278.05	-32.06	-5.07*	4.77*	11.19*
HH	276.44	-20.98	-12.40*	8.32	14.54
Invoicing					
P	280.31	-31.05	-9.17	4.90*	9.04
S	277.59	-34.95	-8.64	6.84	9.48
T	276.27	-23.88	-9.10	8.55	8.47
Advertising/Marketing					
V	283.00	-27.62	-7.35	3.99*	9.59*
W	280.74	-32.01	-9.03	6.42	6.90*
X	282.57	-39.13	-9.09	4.28*	10.76*
BB	278.95	-56.63	-15.97	5.81	12.40
Sales Reps/Advice					
U	280.63	-27.69	-7.82	4.66*	5.89*
Y	281.64	-33.03	-14.62	7.20	1.02*
Z	279.27	-44.20	-8.56	5.06*	12.35*
DD	278.74	-43.41	-13.78	6.49*	11.26*
EE	283.29	-42.21	-18.99	2.84*	7.54*
Miscellaneous					
AA	278.10	-27.67	-10.37	6.76	10.12*
FF	276.22	-26.86	-11.77*	10.96	-6.99*
GG	275.91	-32.12	-13.78*	11.13	-0.58*

Table 6.28
Comparison of Incremental Loss to Incremental Gain on Relationship Continuance
(*Non-significant differences)

Attribute	Average difference (2)	Average difference (4)	t-value	df	p value
Merchandise/Products					
A	-13.53	12.89	-4.838	148	0.000
B	-12.93	8.84	-6.042	373	0.000
C	-14.32	7.30	-4.661	332	0.000
D	-13.40	6.77	-3.142	422	0.002
E	-5.40	1.93	-1.840*	611	0.066
F	-8.42	4.55	-3.294	313	0.001
Pricing/Credit					
G	-15.27	10.18	-6.696	338	0.000
H	-15.73	9.88	-5.971	269	0.000
I	-14.18	10.14	-4.925	168	0.000
II	-6.96	4.80	-2.755	385	0.006
Delivery/Freight					
K	-13.37	7.59	-2.713	266	0.007
L	-6.07	5.45	-2.469*	347	0.014
M	-7.56	-2.02	-1.559*	245	0.120
N	-14.00	5.15	-4.352	391	0.000
Ordering					
J	-5.80	4.22	-2.563	159	0.011
O	-14.82	5.17	-4.356	262	0.000
Q	-29.36	7.71	-3.423	49	0.001
R	-5.20	4.44	-2.146*	364	0.033
CC	-5.07	4.77	-2.073*	355	0.039
HH	-12.40	8.32	-3.004	491	0.003
Invoicing					
P	-9.17	4.90	-3.778	424	0.000
S	-8.64	6.84	-3.738	327	0.000
T	-9.10	8.55	-4.021	258	0.000
Advertising/Marketing					
V	-7.35	3.99	-3.133	405	0.002
W	-9.03	6.42	-4.438	455	0.000
X	-9.09	4.28	-3.846	358	0.000
BB	-15.97	5.81	-4.392	262	0.000
Sales Reps/Advice					
U	-7.82	4.66	-3.508	518	0.000
Y	-14.62	7.20	-5.650	412	0.000
Z	-8.56	5.06	-3.477	412	0.001
DD	-13.78	6.49	-3.745	236	0.000
EE	-18.99	2.84	-4.814	402	0.000
Miscellaneous					
AA	-10.37	6.76	-3.891	329	0.000
FF	-11.77	10.96	-2.258*	178	0.025
GG	-13.78	11.13	-2.680	186	0.008

Table 6.28 indicates nonsignificant differences with an asterisk, where each was assessed by comparing the critical value of t to the calculated value of t for the appropriate level of degrees of freedom and using the Dunn multiple comparison procedure designed to control the error rate per family. Table 6.28 indicates that twenty-nine of the differences are significant and in the hypothesized direction. Five of the attributes displayed nonsignificant differences and one attribute (M) indicated a situation where both an incremental gain and loss in expectations on the attribute resulted in a loss in the belief of continuing the relationship. As such, the overwhelming number of attributes that did act as predicted provide strong support for H7.

The two increment level analysis presented in Table 6.29 provides similar results. This comparison is similar to the comparison depicted in Figure 6.3 only using RC as the dependent variable. Comparison of the critical t value to the calculated t value indicates that thirty of the attributes do have significant differences in magnitude. Also, all of these significant differences are in the direction hypothesized in H7. Five cases indicated that a two increment gain of exceeding expectations on an attribute resulted in an actual loss of belief of continuing the relationship, one of which (O) still displayed a difference statistically. While these cases are disconcerting, the majority of the attributes still followed the prediction in H7. Following the results for both the single increment and two increment findings, H7 is supported.

Table 6.29
Comparison of Two Incremental Losses to Two Incremental Gains on Relationship Continuance (*Non-significant differences)

Attribute	Average difference (1)	Average difference (5)	t-value	df	p value
Merchandise/Products					
A	-81.34	9.38	-4.869	37	0.000
B	-60.94	11.19	-5.400	73	0.000
C	-38.01	-10.41	-1.352*	69	0.181
D	-34.14	5.95	-3.136	16	0.005
E	-33.78	8.44	-3.664	24	0.001
F	-51.63	16.56	-7.834	103	0.000
Pricing/Credit					
G	-57.78	12.24	-4.714	57	0.000
H	-46.61	11.96	-4.267	47	0.000
I	-28.64	5.86	-3.052	101	0.003
II	-28.51	6.46	-4.699	190	0.000
Delivery/Freight					
K	-29.24	8.61	-4.129	118	0.000
L	-31.45	9.93	-6.218	158	0.000
M	-22.98	5.73	-5.757	66	0.000
N	-25.05	11.15	-4.127	123	0.000
Ordering					
J	-22.26	-1.15	-1.237*	459	0.217
O	-51.66	-0.78	-3.871	79	0.000
Q	-86.40	13.32	-3.432	14	0.004
R	-41.06	13.45	-4.941	80	0.000
CC	-32.06	11.19	-3.617	50	0.001
HH	-20.98	14.54	-4.315	141	0.000
Invoicing					
P	-31.05	9.04	-6.185	249	0.000
S	-34.95	9.48	-5.228	124	0.000
T	-23.88	8.47	-3.854	139	0.000
Advertising/Marketing					
V	-27.62	9.59	-7.838	160	0.000
W	-32.01	6.90	-5.726	219	0.000
X	-39.13	10.76	-7.142	132	0.000
BB	-56.63	12.40	-4.684	55	0.000
Sales Reps/Advice					
U	-27.69	5.89	-5.316	280	0.000
Y	-33.03	1.02	-4.098	148	0.000
Z	-44.20	12.35	-5.914	102	0.000
DD	-43.41	11.26	-4.623	78	0.000
EE	-42.21	7.54	-5.213	85	0.000
Miscellaneous					
AA	-27.67	10.12	-4.319	131	0.000
FF	-26.86	-6.99	-0.869*	82	0.388
GG	-32.12	-0.58	-1.409*	75	0.163

Table 6.30

Comparison of Incremental Gain to Two Incremental Gains on Relationship Continuance

(*Non-significant differences)

Attribute	Mean (4)	Mean (5)	t-value	df	Diminishing Index
Merchandise/Products					
A	289.23	285.71	-0.35*	308	-0.27
B	287.65	290.00	0.29*	377	0.27
C	285.70	268.00	-1.66*	287	-2.43
D	286.65	285.83	-0.06*	186	-0.12
E	283.49	290.00	0.53*	175	3.37
F	285.77	297.78	0.78*	157	2.64
Pricing/Credit					
G	287.75	289.82	0.32*	457	0.20
H	286.02	288.10	0.42*	552	0.21
I	286.67	282.38	-0.67*	366	-0.42
II	284.85	286.51	0.26*	278	0.34
Delivery/Freight					
K	284.22	285.24	0.18*	390	0.13
L	282.82	287.29	0.99*	499	0.82
M	283.02	290.77	0.79*	163	3.84
N	284.00	290.00	0.85*	299	1.16
Ordering					
J	288.70	283.33	-0.38*	97	-1.27
O	284.19	278.24	-0.98*	396	-1.15
Q	281.44	287.05	1.41*	700	0.73
R	281.11	290.11	1.64*	430	2.03
CC	282.82	289.23	0.48*	172	1.34
HH	284.76	290.98	0.81*	312	0.75
Invoicing					
P	285.20	289.35	0.75*	394	0.85
S	284.43	287.07	0.49*	416	0.39
T	284.82	284.73	-0.02*	416	-0.01
Advertising/Marketing					
V	286.99	292.59	0.60*	214	1.40
W	287.15	287.64	0.07*	320	0.08
X	286.85	293.33	0.53*	154	1.52
BB	284.76	291.35	0.83*	287	1.13
Sales Reps/Advice					
U	285.28	286.52	0.22*	318	0.26
Y	288.85	282.67	-0.80*	210	-0.86
Z	284.33	291.61	0.83*	235	1.44
DD	285.24	290.00	0.44*	178	0.73
EE	286.13	290.83	0.47*	185	1.65
Miscellaneous					
AA	284.86	288.22	0.44*	271	0.50
FF	287.18	269.23	-1.21*	80	-1.64
GG	287.04	275.33	-0.83*	91	-1.05

Hypothesis eight (H8), the second hypothesis to focus on the RC, hypothesized that exceeded expectations on an attribute would have an influence upon RC that displays diminishing returns. This hypothesis is similar to the comparison presented in Figure 6.4. To test H8, the mean of RC was calculated for those who responded as their expectations being exceeded by one increment and for those who responded as their expectations being exceeded by two increments on a particular attribute. The results for this analysis are presented in Table 6.30 with the calculated t value utilizing the dummy coded coefficients presented in Table 6.27 and using Equation 6.2.

Also provided in Table 6.30 is the diminishing. This diminishing index has been calculated using the formula presented in Equation 6.3. Remember, those values of the diminishing index that are between zero and one indicate diminishing returns. Values that are negative indicate that exceeding performance by an additional increment results in a loss of RC. Values greater than one potentially highlight increasing returns on RC.

Table 6.30 indicate that the results of the t test show twenty-five of the thirty five attributes have nonsignificant means of RC between those respondents who indicated the performance attribute as exceeding their expectations by a single increment (4) versus those who indicated their expectations being exceeded by two increments (5). Ten of these t tests were in the direction opposite of what was hypothesized where an additional level of exceeding the respondents' expectations resulted in a loss of RC. These are easily seen by the negative calculated t value.

The diminishing index presented in Table 6.30 shows that fourteen items displayed diminishing returns (index between zero and one) and eleven attributes had increasing gains (index greater than one). However, none of the items that displayed increasing returns via the index were statistically significant. Again, as above, ten of the items were in the wrong direction. The results from the diminishing index are mixed, but when combined with the clearer results from the t test, there is evidence for partial support for H8.

Hypothesis 9 is the same hypothesis as H8 except for it is concerned with the negative domain, unmet expectations' influence on RC. Instead of the diminishing index, the sensitivity index is utilized and was generated by using Equation 6.4. This hypothesis test is similar to the one depicted in Figure 6.5. As above, to test this hypothesis the one increment difference was compared to the two increment difference via the means of RC, a t test was employed, and the sensitivity index was generated. The results for this analysis are presented in Table 6.31.

The analysis presented in Table 6.31 indicates that thirty-three of the attributes show significant differences in levels of RC between those who responded as their expectations not being met and those who indicated the performance was far below their expectations. Those who indicated that the performance of the attribute was far below their expectations indicated that their belief of the relationship continuing into the future was much below those whose expectations were unmet by only one increment. The two nonsignificant differences were attributes I and N. The sensitivity index indicated a similar outcome in that thirty-three of the attributes displayed increasing loss when expectations were not met. Only two attributes displayed diminishing sensitivity (N, FF) and one of these was marginal in that the 'return' for an additional increment of unmet expectations was equal in its influence on RC. Provided with the results from both the

Table 6.31
Comparison of Incremental Loss to Two Incremental Losses on Relationship Continuance
(*Non-significant differences)

Attribute	Mean (1)	Mean (2)	t-value	df	Sensitivity Index
Merchandise/Products					
A	195.00	262.81	-7.29	168	5.01
B	217.87	265.89	-7.59	329	3.72
C	240.39	264.09	-3.32	282	1.65
D	245.75	276.48	-7.00	601	9.03
E	247.78	276.16	-6.34	652	5.26
F	229.58	272.79	-8.38	472	5.13
Pricing/Credit					
G	219.79	262.31	-6.03	301	2.79
H	229.54	260.41	-4.09	266	1.96
I	247.89	262.34	-2.12*	207	1.02
II	251.54	273.09	-4.31	346	3.10
Delivery/Freight					
K	247.39	273.26	-4.29	258	7.68
L	245.92	273.29	-5.36	350	6.72
M	262.06	277.48	-4.96	951	2.04
N	253.80	264.85	-1.87*	332	0.79
Ordering					
J	262.22	280.68	-6.34	1001	4.86
O	227.36	264.20	-5.25	261	2.49
Q	187.33	244.38	-4.28	68	1.94
R	235.61	272.46	-5.68	278	8.77
CC	245.99	273.97	-4.48	316	6.87
HH	255.46	274.04	-3.58	394	7.73
Invoicing					
P	249.26	271.14	-5.01	466	2.39
S	242.64	268.96	-4.59	308	3.05
T	252.39	267.17	-2.47	273	1.62
Advertising/Marketing					
V	255.39	275.66	-5.71	701	2.76
W	248.72	271.70	-5.21	477	2.54
X	243.44	273.48	-7.02	587	3.31
BB	222.33	262.98	-5.36	235	2.55
Sales Reps/Advice					
U	252.94	272.81	-4.73	525	2.54
Y	248.62	267.02	-3.79	428	1.26
Z	235.06	270.71	-6.07	323	4.17
DD	235.33	264.97	-4.15	218	2.15
EE	241.08	264.30	-4.53	386	1.22
Miscellaneous					
AA	250.44	267.73	-2.97	311	1.67
FF	249.37	274.45	-3.35	186	1.00
GG	243.79	272.13	-3.67	190	7.49

statistical analysis and the findings from the sensitivity index, there is strong support to reject H9.

The final hypotheses that have not been discussed as of yet all (H 14, H15a, and H15b) pertain to RC and compare the organizationally identified to the nonidentified. A regression equation for each attribute was developed where the performance attributes were dummy coded to confound the mid-point of the scale with the intercept and the mean of the dependent variable. The unstandardized coefficients for the attribute level regressions for the entire sample are presented in two separate tables, one for the identified and one for the nonidentified. The regression results for the identified sample on RC are exhibited in Table 6.32. The same procedure is performed for the non-identified portion of the respondents in Table 6.33. Within these two tables the nonsignificant predictors are presented with an asterisk. Quite a number of the regression coefficient results are nonsignificant, indicating a potential problem with the remainder of the analysis. The direction of the pattern established for the overall sample does not follow as clearly here, although elements are still seen. While this is recognized, the same procedure utilized in the prior two sections relating to satisfaction and trust was still followed.

H14 indicates that exceeded expectations on an attribute will have an influence on RC that is greater for those who are organizationally identified with the supplier than for those who are not identified. This hypothesis was again tested at two levels, one increment away from the mid-point of the scale, and two increments away from the mid-point of the scale, similar to the one depicted in Figures 6.6 and 6.7, respectively.

Table 6.32
Attribute Level Regressions of Identified Sample on Relationship Continuance, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	291.22	8.78*	-5.10*	-0.70*	5.70*
B	291.67	-8.14*	-5.55	0.57*	1.02*
C	290.00	-3.13*	0.10*	3.58	0.67*
D	292.23	-6.28	-3.23	1.45*	-11.12*
E	291.89	-6.15	-1.26*	-2.67*	8.11*
F	290.98	-15.98	-0.11*	1.52*	6.52*
Pricing/Credit					
G	289.63	-11.90	1.10*	3.75	5.72*
H	291.42	-12.47	-5.89	0.49*	2.20*
I	290.47	1.45*	-5.37*	3.26*	-3.73*
II	291.82	-8.94	-0.11*	-0.74*	3.96*
Delivery/Freight					
K	290.97	-0.67*	-1.09*	-0.73*	1.94*
L	290.12	-2.74*	1.42*	2.09*	0.98*
M	294.82	-6.65	-5.73	-3.81*	0.18*
N	291.13	-5.00*	-0.70*	-0.49*	3.39*
Ordering					
J	294.39	-6.55	-3.64	-2.47*	-16.61
O	291.59	-24.92	0.00*	-0.55*	-0.45*
Q	290.60	-95.60	-2.60*	0.64*	1.60*
R	290.16	-6.32*	2.25*	-0.27*	6.19
CC	291.58	-5.18*	-3.07*	-1.98*	7.17*
HH	290.00	1.03*	1.94*	0.31*	6.55*
Invoicing					
P	293.28	-17.92	-4.04	-1.58*	3.04*
S	292.00	-12.00	-5.94	0.01*	0.92*
T	289.98	0.03*	-2.87*	3.72	1.77*
Advertising/Marketing					
V	291.96	-2.54*	-3.50	1.95*	3.54*
W	291.49	-3.77*	-2.25*	-0.20*	1.93*
X	291.88	-5.03*	-1.93*	-2.22*	3.12*
BB	291.35	-12.47*	-3.18*	-0.45*	5.57*
Sales Reps/Advice					
U	291.01	-5.19	1.71*	-1.15*	3.40*
Y	290.46	-2.78*	-1.32*	5.04	1.90*
Z	291.36	-16.86	-2.79*	1.43*	4.73*
DD	290.80	3.64*	-2.51*	1.41*	9.20*
EE	292.98	-6.41*	-6.43	-3.27*	-3.54*
Miscellaneous					
AA	289.95	-0.85*	0.17*	3.51*	0.36*
FF	290.84	-5.51*	0.67*	3.02*	-14.59*
GG	289.94	-7.94*	2.52*	2.94*	-7.44*

Table 6.33
Attribute Level Regressions of Non-Identified Sample on Relationship Continuance, Unstandardized
(*Non-significant Predictors)

Attribute	Intercept	Beta1	Beta2	Beta4	Beta5
Merchandise/Products					
A	260.93	-78.53	-9.96*	25.73	6.57*
B	265.51	-73.01	-14.07	14.29	15.74*
C	266.01	-44.25	-24.19	3.61*	-66.01
D	264.66	-38.25	-1.03*	8.99*	35.34*
E	268.89	-41.18	-8.31*	2.27*	-18.89*
F	269.42	-56.03	-13.43	-0.70*	30.59*
Pricing/Credit					
G	263.98	-91.58	-16.28	14.63	1.02*
H	261.90	-71.49	-18.27	15.46	10.10*
I	262.15	-39.70	-13.68	11.55	8.44*
II	266.12	-40.47	-11.53	7.65*	-4.35*
Delivery/Freight					
K	261.13	-40.76	-3.17*	14.45	8.50*
L	262.74	-37.80	-1.93*	6.49*	15.34*
M	271.49	-27.81	-7.79*	2.59*	12.51*
N	264.93	-34.72	-16.73	7.21*	18.07*
Ordering					
J	273.11	-32.00	-5.15*	8.97*	26.89*
O	265.37	-58.23	-20.37	6.66*	-3.63*
Q	257.37	-71.22	-25.48	10.78	22.45
R	262.74	-58.49	-6.08*	4.56*	19.67
CC	262.18	-36.62	-0.40*	6.11*	11.82*
HH	260.03	-25.18	-1.25*	16.64	16.33*
Invoicing					
P	266.43	-34.40	-13.56	8.52*	12.51*
S	262.44	-37.69	-9.39*	10.02*	17.56*
T	261.01	-25.49	-8.02*	8.90*	14.35*
Advertising/Marketing					
V	271.56	-36.26	-10.57	4.26*	12.73*
W	267.80	-39.85	-12.24	9.51*	2.92*
X	270.37	-50.87	-13.02	9.36*	19.63*
BB	264.94	-60.39	-22.26	9.33*	12.06*
Sales Reps/Advice					
U	268.00	-33.04	-13.41	10.03*	1.19*
Y	270.24	-39.31	-24.24	6.06*	-17.51*
Z	265.03	-44.20	-11.25	4.26*	13.72*
DD	264.51	-54.51	-25.14	3.90*	12.15*
EE	270.93	-50.80	-24.95	6.05*	24.07*
Miscellaneous					
AA	261.48	-32.67	-12.22	10.49*	21.02*
FF	260.67	-37.62	-3.82*	15.10*	-2.67*
GG	261.62	-44.53	-11.79*	14.79*	5.53*

To compare the mean of the resultant RC for the organizationally identified portion of the sample to the portion that do not identify all at the one increment level recoding of the sample was performed. The identified were compared to those who do not identify and a t value was calculated to test the significance of the difference of the means of RC. This calculated t value was compared to the value of t using the Dunn procedure and controlling for the error rate per family. The results of this procedure are reported in Table 6.34. This table shows the mean of RC as a summated scale for those who are identified and those who do not identify. The corresponding t values are highlighted with an asterisk when these differences in the mean are nonsignificant.

The results presented in Table 6.34 show that twenty-eight of the differences between the groups are statistically significant and in a direction in accordance with H14. Therefore, for the single increment gain in expectations the results indicated that the organizationally identified group has a higher degree of RC than those who do not identify. However, seven of the attributes indicated no statistical differences, but are in a direction that is consistent with the hypothesis. These results presented in Table 6.34, at the one increment level, provide support that is in favor of H14.

Table 6.34
Comparison of Non-Identified to Identified of Incremental Gain on Relationship Continuance (*Non-significant differences)

Attribute	Mean Non-ID (4)	Mean ID (4)	t-value	df	p value
Merchandise/Products					
A	286.67	290.52	-1.240*	270	0.216
B	279.80	292.24	-3.417	138	0.001
C	269.62	293.58	-4.118	88	0.000
D	273.65	293.68	-3.224	60	0.002
E	271.16	289.22	-2.470	58	0.016
F	268.72	292.50	-2.732	45	0.009
Pricing/Credit					
G	278.61	293.38	-3.921	181	0.000
H	277.36	291.91	-4.212	212	0.000
I	273.70	293.74	-4.364	115	0.000
II	273.77	291.08	-2.589	84	0.011
Delivery/Freight					
K	275.58	290.24	-3.310	165	0.001
L	269.23	292.21	-5.454	168	0.000
M	274.08	291.01	-3.025	77	0.003
N	272.14	290.64	-3.274	85	0.002
Ordering					
J	282.08	291.92	-1.774*	74	0.080
O	272.03	291.03	-4.406	136	0.000
Q	268.15	291.24	-6.303	266	0.000
R	267.30	289.90	-4.519	160	0.000
CC	268.30	289.60	-2.742	59	0.008
HH	276.67	290.31	-2.949	130	0.004
Invoicing					
P	274.96	291.70	-4.145	165	0.000
S	272.46	292.01	-4.148	147	0.000
T	269.91	293.70	-4.800	124	0.000
Advertising/Marketing					
V	275.82	293.91	-2.508	60	0.015
W	277.30	291.29	-2.926	104	0.004
X	279.73	289.66	-1.777*	123	0.078
BB	274.27	290.91	-3.143	94	0.002
Sales Reps/Advice					
U	278.03	289.86	-2.296*	94	0.024
Y	276.30	295.49	-3.703	58	0.000
Z	269.29	292.79	-3.972	86	0.000
DD	268.41	292.21	-3.033	49	0.004
EE	276.98	289.71	-1.870*	58	0.066
Miscellaneous					
AA	271.97	293.46	-4.271	88	0.000
FF	275.77	293.86	-2.153*	36	0.038
GG	276.40	292.89	-1.891*	34	0.067*

Table 6.35
Comparison of Non-Identified to Identified of Two Incremental Gains on Relationship Continuance (*Non-significant differences)

Attribute	Mean Non-ID (5)	Mean ID (5)	t-value	df	p value
Merchandise/Products					
A	267.50	296.92	-1.616*	7	0.151
B	281.25	292.69	-1.149*	32	0.259
C	200.00	290.67	-2.819*	5	0.040
D	300.00	281.11	0.725*	10	0.485
E	250.00	300.00	-1.000*	2	0.423
F	300.00	297.50	0.333*	7	0.749
Pricing/Credit					
G	265.00	295.35	-1.281*	9	0.232
H	272.00	293.61	-1.891*	26	0.070
I	270.59	286.74	-1.187*	21	0.248
II	261.76	295.78	-2.362*	17	0.031
Delivery/Freight					
K	269.63	292.91	-2.466*	30	0.019
L	278.08	291.10	-2.255*	60	0.028
M	284.00	295.00	-1.406*	24	0.173
N	283.00	294.52	-1.012*	22	0.322
Ordering					
J	300.00	277.78	-0.735*	10	0.479
O	261.74	291.14	-2.302*	29	0.029
Q	279.83	292.20	-2.153*	72	0.035
R	282.40	296.35	-1.588*	26	0.125
CC	274.00	298.75	-1.274*	4	0.271
HH	276.36	296.55	-1.117*	10	0.290
Invoicing					
P	278.95	296.32	-1.804*	19	0.087
S	280.00	292.92	-1.649*	30	0.110
T	275.36	291.75	-1.829*	34	0.076
Advertising/Marketing					
V	284.29	295.50	-1.367*	7	0.213
W	270.72	293.42	-1.859*	14	0.084
X	290.00	295.00	-0.694*	13	0.500
BB	277.00	296.92	-0.997*	9	0.344
Sales Reps/Advice					
U	269.19	294.41	-2.210*	33	0.034
Y	252.73	292.35	-2.286*	11	0.043
Z	278.75	296.09	-1.432*	8	0.192
DD	276.67	300.00	-2.042*	8	0.075
EE	295.00	289.45	0.366*	22	0.718
Miscellaneous					
AA	282.50	290.30	-0.788*	43	0.435
FF	258.00	276.25	-0.532*	11	0.605
GG	267.14	282.50	-0.528*	13	0.607

The comparison similar to the graph in Figure 6.7, two increments away from the mid-point is also utilized to test hypothesis H14. These results are presented in Table 6.35. Those differences in the mean level of RC that are nonsignificant are presented with an asterisk in the table. Table 6.35 indicates that thirty-two of the attributes display nonsignificant differences in the mean but in the direction hypothesized in H14. Although not significant, the fact that the direction was consistent with the hypothesis provides only very limited support for the hypothesis. Finally, three attributes (D, F, and EE) displayed a difference that was opposite of the hypothesis presented in H14. These items' opposite direction did not display any significance. The two increments gain findings show only very limited support for the hypothesis because of the direction of the findings. These results, coupled with the stronger findings from the single increment comparisons show only partial support for H14.

The final two hypotheses dealing with RC, hypotheses H15a and H15b, will be tested simultaneously and are concerned with comparing the organizationally identified portion of the respondents to the nonidentified portion when expectations are not met. Following H15a, it is expected that unmet expectations on an attribute will have a greater negative influence on RC for those who are identified than those who do not identify. Oppositely, H13b expects that the influence on RC would be lower for the identified. These are analogous to that presented in Figure 6.8.

Table 6.36
Comparison of Non-Identified to Identified of Incremental Loss on Relationship Continuance (*Non-significant differences)

Attribute	Mean Non-ID (2)	Mean ID (2)	t-value	df	p value
Merchandise/Products					
A	250.97	286.12	-3.865	123	0.000
B	251.44	286.12	-6.110	240	0.000
C	241.82	290.10	-6.771	143	0.000
D	263.63	289.01	-6.006	290	0.000
E	260.58	290.63	-7.534	274	0.000
F	255.98	290.87	-7.880	222	0.000
Pricing/Credit					
G	247.70	290.72	-8.472	187	0.000
H	243.63	285.53	-6.005	191	0.000
I	248.47	285.10	-4.705	119	0.000
II	254.59	291.71	-5.968	119	0.000
Delivery/Freight					
K	257.96	289.88	-4.966	94	0.000
L	260.81	291.54	-5.484	138	0.000
M	263.70	289.09	-6.455	316	0.000
N	248.21	290.43	-6.929	193	0.000
Ordering					
J	267.97	290.75	-6.139	298	0.000
O	245.00	291.59	-6.641	125	0.000
Q	231.89	288.00	-3.750	45	0.001
R	256.65	292.42	-6.077	122	0.000
CC	261.78	288.52	-4.854	173	0.000
HH	258.79	291.94	-6.494	167	0.000
Invoicing					
P	252.87	289.24	-5.947	177	0.000
S	253.05	286.06	-4.950	155	0.000
T	252.99	287.10	-5.244	125	0.000
Advertising/Marketing					
V	260.98	288.46	-5.914	253	0.000
W	255.56	289.24	-6.319	180	0.000
X	257.35	289.95	-7.216	247	0.000
BB	242.68	288.17	-5.807	139	0.000
Sales Reps/Advice					
U	254.59	292.72	-7.545	178	0.000
Y	246.00	289.13	-7.275	174	0.000
Z	253.78	288.57	-6.368	147	0.000
DD	239.38	288.29	-5.452	71	0.000
EE	245.98	286.56	-6.103	188	0.000
Miscellaneous					
AA	249.26	290.11	-6.128	143	0.000
FF	256.85	291.51	-4.293	64	0.000
GG	249.83	292.46	-5.517	67	0.000

The competing hypotheses of H15a and H15b are tested at both one increment and at two increments. These comparisons are similar, with the exception of using RC instead of satisfaction, to those presented in Figures 6.9 and 6.10, respectively. Table 6.36 indicates the means for RC for the two groups at the one increment level and provides a t value associated with these corresponding differences in the levels of RC, the degrees of freedom, and the significance level for each of the attributes. Those differences that are not statistically significant are highlighted with an asterisk.

Table 6.36 indicates that all attributes display significant levels of difference and are in the same direction. Since the mean for the identified group is higher across all attributes and statistically significant in a unidirectional test there is strong support for H15b and evidence to reject H15a.

The two increment findings are presented in Table 6.37. Figure 6.10 displays a similar relationship of the tests being employed here only utilizing RC as the dependent variable. Table 6.37 provides the test of the t value, calculated to display the difference in levels of RC displayed by the two groups, by highlighting with an asterisk those differences that are nonsignificant in a directional test. The table indicates that only one attribute was nonsignificant (Q). The remaining items all displayed significant differences between the organizationally identified and the nonidentified and in a direction consistent with H15B. These results provide strong support for hypothesis H15b and strong evidence to refute hypothesis H15a.

Table 6.37
Comparison of Non-Identified to Identified of Two Incremental Losses on Relationship Continuance (*Non-significant differences)

Attribute	Mean Non-ID (1)	Mean ID (1)	t-value	df	p value
Merchandise/Products					
A	182.40	300.00	-6.733	24	0.000
B	192.50	283.53	-4.980	59	0.000
C	221.77	286.88	-3.779	44	0.000
D	226.41	285.96	-5.995	128	0.000
E	227.71	285.74	-6.350	131	0.000
F	213.38	275.00	-4.718	91	0.000
Pricing/Credit					
G	172.40	277.73	-4.560	30	0.000
H	190.42	278.95	-4.119	32	0.000
I	222.44	291.92	-4.617	49	0.000
II	225.65	282.88	-5.539	93	0.000
Delivery/Freight					
K	220.37	290.29	-5.528	60	0.000
L	224.94	287.38	-6.882	108	0.000
M	243.68	288.18	-8.484	279	0.000
N	230.22	286.13	-4.601	62	0.000
Ordering					
J	241.11	287.84	-9.709	308	0.000
O	207.14	266.67	-3.178	50	0.003
Q	186.15	195.00	-0.100*	13	0.922
R	204.25	283.85	-4.888	54	0.000
CC	225.57	286.40	-4.389	53	0.000
HH	234.86	291.03	-5.537	93	0.000
Invoicing					
P	232.04	275.36	-4.775	153	0.000
S	224.75	280.00	-4.451	86	0.000
T	235.52	290.00	-4.890	73	0.000
Advertising/Marketing					
V	235.30	289.42	-9.046	226	0.000
W	227.95	287.72	-6.800	159	0.000
X	219.50	286.85	-7.136	141	0.000
BB	204.55	278.39	-3.930	40	0.000
Sales Reps/Advice					
U	234.96	285.82	-6.336	181	0.000
Y	230.93	287.68	-6.025	121	0.000
Z	220.83	274.50	-3.958	75	0.000
DD	210.00	294.44	-6.159	48	0.000
EE	220.13	286.57	-6.394	107	0.000
Miscellaneous					
AA	228.81	289.09	-5.293	73	0.000
FF	223.05	285.33	-3.914	63	0.000
GG	217.08	282.00	-3.579	56	0.001

Combining the findings presented in Tables 6.24 and 6.25 together provide a more holistic test of the competing hypotheses. Since the findings both the single increment results and the two increment results are similar, there is strong support for hypothesis H15b. Accordingly, these results indicate that H15a should be refuted. Following the results, the influence of expectations not being met by a supplier across attributes seems to have less of an influence on RC for those parties who identify with the supplier than for those parties who do not identify with the supplier.

A summary of the tests of hypotheses is presented in Table 6.38, based upon the analysis presented above. This summary table concludes the quantitative portion of this chapter and attention is turned towards the findings gleaned from the qualitative data collection and analysis.

Table 6.38
Summary of Hypotheses Tests

Hypotheses Involving Satisfaction

H1: Unmet expectations on an attribute will have greater influence on overall satisfaction than exceeded expectations on the same attribute. ***Supported***

H2: Exceeded expectations on a given attribute will have an influence on satisfaction that displays diminishing returns. ***Partially Supported***

H3: Unmet expectations on an attribute will have an influence on satisfaction that displays diminishing sensitivity. ***Not Supported***

H10: Exceeded expectations on a given attribute will have an influence on satisfaction that is greater for parties who are organizationally identified than for parties who do not identify. ***Partially Supported***

H11a: Unmet expectations on an attribute will have a *greater* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify. ***Not Supported***

H11b: Unmet expectations on an attribute will have a *lesser* negative influence on satisfaction for parties who are organizationally identified than for parties who do not identify. ***Supported***

Hypotheses Involving Trust

H4: Unmet expectations on an attribute will have greater influence on trust than exceeded expectations on the same attribute. ***Supported***

H5: Exceeded expectations on a given attribute will have an influence on trust that displays diminishing returns. ***Supported***

H6: Unmet expectations on an attribute will have an influence on trust that displays diminishing sensitivity. ***Not Supported***

H12: Exceeded expectations on a given attribute will have an influence on trust that is greater for parties who are organizationally identified than for parties who do not identify. ***Partially Supported***

H13a: Unmet expectations on an attribute will have a *greater* negative influence on trust for parties who are organizationally identified than for parties who do not identify. ***Not Supported***

H13b: Unmet expectations on an attribute will have a *lesser* negative influence on trust for parties who are organizationally identified than for parties who do not identify. ***Supported***

Hypotheses Involving Relationship Continuance

H7: Unmet expectations on an attribute will have greater influence on relationship continuance than exceeded expectations on the same attribute. ***Supported***

H8: Exceeded expectations on a given attribute will have an influence on relationship continuance that displays diminishing returns. ***Partially Supported***

H9: Unmet expectations on an attribute will have an influence on relationship continuance that displays diminishing sensitivity. ***Not Supported***

H14: Exceeded expectations on a given attribute will have an influence on relationship continuance that is greater for parties who are organizationally identified than for parties who do not identify. ***Partially Supported***

H15a: Unmet expectations on an attribute will have a *greater* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify. ***Not Supported***

H15b: Unmet expectations on an attribute will have a *lesser* negative influence on relationship continuance for parties who are organizationally identified than for parties who do not identify. ***Supported***

QUALITATIVE RESEARCH

The introduction of this chapter indicated that the analysis of the qualitative data collected, specified in chapter five, is reviewed here. First, characteristics of the respondents are briefly reviewed. Next, the major findings of the qualitative research data collection are presented. Finally, this section of the chapter is then summarized. Following this section of the chapter, a brief summary of the entire chapter is presented.

Respondent Characteristics

Chapter five introduced the method of screening the participants for the qualitative portion of the study, namely, which was on a completely voluntary basis and was limited due to the amount of resources available to perform the interviews. While there was no specific profile for the respondents given the small number, there were commonalities amongst those who were interviewed.

The major commonality amongst those interviewed was the fact that all were male. While no gender specific findings were uncovered, by no means do the insights provided here reflect the voice of any potential female who is a part of the organization. Although no specific data was analyzed regarding the sampling frame, by perusing the list it was noted that females tend to make up a rather small amount of the total population, but this does not discount that their attitudes are less viable for analysis.

The second commonality was the fact that all of those interviewed were both owners, at least partially, and operators of their store. Some of those interviewed did mention that their operation was not under total ownership by the interviewee and could be better classified as partial ownership via a corporate structure, family business, or had silent partners. However, all of those interviewed were full time workers in the store and this constituted their primary occupation.

All of those interviewed had stores that were located in the Midwest portion of the United States. Although regional differences were never discussed, the homogeneity of the location of the stores, via region, did not allow the findings to tap or uncover any potential differences based on geography.

Finally, all of the respondents seemed to be of the same relative racial heritage, namely that they were all white and of European descent. As with the case of not having female interviewees, race has the potential to differentiate how and why individuals identify. These characteristics are a potential for future investigation.

Although those that were interviewed are seemingly very similar in nature, they did vary on a number of important characteristics worthy of note here. First, and perhaps most importantly, the sample included those who, via the quantitative portion of the study, were identified as being either very high, average, or very low in their identification with the major supplier of interest. This was by design in an attempt to gain a better understanding of the concept across all ranges.

The owners/operators varied quite a bit as to their age. The youngest interviewed was in their early thirty's and the oldest interviewed was just over the age of eighty. The age of the store also varied widely. The newest store was only two years and the oldest had been established in 1857. Closely associated with the age of the stores is the number of years being associated with the cooperative. The newest store started with the cooperative and constituted the newest association as well. The oldest store was older than the cooperative but became a member when the cooperative was early in its development. Many of the members cited that their association with the cooperative began in the late 1950s or in the 1960s. Overall, the length of tenure with the cooperative has to be classified as rather lengthy, however, two members had noted that they had not always been associated with the cooperative and another members indicated that they were going to leave the cooperative the following month after the interview and that the paperwork had already begun to leave.

The physical size of the stores varied quite a bit as the smallest store was very small at approximately 4,000 square feet and the largest could be considered as well over 50,000 square feet. Store volume as for sales, although not addressed directly, was assumed to follow closely to the physical size. Additionally, the majority of the interviewees indicated that they owned and operated only a single store, although a couple of those interviewed said they had as many as three stores.

The importance of the hardware business to their overall store did vary slightly. While the overwhelming majority of those interviewed could be classified as the classic hardware store, some of those interviewed were clearly not. One person's store was a grocery store and the hardware store, while still indicated separately, was only a section of the grocery store and constituted three major aisles of the store. However, in this instance the aisles did have its own checkout and signage was in line with the name of the cooperative.

Other stores positioned their hardware business on an equal level with other businesses that were attached in the same building. One store was half classical hardware and the other half of the store was a furniture showroom. Many of the hardware businesses felt compelled to dedicate a portion of their store's floor space to a 'substore' such as the store that had a section walled off by office cubicle walls for his wife to sell fabric.

Finally, the stores differed quite a bit in their geographical location. A few of the stores were urban, and most were classified as either suburban or rural stores. If anything, this sample is skewed towards the rural store, as they constituted the bulk of the interviews performed.

Some of the similarities and differences presented above will creep into the findings presented in the following section. Most of the differences above were not intentionally sought in order to uncover and drive the findings in the following section.

Major Findings

The original intent of the interviews was to specifically glean insights of the role of identification as it pertains to the buyer-seller relationship in a marketing channel. With this broad purpose it was decided that no specific generalizations were to be made prior to the conducting of the interviews and that the interviews were not to be conducted with a specific track of questioning in mind. However, for the purpose of the interviewing process and to help facilitate in uncovering insights, it was decided that questioning would center on asking the interviewees to relate their perceptions of the cooperative to themselves. Additionally, as identification is a social process, much of the interview pertained to both the communication processes involved and, more specifically, other individuals and roles these individuals play in the identification process. Again, many of these topics were beginning points in order to indirectly uncover and explore more interesting items.

This section of the qualitative portion of the chapter is divided into two parts, noted as the mechanisms and the utilization. The term of mechanisms is aimed to relate the more primary levels and processes associated with identification and illustrates what mechanisms are used in facilitating the storeowners identification. Under this mechanisms section a number of terms identified in the coding procedure are used to both describe and delineate some of the perceptions of the interviewees pertaining to their identification in the cooperative. Conversely, the utilization section uses many of the applicable codes to illustrate how identification in the cooperative is used in a much broader role and how the individual may use their identification in the cooperative to achieve another goal.

Mechanisms

In this section, the headings utilized are taken directly from the codes developed in analysis of the transcripts from the interviews. Under the broad mechanisms category, the common theme is the fact that identification with the supplier is the result of another impetus. Here, identification is the outcome of other processes and constitutes the majority of the findings. The first of the codes to be examined is that of history.

History. A common theme of the interviews performed was that of history. Many of the individuals would spend considerable time relating the history of not only the store, but many of the individuals in the store and how the store related to other entities. In relating the history of the store, many individuals portrayed both the development of the cooperative along with the development of their own store, integrating the oral histories together. Much of the history of the store was dependent upon the actions of the cooperative. This is most evident in the re-telling of the timelines where stories would move fluidly between the specific history of the store and the major events of the cooperative. Obviously, the level of detail between the stories also was an indicator of the strength of association between the store, the individual, and cooperative. However, this finding is not particularly surprising given the relative importance and the positioning of the major supplier towards a small business.

What is surprising given the oral histories of the individuals and their stores is the relative lack of effort and time made in determining that this particular cooperative was the correct one for them. While the intertwining of the histories help reinforce the identification with the cooperative, most of the interviewees took the association between the store and the cooperative as a given and decided to never question it again. For example, one individual after taking over a store said, "I started to investigate [other coops] and then decided not to investigate any further." When asked why the investigation stopped, the reply was "Oh, had other more important things to do." Another individual stated, "I have never looked at another cooperative mostly because it's simpler. I have talked to [other coops] and I am sure that they have some things to offer me. I don't know." Yet another expressed his feelings in terms of familiarity and stated that '[I haven't looked at other coops because] I guess familiarity is more important than anything. I became familiar enough with [coop]. To become familiar with the whole situation and once I was familiar, that's where I wanted to stay."

The utterances above also bring to light the potential that once one becomes identified, it is difficult for that individual to become unidentified. This is highlighted in the statement by one of the members in them saying, "...and we've been with them for so long. We are kind of entrenched." This maintenance of the status quo seems to be rather prevalent in those interviewed. In fact, in telling the histories of the store, many indicated that it wasn't them that made the decision to associate with the cooperative and that it became a significant part of their belief system through merely adopting the association. Mostly, this adoption of the association had been performed through the mechanism of another family member making the decision to associate with the cooperative and a later family member merely taking over the store and the operations.

Leadership. One of the primary reasons that an individual identified with the cooperative, and rather strongly at that, was due to their perceptions of the leadership of the cooperative. The role of leadership manifested itself in a number of ways. The first way was that many of the members recounted occurrences and situations where there personal interaction with the head of the cooperative played an important role. For instance, one member relayed how important it was to him to have even mundane interactions with the founder of the cooperative, which the coop was named, in saying, "We would always go up for a first nighters' meeting. Mr. [coop leader] would always stand out in the hallway and greet people. Friends they had known for all these years." Implicit in this statement is the fact that this individual considered himself *friends* with the leader of the coop, which was later determined to be tenuous at best. Another individual mentioned that on one occasion he met the cooperative leader and had a conversation about how the cooperative was formed. This story was a very important to this individual. Accordingly, in relating these stories, the individuals implied that meeting with the head of the cooperative was worthy of significant attention. These individuals have ascribed celebrity status upon the leader of the cooperative and encounters with this celebrity were deemed important. One interviewee helped clarify this elevation in status of the leadership by saying, "…I think it underscores the influence that [coop leader] had on the hardware industry around the world even and especially to a person like me who lives in a small town." Clearly these interactions with celebrity status individuals, however few and far between, helped those who were interviewed identify with the cooperative.

Another significant way these individuals described their interactions with the leadership was one where the leadership always acted as benefit providers. Often the storeowners would tell of how the cooperative helps support them in their endeavors. The actions of the cooperative would be attributed to the direct leadership skills of those at the helm. One member stated, "As an observation, every major advantage for the small hardware man has come about because of what [this coop] did. [The leader] was a guiding force and a very insightful and intelligent man, he made good decisions." Yet another member is quoted as saying "…individual dealers may not realize that…the benefits they receive are a direct result of [the coop and its leader]…" This theme of the cooperative providing a watchful, insightful, generous, guiding hand to them is common. It is to the extent that it can often be called paternalistic in nature. As such, those interviewed conveyed their role as following the leadership and guidance on many things ranging from store operations to competitive reactions.

This category of leadership, therefore, fosters and maintains identification in the two primary ways. First, the membership seems to truly appreciate the times and interactions with the leadership as they have ascribed near celebrity status upon these individuals. Second, the relationship with the leadership, whether warranted or not, seems to be one of relinquishing control to a figure which is seen as paternalistic and caring in nature.

Other Stores. Since identification is a social process it was expected that many of the storeowners would have a significant amount of interaction with other storeowners. However, this clearly was not the case. Most of the individuals contacted stated that there just wasn't enough time on their hands to try and run a store and keep up relations with other storeowners. On the rather rare occasions that storeowners did mention that they kept up with other storeowners, the relationship clearly served a role as emotional support. For instance, one member stated, "[We talk] about things that are frustrating and some personal issues, since they are in the same position and you really don't have anybody else to talk to. All of my friends are in different positions, so they can't understand." This quote is particularly revealing on a couple of levels. First, the primary topic of conversation centers on the problems being experienced. Note that solutions aren't part of the conversation, only the frustrations. Second, the quote specifically distinguishes between the other storeowners and friends, indicating that the other storeowners aren't friends and that they are linked only by the camaraderie of similar problems. In this way, the role that other stores provide the member is that it may be a useful support group network for venting and expressing problems.

Other members expressed similar relationships with yet other storeowners. One person interviewed said, "[I talk to other storeowners because] they are there and they have the same experiences, so if there is something bothering you, or if you have a problem with something, they understand. Its not that they can help you and all, its just comforting knowing there is somebody else." In another interview a storeowner said, "[I talk to the other stores] a little bit, about what is going on, what we have our gripes about."

Interestingly, then, problems that individuals experience may actually help induce identification by allowing a common basis for interaction with others who are in the same group yet provide no other form for creating identification. These interactions, like all interactions, will over time help create a history and relationship with the organization that is stronger, reinforcing identification.

Similar to the findings about how the storeowners related to other storeowners is the fact that very little interaction happens between those who were interviewed and anyone else from the cooperative at any level. The storeowners mentioned on numerous occasions the necessity to contact the cooperative and speak to someone. However, there was no consistency to whom they spoke or any level of relationship building. In fact, many cited their frustration with the little consistency in communication with any particular individual or the fact that the cooperative had a tendency to "treat like any one else in a crowd." The cooperative structure incorporates representatives who are supposed to visit the store and offer advice. These representatives were deemed as useless overall and did not represent any significant interaction with the cooperative for the storeowners.

Customers. One of the most prevalent themes of the conversations was the significant amount of the storeowners' time focusing and interacting with their customers. Interactions with the customers seemed to indicate some broad generalizations. First, nearly all of the interviewees stated that their relations with the customers were very close and that a significant part of their customer base was known on a first name basis. The interviewees also stated that these customers responded significantly to the advertising and signage that was associated with the cooperative. As such, theses storeowners really appreciated the association as it influenced their customer's perception of them and their store on a wider basis. It also provided the storeowners a readily recognizable name upon which many associations for their customers could be made. The storeowners became very attuned to the brand and how this brand is perceived, not by them, but by their customers.

While the brand and label of the store helped the customers recognize and understand the store on a level that they related back to the storeowner, many storeowners mentioned that the brand was completely irrelevant in the customers' perceptions. This was true so much so that customers would often, and this was mentioned on more than one occasion, make checks out when completing the transaction to the name of a competitor. Here the storeowners were disturbed by the fact that their representation of themselves was so unclear that the customers could easily mistake their identity. Many storeowners relayed how they have repeatedly attempted to reinforce this connection in the customer's minds to no avail. This relative lack of importance of the name and identity of the store in the customer's minds seemed to be hurtful of storeowners' feelings and they expressed dismay at their inability to signal their association.

Vendors. The importance of vendors who supply the cooperative with goods played a much more significant role in the identification of the storeowner with the cooperative. Twice a year a convention, or market, is held so the storeowners can meet with the vendors and the coop to see, understand, and order the goods they wish to carry for the following season or year. Most of the storeowners mentioned that they regularly attend the markets. While at these markets the most significant interactions came from the storeowners' conversations with the vendors. On many occasions the interviewees related how the vendors would compliment them on their choice of being associated with the coop. Also, the vendors would mention the significant size of the cooperative, the benefits that the cooperative had from buying in bulk, how important the cooperative was to the industry, and how important the cooperative was for their business. These conversations would reinforce the perception of the stability, status, and importance of the cooperative. While clearly these conversations were aimed at appeasing the storeowner and attempting to get them to buy or buy more from this common sales technique, the conversations were not perceived as being manipulative but as honest, sincere, third party observations.

The vendors act as facilitators of identification for the storeowners because of this perception of impartiality. Surprisingly, it seemed as though the storeowners had very little access to opinions and observations that did not come from within the cooperative in some way, shape, or form. Accordingly, the storeowners believed that the vendors were and are impartial since they not a formal part of the cooperative. This perspective of the vendors from outside the coop was then ascribed additional importance because of such distance. The storeowners consequently used the vendors' comments to reinforce their identification

Cooperative Size. One of the mechanisms, which helped the members maintain or justify their belongingness to the cooperative, was the fact that the size of the coop in relation to the immediate competitors was important. Occupying a position of large market share or relative size was expressed many times in quotes such as "But the short story really is that I found out [the cooperative] was number one, its hard to beat that" or "it was a no brainer for me to join [the cooperative] they are number one and every one else is way down in the pack." By being large in size and in an enviable market position, the storeowners perceived prestige and identified accordingly. This mechanism of identification is more closely aligned with the traditional view of identification in marketing channels.

Some lines of questioning presented to the interviewees produced rather inconsequential findings although it was predicted that they would provide a mechanism in identification. One of these nonfindings was the fact that the cooperative representatives who travel to the stores offering advice had very little importance for the storeowners. Given the amount of attention paid to the role of boundary spanners, this is quite surprising. Another surprise was the level of storeowners' participation in the cooperative. Many of the members stated that they did not perform any voting, serve on any boards, or even interact significantly with other members. The only significant act of participation in the cooperative was going to the conventions. However, even at the conventions most members stated that they did not interact greatly and only went to speak to the vendors and order goods.

While the generalizations of the mechanisms section are stated above, the utilizations section provides some examples below. The following section differs from this section primarily in how identification as a concept operates.

Utilization

This section of the qualitative analysis presents examples of how the concept of identification is utilized by those who participated in the interviews. Where the prior sections primarily dealt with how identification was prompted or facilitated by those who identify, this section pertains more to usefulness of identification and how the respondents may use identification in the aims of other goals. Here, two goals are mentioned, the storeowners' integration with the community and ability to help the community (community service) and the storeowners' perception and sincere want to be an independent businessperson.

Community Service. Overwhelmingly, those that participated in the interviews commented on their roles within the larger community. The storeowners were proud of their accomplishments in serving the community. Often the interviewees would cite how important it was that their efforts be supported because of the impact on the community. Yes, profits are important. Yes, survival is important. But equally important in the minds of many of those interviewed is the wider benefits the community receives. Importantly, it is precisely the storeowners association with the cooperative that is believed to be instrumental in serving the community.

Serving the community also manifested itself in a variety of ways. Broadly, many of the storeowners cited the financial impact of merely running their establishment. Here stating the number of employees employed, the tax dollars generated, or the presence in the location of the community, such as 'helping downtown' were cited. This belief of their service to the community merely through the operation of a store was the most widespread among those interviewed. However, this was not the only community service stated. Many members mentioned their sponsorships and longtime associations of many community groups, ranging from the sponsorship of local children's baseball, softball, soccer, and football leagues to the provision of maintenance materials for charitable organizations such as Habitat for Humanity. Finally, many members stated that their efforts benefited the wider community simply in the fact that the town needed a hardware store and, given the little benefits that they see in running a hardware store, that the storeowner is sacrificing quite a bit merely to support the 'needs' of the community from a consumer perspective.

What was clear from these discussions was the fact that community service is an important element of these individuals lives and that their association with the cooperative allowed them to maintain their store in order to pursue these goals for their towns, cities, and neighborhoods. While these individuals believed to be a part of the cooperative, much emphasis was placed on the fact that "because of the fact that I am a [part of the cooperative] I can give back to the community." Finally, this member's comments provide a great deal of information about the above, "I have a pretty big investment in the community. I try to be somewhat, not a great presence in the community, but the hardware store is the perfect small little business. It is a surprising thing that people really, it is a partnered community, they are very happy having me here. That is extremely rewarding. Believe me, that is a good thing."

Independent Businessperson. The second broad way that the storeowners utilized their association with the cooperative is that they truly perceived the cooperative as a tool for supporting their interests as an independent businessperson. This perception and desire for being an independent businessperson presented itself in a variety of forms.

Regardless of the physical size of the store, age of the store, or even the number of stores those who participated in the interviews owned, all of those spoken to indicated that they perceived themselves to be "small operations." While humility or some other factor may be the cause for the interviewees to use this terminology, it was perceived that they really believed their operations to be small in scale. It is true that many of those interviewed did indeed run small operations where only a few family members ran the business. However, the large stores with over twenty employees also considered themselves small. Additionally, it seemed that many of the storeowners had distaste for the large stores, although many couldn't articulate or provide an example of a large store that is a part of the cooperative. The problems with being a small, independent operation were also indicated with one member saying, "I see problems on the horizon…we definitely believe the day of the small hardware store is fast declining" where another mentioned, "The big thing is I'm real concerned about the future of the small store." The responses gathered indicated that the storeowners equated independence with small size, whether it was true or not. The sentiment surrounding the small store mentality reverberates in the comment, "Being in a small store like this? I love this. I mean, you know, I didn't want to start out in a huge, huge building…it didn't impress me because I have been around hardware all of my life." Another interviewee stated, "We're not a superstore or a big box or nothing like that. I don't want to be. I don't intend to be."

Another element adding to their perception of maintaining their status of an independent businessperson was the level of control that they wielded. Many expressed the fact that the particular cooperative that they were members allowed for the storeowners to control what they wanted. For example, the statement "[this cooperative] don't try to spoon feed ya or cram it down your throat as much. [Another cooperative] was trying to get to a point where they dictated more and more, you had to participate in specific things. Not everything fits every store." Others highlighted the ability to control not only aspects of their job, but the ability to control others. For example, one member provided a particularly telling comment in that he said, "I may be in the background sometimes, but this, this is my control tower up here" indicating a particular satisfaction being received from the ability to instruct and direct others what to do, another dimension to the idea of maintaining control.

The final element or aspect to the idea of being an independent businessperson is the fact that many of those interviewed enjoyed and highlighted the fact that they and their store was in some way different than all of the rest. Here, distinctions were made on many levels. The most obvious distinction was made between the storeowner's store and their competition. However, many mentioned how they differed from even other stores who participated in the cooperative. In fact, instead of attempting to develop continuity between stores that may help position the brand for the consumer one member stated "[We need to] get a name out there that people will recognize. I think more stores like us should promote the fact that we are all different."

However the idea of the idea of being an independent businessperson manifests itself, it was clear from the interviews that the storeowners derived a great deal of personal pride and satisfaction from being one. The cooperative, by maintaining a decent level of flexibility, allows these members to maintain and hold the strong ties to them being independent.

Summary of Qualitative Results

Conducting the interviews to provide additional depth and understanding to the concept of identification and the potential role it plays in a marketing channel as provided a couple of interesting insights. First, there is a distinction between how members identify with the cooperative and the many mechanisms and ways that are followed to identification. Additionally, some methods that were thought to be obvious ways to help the membership identify were clearly not the case. Second, members utilize their identification in order to help attain another goal, whereby the concept of identification is one of utility or functionalism for those who are identified. Here, the storeowners were interested in primarily maintaining their impact upon the community and their being an independent businessperson.

This section only represented a portion of the results presented. The summary presented below encompasses the entire chapter.

SUMMARY OF CHAPTER SIX

This chapter was divided into two primary portions. The first part of this chapter provided the results of the testing of the hypotheses presented in chapter four and was designated as quantitative research. In this section the characteristics of the respondents was presented along with the analysis of the hypotheses tests. The second major section of the chapter presented the findings from the interviews that were conducted to gain a better understanding of identification. This portion of the chapter was delineated as the qualitative research. The analysis of the qualitative data was presented and summarized.

CHAPTER SEVEN

DISCUSSION AND IMPLICATIONS

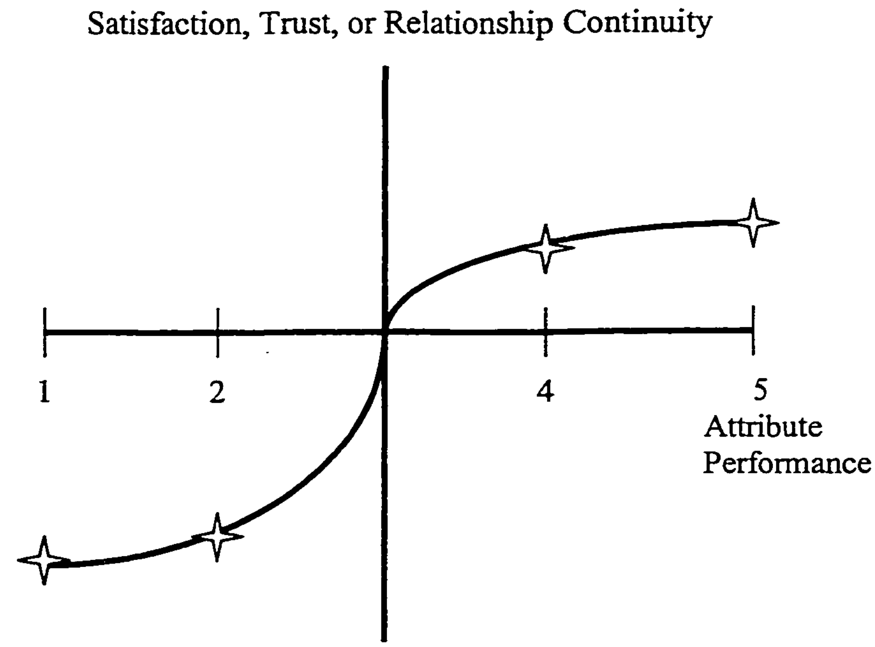
This chapter discusses the findings of the results presented in chapter six. Beginning with the quantitative results, the findings are aggregated to better understand the commonalities of the results. Implications are also presented. Following the quantitative discussion, a further examination of the qualitative findings is presented with implications of the findings. The remainder of the chapter relates both the qualitative and quantitative portions to the contributions of this research, the limitations of the research presented, and potential future directions of this research. Finally, the chapter is summarized and concluded.

DISCUSSION OF QUANTITATIVE RESULTS

This section of the chapter further discusses the results of the quantitative tests of the hypotheses presented in chapter six. To begin with, the data presented in chapter six is further analyzed at an aggregate level, in order to better assess the similarities and commonalities present in the data.

The data had been hypothesized to follow a curvilinear path as the independent variables influenced the dependent variables. However, while the tests of the data were intended to model such relationships, in all actuality the tests were performed at specific intervals. As such, through the 'mapping' procedure described in chapter six, a more true representation of the tests are presented by the stars in Figure 7.1, with the curved lines between these intervals being assumed (if the hypothesized relationship of the 'stars' held true). The true nature of the lines between these stars is unknown, however, to better represent the commonalities of the data, we shall discuss them utilizing the stars to represent the hypothesized patterns evident when combining the data.

Figure 7.1
Indication of Interval Tests When Mapping Attribute Performance on Dependent Variable



The discussion of the aggregate of the results is presented in two ways. First, the data is presented across similar hypotheses pertaining to the relationships between variables. The second way the data is presented is by combining the effects of the dependent variable. In combining the similar hypotheses, one sees that there are five hypotheses for each of the dependent variables. These five hypotheses match across the dependent variables. For example the H1, H4, and H7 all expect that the unmet expectations will have a greater influence on the dependent variable than exceeded expectations. These have been compared at the two levels; those answering 2 versus those answering 4; and those answering 1 versus those answering 5. A graphical depiction of the hypothesized plotting of the 2 versus 4 comparison is presented below Figure 7.2

Figure 7.2
Hypothesized Relationship of One Increment Difference on Dependent Variable

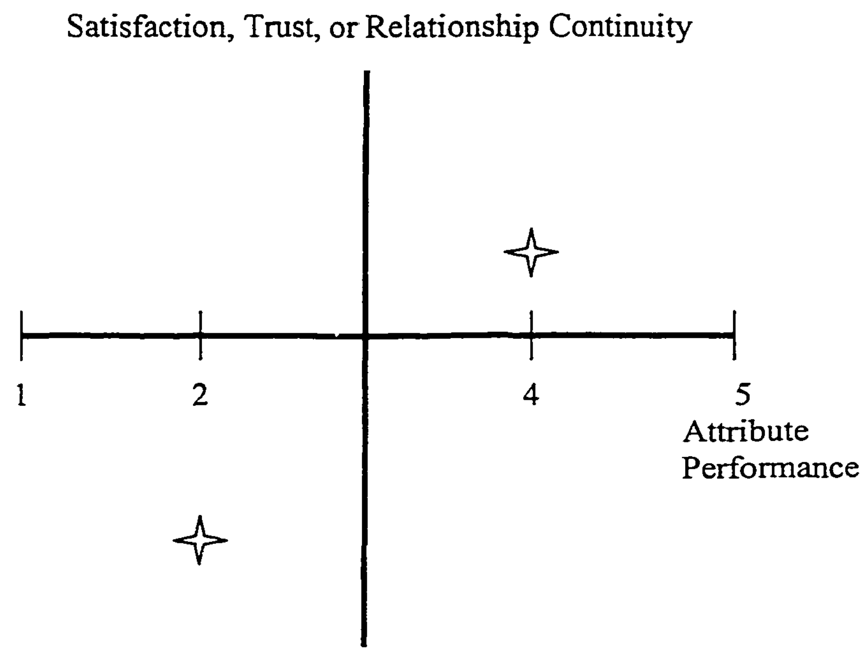


Table 7.1
Comparison of Single Increment Gain and Loss Across Dependent Variables

Hypothesis	Dependent Variable	Number of Attributes Significant	Percent Following Hypothesized Relationship
H1	Satisfaction	35	100%
H4	Trust	34	97%
H7	Relationship Continuity	29	83%

According to Table 7.1 one finds that the relationship between the performance attribute and the resulting influence upon the dependent variables are more significant for the unmet expectations than where expectations are exceeded across all dependent variables. Accordingly, to manage the resulting influence of potentially reducing or increasing the performance of an attribute against rather known expectations, it is more important for suppliers to recognize the tradeoffs presented which is clearly presented here as unmet expectations having more of an influence than exceeding expectations. This finding is further bolstered by the comparison of the two increment move from the origin as presented in Figure 7.3 by showing the hypothesized relationship and in the aggregated findings of Table 7.2.

Figure 7.3
Hypothesized Relationship of Two Increment Difference on Dependent Variable

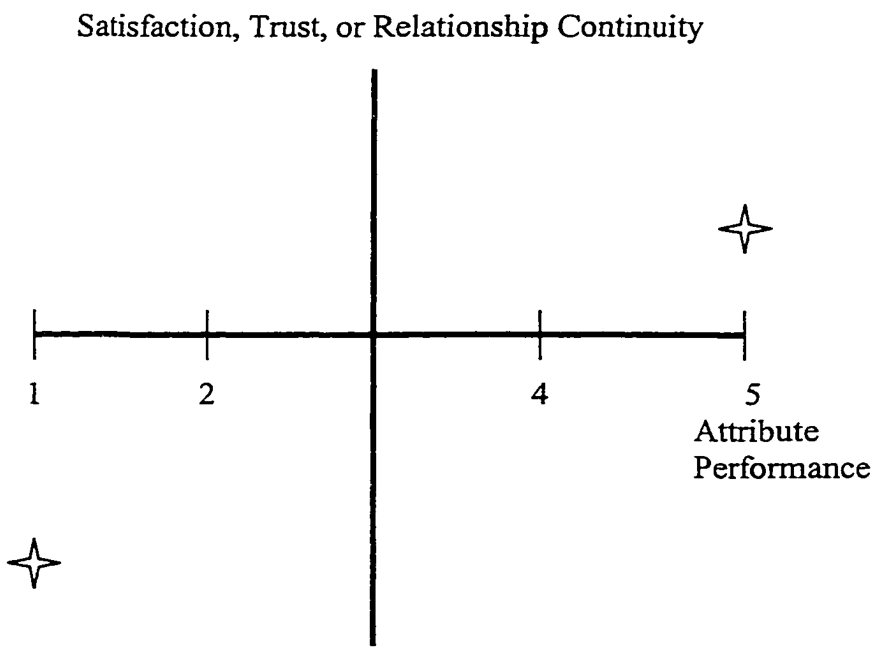


Table 7.2
Comparison of Two Increment Gain and Loss Across Dependent Variables

Hypothesis	Dependent Variable	Number of Attributes Significant	Percent Following Hypothesized Relationship
H1	Satisfaction	34	97%
H4	Trust	33	94%
H7	Relationship Continuity	30	86%

Again, Table 7.2 reinforces the findings of the single increment results in that a two increment loss against meeting expectations upon an attribute is deemed to have more influence upon the dependent variables than a corresponding gain. Additionally, the findings are quite similar and consistent between the two tables presented above, placing additional importance on avoiding the consequences of not meeting expectations. For suppliers, then, it is in their best interest to meet expectations and focus their resources upon such, rather than attempting to exceed expectations.

The next set of similar hypotheses that can be grouped across dependent variables pertain to the issue of diminishing returns when expectations on an attribute are exceeded and diminishing sensitivity when expectations on an attribute are on unmet. Accordingly, when expectations are exceed this compares those who answered 4 versus those who answered 5 and this is depicted by showing the hypothesized relationship in Figure 7.4. Table 7.3 combines the results of the diminishing indices for comparison.

Figure 7.4
Hypothesized Relationship of Exceeding Expectations on Dependent Variable

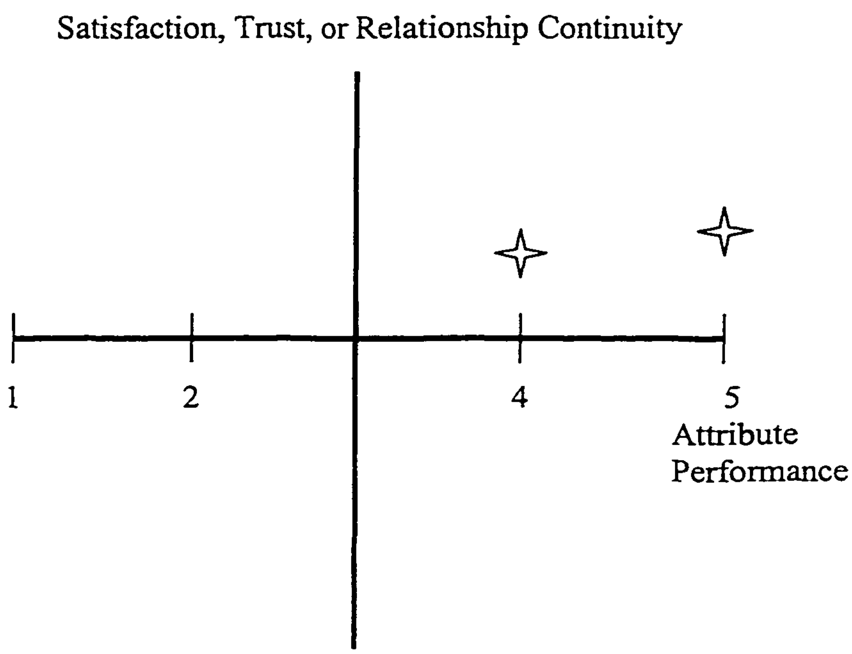


Table 7.3
Comparison of Single to Two Increment Gain Across Dependent Variables

Hypothesis	Dependent Variable	Number of Attributes with Index Diminishing	Percent Following Hypothesized Relationship	Number of Attributes with Index Increasing	Percent
H2	Satisfaction	18	51%	12	34%
H5	Trust	14	40%	14	40%
H8	Relationship Continuity	14	40%	11	31%

Table 7.3 shows that the diminishing index provides little indication of the difference between exceeding one's expectations by one increment and exceeding one's expectations by two increments. The data seems relatively split in terms of the level of influence when moving between these two interval values. Relating the statistical tests

indicate that for satisfaction only 9 of the differences was statistically insignificant. For trust and relationship continuity, the t tests indicated that twenty-five of the differences were nonsignificant. For suppliers, then, if increasing satisfaction is desirable, then exceeding expectations beyond just a marginal amount may prove fruitful. However, exceeding expectations by more than a marginal amount may not be cost beneficial in attempting to build trust and future continuity to the relationship as exceeding expectations in performance only slightly may provide much of the gains concerning these variables.

However, when expectations are not met there is much more of a consensus as the influence upon the dependent variables. Figure 7.5 depicts the expected relationship of the intervals of the data, namely that diminishing sensitivity would be displayed. Additionally, Table 7.4 provides a glimpse of the comparisons across dependent variables.

Figure 7.5
Hypothesized Relationship of Unmet Expectations on Dependent Variable

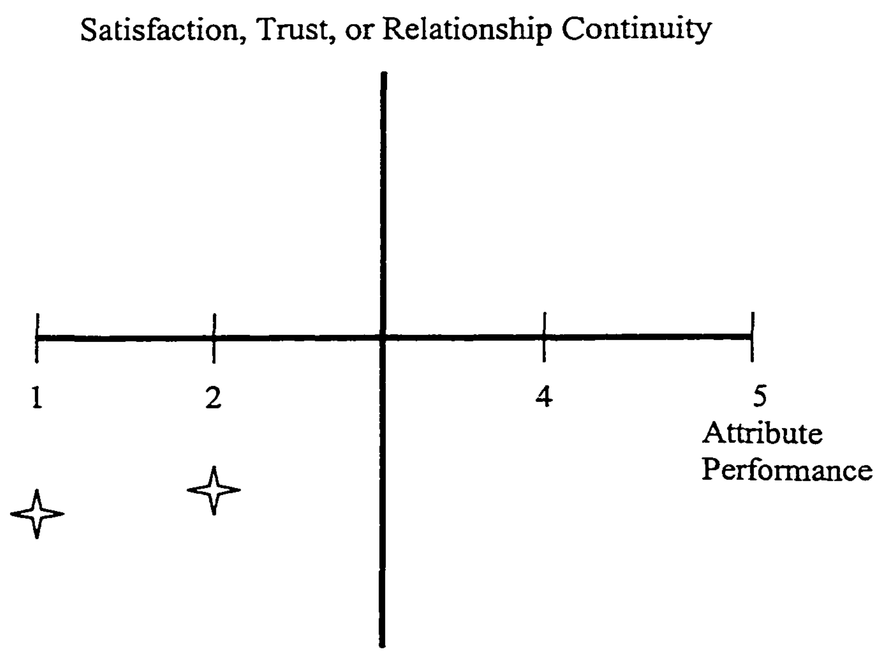


Table 7.4
Comparison of Single to Two Increment Loss Across Dependent Variables

Hypothesis	Dependent Variable	Number of Attributes with Index Diminishing	Percent Following Hypothesized Relationship	Number of Attributes with Index Increasing	Percent
H3	Satisfaction	2	6%	32	91%
H6	Trust	3	9%	32	91%
H9	Relationship Continuity	1	3%	33	94%

While the results when comparing exceeded expectations may be somewhat unclear, the results presented in Table 7.4 are much more clear. Overwhelmingly the results indicate that, in the negative domain of unmet expectations, the influence of performance is increasingly detrimental. Therefore, suppliers must be aware of the potential for poor performance to have a great influence upon these relational variables. Additionally, suppliers should be concerned with performance that does not meet expectations of their customers and ensure that this performance does not decline further, as the influence will only heighten and additional damage to the relationship will be incurred. Further, it may be in the best interest of the supplier to make a short run decision to not meet expectations on two attributes only marginally, rather than meeting the expectations on one attribute and letting another attribute go to the extreme as this strategy may minimize the influence upon the relationship.

The next set of hypotheses deals with the comparison of the identified group of respondents to the nonidentified group of respondents at both the single and two increment levels when expectations are exceeded. First, the single increment level is hypothesized to have the relationship depicted in Figure 7.6. The aggregated results of this comparison between the two groups across dependent variables are presented in Table 7.5.

Figure 7.6
Hypothesized Relationship of Identified to Nonidentified of Single Increment Gain on Dependent Variable

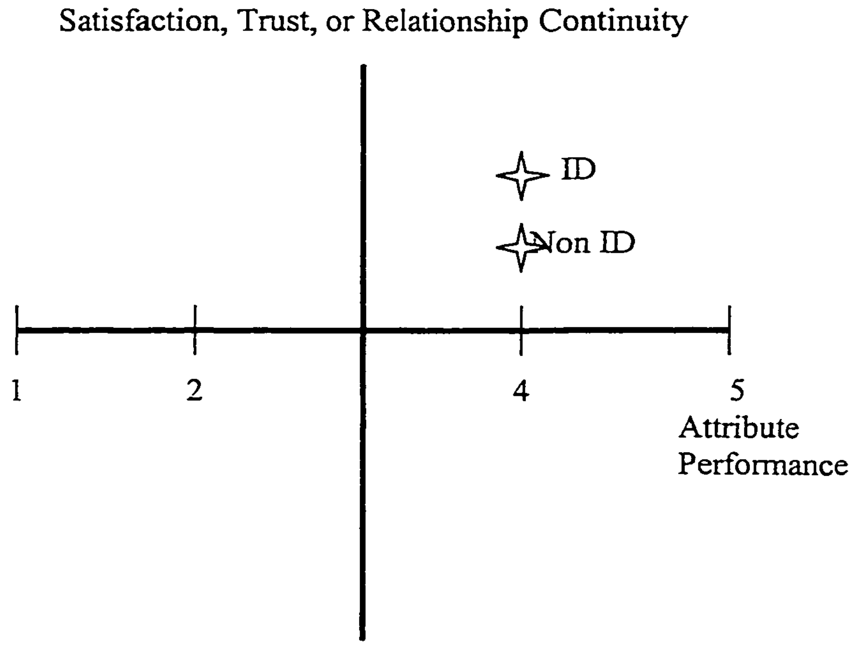


Table 7.5
Comparison of Identified to Nonidentified of Single Increment Gain Across Dependent Variables

Hypothesis	Dependent Variable	Number of Differences Significant	Percent Following Hypothesized Relationship
H10	Satisfaction	35	100%
H12	Trust	35	100%
H14	Relationship Continuity	28	80%

The results across dependent variables indicated in Table 7.5 show that those who are organizationally identified experience higher levels of the relational dependent variables of interest than those who are not organizationally identified with their supplier.

As such, this indicates that suppliers may wish to invest in attempting to help their customers identify with them, as the relationship will become stronger and the customers will eventually experience higher satisfaction when their expectations are exceeded.

These results are mirrored in the two increment findings as well. The hypothesized relationship between those who are organizationally identified and the nonidentified is depicted in Figure 7.7. Table 7.6 presents the results of the statistical tests across the dependent variables. From viewing Table 7.6 one can see that for both satisfaction and trust the results are mixed. Roughly half of the performance attributes, when greatly exceeded, show a significant difference for those who identify versus those who do not identify. The other half of the time these differences are nonsignificant. For relationship continuity, the differences are never significant between the organizationally identified and the nonidentified when expectations are exceeded greatly.

Figure 7.7
Hypothesized Relationship of Identified to Nonidentified of Two Increment Gain on Dependent Variable

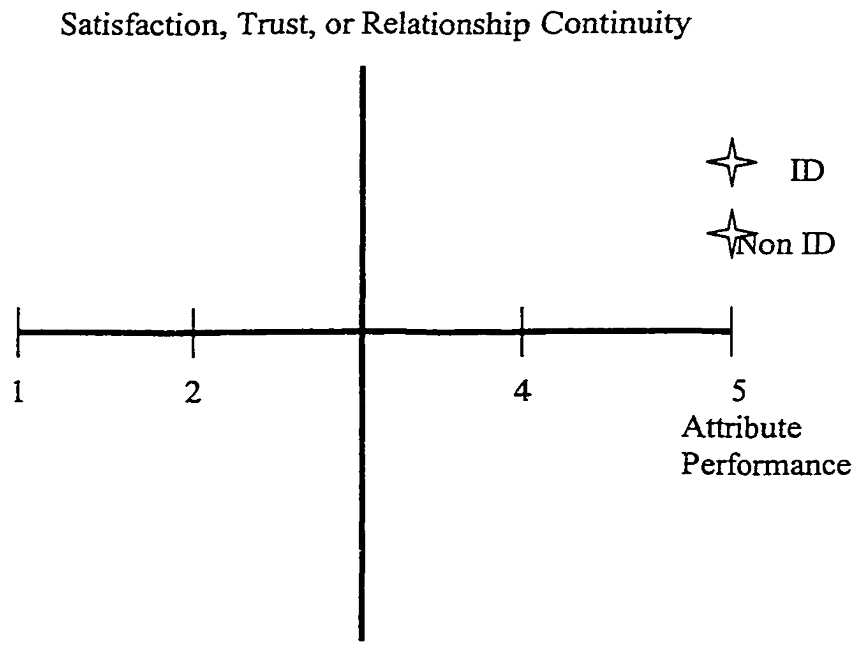


Table 7.6
Comparison of Identified to Nonidentified of Two Increment Gain Across Dependent Variables

Hypothesis	Dependent Variable	Number of Differences Significant	Percent Following Hypothesized Relationship
H10	Satisfaction	16	46%
H12	Trust	18	51%
H14	Relationship Continuity	0	0%

The implications from the above are interesting. First, when expectations are exceeded marginally, the influence upon the relational variables is consistently positive for both the organizationally identified and the nonidentified but the identified seem to experience a significant boost to the relationship that the nonidentified do not. When expectations are exceeded even further, there seems to be evidence that the identified still experience some gains in the relationship that the identified do not but these differences are becoming less common, and in the case of relationship continuity, not at all. It is still in the best interest of the suppliers to encourage identification as those who identify experience gains in the relational variables investigated here that are greater than those who do not identify, especially at the intermediate level of exceeding expectations. At the extreme of exceeding expectations, these benefits on the relational variables for those who are identified are not as great. This may be because of a specific reason. Expectations may have been exceeded so greatly that there were simply no greater gains in the relational variables to be had. This is analogous to both the identified and the nonidentified as experiencing euphoria at their expectations being exceeded. When attempting to distinguish between the levels of euphoria, one may be splitting hairs. This reason is plausible since there is some evidence of increasing returns when expectations are exceeded.

The final aggregation of the hypotheses across dependent variables can occur when comparing the identified to the nonidentified when expectations are not met on performance attributes. As in above, this analysis was performed at the single level of expectations not being met as depicted in Figure 7.8 for the single increment hypothesized relationship and Figure 7.9 for the two increment hypothesized relationship.

Figure 7.8
Hypothesized Relationship of Identified to Nonidentified of Single Increment Loss on Dependent Variable

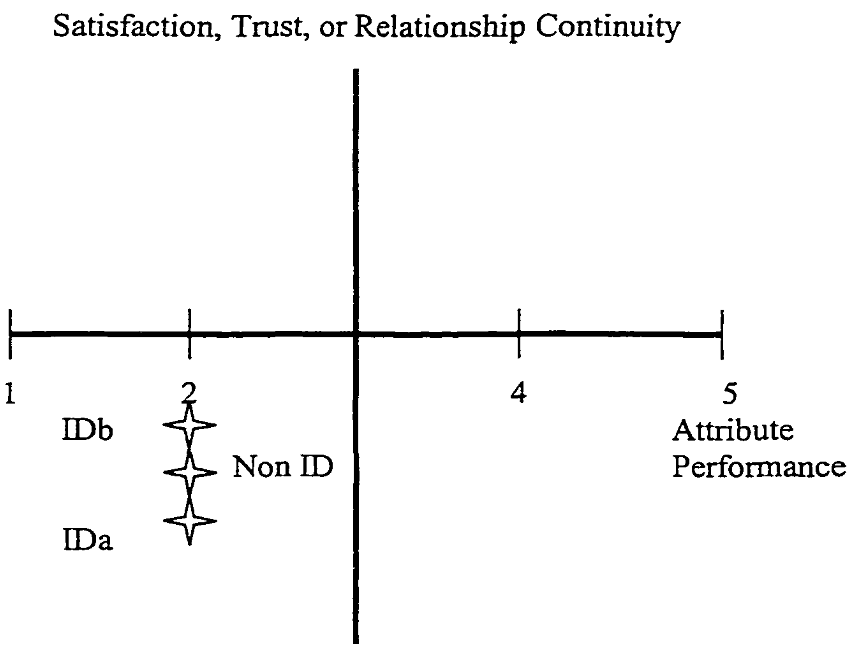


Figure 7.9
Hypothesized Relationship of Identified to Nonidentified of Two Increment Loss on Dependent Variable
Satisfaction, Trust, or Relationship Continuity

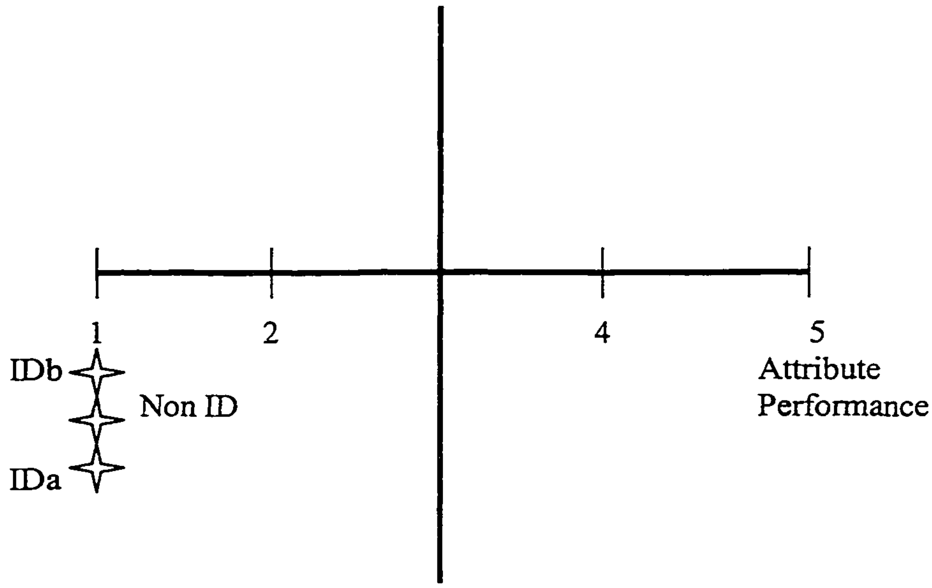


Table 7.7
Comparison of Identified to Nonidentified of Single Increment Loss Across Dependent Variables

Hypothesis	Dependent Variable	Number of Differences Significant	Percent Following Hypothesized Relationship
H11a	Satisfaction	0	0%
H11b	Satisfaction	35	100%
H13a	Trust	0	0%
H13b	Trust	34	97%
H15a	Relationship Continuity	0	0%
H15b	Relationship Continuity	35	100%

Table 7.7 provides an aggregated form of the variables for a movement of one increment from the origin. In viewing the table one can see that overwhelmingly the

identified indicated that they still retained much of the levels of satisfaction, trust, and relationship continuity when compared to the nonidentified. Although the loss still looms larger than the gains, suppliers should be urged to encourage customers to identify, as the relationship may maintain better stability when the supplier is unable to meet the expectations of the customer for a short period. Additionally, the customer will be better satisfied despite relatively poor performance. These findings are supported again in Table 7.8 for the two increment level of unmet expectations.

Table 7.8
Comparison of Identified to Nonidentified of Two Increment Loss Across Dependent Variables

Hypothesis	Dependent Variable	Number of Differences Significant	Percent Following Hypothesized Relationship
H11a	Satisfaction	0	0%
H11b	Satisfaction	33	94%
H13a	Trust	0	0%
H13b	Trust	33	94%
H15a	Relationship Continuity	0	0%
H15b	Relationship Continuity	34	97%

Again, as shown in Table 7.8, the identified indicate higher levels of the relational variables despite recording similar levels of unmet expectations. While not meeting expectations to this extreme is severely detrimental since there are increasingly larger influences on the relational variables at this level as compared to the single level, having the customer identify with the supplier can reduce some of this loss on the relational variables.

One of the more important implications of this study is the fact that, given the results presented from the quantitative analysis, is that identification between suppliers and buyers may be an important to monitor as the influence upon the relational variables presented here may be great. Additionally, this view supposes that identification may be a concept that can be managed as well. If suppliers could manage identification by allocating resources that may foster or inhibit such identification.

Another implication of the analysis presented above is that tradeoffs in performance can be managed if one has an understanding of the current level of perceived performance by the person or individual assessing the performance. First, the findings clearly indicate that the hypothesized curve established in prospect theory (Kahneman and Tversky 1979) is not completely applicable. The primary demarcation comes in when expectations are unmet and that there is a severe decline in the dependent variables between a single level of not meeting expectations and the additional level of far below meeting someone's expectations. This indicates that it is probably better to not meet expectations on two or more attributes barely than allowing a single attribute's performance to slide considerably. Where the findings did concur with the hypothesized curve was the fact that losses did influence the dependent variables considerably more than gains in perceived performance. However, as in the hypothesized curve, the gains in performance relative to expectations have diminishing returns, in general, on the dependent relational variables of satisfaction, trust, and relationship continuity. This could become problematic, as suppliers could be tempted to minimize the damage of any single attribute by merely meeting expectations but not be coerced to excel, or differentiate, on any attribute, as the returns aren't equal. By following the findings presented here without tempering with more strategic issues, companies could be trapped into micromanaging the performance attributes of their offerings into mediocrity.

Finally, it is important to recognize that the findings presented here are highly dependent upon how the respondents framed the assessment of the performance. As mentioned in chapter two, the theoretical curve is dependent upon how one views the question at hand, as a gain or as a loss. Kahneman and Tversky (1979) have highlighted the fact that resultant behavior is dependent upon if one perceives them as better or worse than a particular reference point, or target. This finding has been extended to the organizational literature in strategic reference point theory and benchmarking analyses (Bamberger and Fiegenbaum 1996; Fiegenbaum, Hart and Schendel 1996). Accordingly, special care should be taken by suppliers to carefully construct measurements in order to provide for the varying effects of potential misinterpretations or leading of points of reference for gauging performance.

DISCUSSION OF QUALITATIVE RESULTS

There were two major findings from the qualitative portion of this study. First, as classified by the title of mechanisms, there are a variety of ways or paths that lead to organizational identification for a buyer with a supplier. Since the findings gleaned from the analysis presented in this study is only generalizable to those who were interviewed, sweeping implications are limited. However, the research does present the finding that there are multiple methods of identification and multiple actors in the process of identification. As such suppliers should make attempts to determine the ways in which they can facilitate identification. Additionally, those methods of facilitating identification and those actors who help facilitate the process should be scrutinized to determine if there are potential effects between the different mechanisms.

The second major finding from the qualitative research indicates that some members use identification and the perceived associations to help attain other goals.

Interestingly, these members see their identification as a resource to be utilized in other social settings, taking a pragmatic and rather functional approach to their creation of belongingness. Managerially, suppliers may wish to investigate common themes across whom they service and highlight the facilitative role that they can play for these individuals in helping create holistic conceptualizations beyond just establishing a business relationship.

Ultimately, the aim of many suppliers to enhance identification by their buyers is a process that can provide benefits on two fronts. First, identification by a buyer on a supplier provides the buyer with increased levels of the relational dependent variables investigated here, most notably satisfaction, versus those who receive the same level of service but do not identify. Through identification buyers can experience greater outcomes. Second, the supplier can be of benefit by providing these additional levels of satisfaction, for example, without having to actually provide much more service.

Closely related to this implication is the stream of research around self-categorization theory is one implication that could be very important. By inducing identification between buyers and sellers, consistency of action between those who perceive themselves to be group members can be achieved. Self-categorization theory (Turner 1985) was originally developed as a conceptual addition to social identity theory and indicates many of the phenomena about how an individual categorizes social identities and the resultant outcome of group behavior. For example, categorizing one into a group of people can produce decisions by that individual which would have been different if they classified themselves differently. The process of including the self into a group one compares the relative amount of similarity between themselves and a hypothetical prototype of the group and this process is known as depersonalization. This process of depersonalization and the transformation of assimilating the self into a fair representation of the prototype bring individual self-perception and behavior closer to the perceived prototype's behavior. As a result, this process produces normative behavior, positive ingroup attitudes, cohesion, collective behavior, shared norms, and mutual influence (Hogg and Terry 2000). Accordingly, the self-categorizing process could become an important stage in developing identification and creating a consistent group behavior across organizational lines.

Identification with organizations, while enduring, has also been shown to be at least somewhat malleable (Gioia and Thomas, 1996). Provided that competition is not only between firms, but between supply chains as well, identification could provide unique access to quickly provide shifts in strategy across firms while maintaining and updating the foundations of the development of the relationship. However, too quickly adapting strategy and identification could potentially lead to alienation.

Finally, identification can be used as a tool for motivation. Identification can provide members with a sense of meaning, purpose, and excitement not available to those who do not possess identification. Because identification is a "socially complex phenomena, developed over time, and held in manager's cognitive beliefs and understandings, they are likely to be both unique and difficult for other organizations to imitate, and therefore potential sources of sustained competitive advantage" (Stimpert, Gustafson, and Sarason 1998).

While the implications from the qualitative portion are limited, it is believed that it does not detract from the overall contribution of the research presented here. The following section provides a review of the major contributions of this research.

CONTRIBUTIONS OF THE RESEARCH

The primary contributions of this research are twofold. First, this research better established the true nature of the curvilinear relationship between performance evaluation and the relational variables of interest. Second, this research gained a better understanding of how the concept of identification plays a role in marketing channels. Each of these contributions is delineated below.

Overwhelmingly the nature of the research concerning buyers and sellers has been linear in nature. This study attempted to better understand the potentially curvilinear relationship between performance evaluation and dependent variables of satisfaction, trust, the belief of one continuing the relationship. The exact nature of the curvilinear relationship was modeled after the prospect theory curve as developed by Kahneman and Tversky (1979) and utilized expectations at the attribute level as the key determinant of evaluating performance. The results indicate that the relationship is indeed curved in nature against the three dependent variables but does not follow the hypothesized curve, particularly in the negative domain.

The second major contribution of this research is that it is the first study, to the best of the authors knowledge, that applies the concept of identification in a marketing channels context and may be the first to apply the concept of identification in a setting that begins to bridge the gap between organizations. Here, key operators of an organization were both surveyed and interviewed to better assess identification. The findings from the survey do indeed uncover the fact that identification between a retail storeowner occurs with their primary supplier of a cooperative. While it can be argued that the storeowner does not represent the entire organization, the fact that identification does occur in this setting is of importance and within an individual who plays such an integral role. Additionally, it was found that identification plays a key role in influencing the relationship between the evaluation of performance and key relational outcome variables. Interviews investigating identification provided insights that identification can also be developed in a number of differing ways. Also, the interviews provided evidence that identification might be utilized by those who identify to achieve some other goal.

Ashforth and Mael (1996) have written that identification, as a concept, is one of the few that has been researched at the level of the individual, group, and organizational level. Conceptually, as it has been applied in this study's context, identification can also be seen as a construct that, in many ways, is important and influences the interactions between organizations as well. As supply chains continue to compete against other supply chains, it is expected that the importance of concepts that create bridges between organizations, such as identification, will only increase.

While these contributions are regarded as substantial, this research encounters a number of limitations. Some of these limitations are presented in the following section.

LIMITATIONS

One of the interesting findings of this study is the comparison of either the diminishing or sensitivity index to the statistical test of significance. As the indices are relative to the magnitude of the difference presented by the first incremental gain or loss, the second incremental gain or loss is evaluated on a proportional scale. Interestingly, then, those findings which display a proportional diminishing return in the positive domain may still be statistically significant, indicating that it is in the best interest of product and service providers to exceed expectations but not to expect that by exceeding by another level will produce a similar and equal influence on the dependent variable. Additionally, this problem confuses the interpretation of what is exactly meant by diminishing returns. Experiments can and should be designed to better assess the differential effects of increasing (or decreasing) in incremental levels so that better prescriptions for managers can be made.

Generalizability of the results is seen as a potential limitation in a couple of ways. First, the sample selected for testing of the results in the quantitative portion sampled only those engaged in a retailer-sponsored cooperative. While this provided the study with a domain for tapping the key construct of identification, the results presented may not be applicable to those retailers in other channel relationship types such as complete independents and those such as wholesaler-sponsored voluntary groups. Second, within the domain of cooperatives as a relationship type, only one company and one industry type was sampled. Specific company or industry level variables that were beyond the scope of this study may question the current results. However, given the large sample generated here and the rather large variation in the results of some of the demographic variables collected, it was the aim to minimize these limitations.

Generalizability is also a concern for the qualitative portion of the study. The interpretations and understandings gleaned from the interviews can only be applied to those that were interviewed. Specifically, a case can be made that the findings cannot even be applicable to the sample of respondents from which the respondents were taken. However, while this may be the case, the findings do provide insights to at least some people's feelings and attitudes. Therefore, these findings may be indicative of the attitudes of others as well and should be investigated on a broader scale and in a broader context. This point may be most pertinent in the fact that only white males were interviewed. It would be of interest to interview females and those of other races who hold the same position within the relationship between buyers and sellers and attempt to discern if their attitudes toward identification differs or is similar.

One of the limitations concerning the qualitative portion of the study is the interpretation of the data. Ideally, interpretation is to be kept to a minimum and if interpretation is to be a major factor in the analysis, attempts should be made at making the interpretations consistent across researchers through such techniques as blind coding and discussing the differences in coding or efforts aimed at validating the results through triangulation. While this was not performed in this study, future attempts to reduce the bias presented by a single interpretation should be addressed.

FUTURE RESEARCH DIRECTIONS

This study helps in the establishment of the concept of organizational identification as important in the context of marketing channels. However, while this research uncovered and contributed in a number of ways, there are many potential other avenues of research available. Here, a few of these ideas are discussed.

First, and perhaps most importantly, this study applied the concept of identification to marketing channels. While the organizational level was tapped somewhat by surveying and interviewing the key informant, this study does not assume that identification is working at an interorganizational level. Future studies should attempt to determine if in fact organizations do indeed identify with other organizations.

Additionally, the qualitative analysis of the interviews uncovered some interesting facets that could be studied. First, it was found that there are differing mechanisms or processes that allow one to identify. While certainly not an exhaustive list of ways to identify, future research may wish to determine and classify the differing mechanisms even further. Also, the currently identified mechanisms should be analyzed to determine if there are differential effects. For example, if one identifies with the organization because of historical reasons is the resultant level of identification higher or lower than if one identified because of interactions with their vendors?

Future research should also investigate the aspects individuals use for comparison of the organization with which they identify and other organizations. As mentioned in chapter two, identification can be seen as a double-edged sword where individuals simultaneously compare similar organizations on some aspects and then distinguish between these organizations on other aspects. Since it has been shown here that identification can play an important role in business relationships, it is beneficial to organizations to develop identification with whom they deal. Knowing the aspects individuals use for both comparison and delineation of organizations could focus those efforts aimed towards increasing identification in others.

If one takes the perspective that identification is a concept that can be influenced and potentially managed, then the amount of resources dedicated towards the building of identification must be justified. As such, future research may wish to investigate the level of economic return a firm may expect to receive in return for the focus of fostering identification. As shown in this study, those who identify tend to indicate that they will continue with the relationship more so than those who do not identify. Does this also mean that the identified tend not to compare other alternatives? If so, can a firm leverage the identification to their advantage? Another example is that since those who identify tend to be more satisfied with the product and service offerings of their supplier it may be in the best interest to build identification rather than providing better services or products to such individuals. Or, in perhaps an extreme example, take resources away from products and services and dedicate them towards building identification in those who do not identify and perhaps build satisfaction in the process. Future research should investigate if such tradeoffs are even possible.

Some future research may include investigating methods to determine if some individuals are more likely than others to identify. This is analogous to the concept of trust. We all know individuals who are very trusting and others who rarely trust another. It may be more beneficial to target those individuals who are likely to identify and build identification, hence saving precious resources by not targeting those who may never identify.

The relative tenacity or endurance of identification may also be a source for future investigation. In the review of the concept of identification presented early in this study, it was highlighted that the concept of organizational identification is rather malleable. As such, once identification is achieved, is this closer to a 'trait' or a 'state' of being? If identification, once achieved, is closer to a trait resources aimed at building identification can be reallocated in other areas with only a minimum of maintenance required. However, if identification is closer to a state of being then more maintenance is required.

This study purposely looked at identification only in how it influences key relational variables between organizations. Investigations should be conducted which highlight how organizational identification impacts not only the relationship between firms, but within the firms as well. For example, does identifying with a supplier impact the buying firms' corporate culture? Are there benefits produced within the firm from identifying with another firm?

This study only used the relational variables of satisfaction, trust, and relational continuance. Future research should build a better understanding of how identification interacts and influences with a wide range of other factors; most important may be the concepts of commitment and cooperation. For example, does being identified produce greater amounts of commitment and cooperation? If so, then identification may be an important element in building loose alignments in marketing channels.

The setting of this study was also very limited. Future research should investigate identification in a variety of settings. First, the direction of identification may play an important role. Here the setting analyzed a retailer identifying with their supplier. Would reversing this direction make a difference? Additionally, what is the potential implication of lateral relationships and what influence would identification have upon such a business relationship?

One of the major contributions of this study was to apply the tenets of prospect theory to delineate the potential curvilinear relationship between the variables of interest. As clearly shown, within the positive domain the tenets generally hold true. However, in the negative domain it was found that the relationship is probably curvilinear but, instead of diminishing sensitivity, increasing sensitivity was found. These findings should be replicated to ensure accuracy. If increasing sensitivity does reflect the true nature of the relationship between variables, future research may wish to utilize a better measurement for performance evaluation as the Likert type scale used here may not be adequate in delineating between those affective reactions at the extreme end of expectations not being met. Also, application of the prospect theory curve to other relational variables may be warranted.

Interestingly, this study also only dealt with potential benefits from being identified. Future research may wish to investigate whether or not there are potential negative effects from identifying. For example, can one over-identify? Additionally, and conversely, what benefits are there to an organization if others do not identify? Should a firm actively pursue a strategy to attempt to get others to dis-identify with them? These and other fundamental questions should be explored.

Finally, more comprehensive modeling of identification should occur in relation to both strategic and relational outcomes. The modeling theory developed, technique, and analysis presented in this study was very limited. Future studies should examine how identification theoretically interacts with variables beyond the scope of this study. This is especially true given the ever-expanding field of relationship marketing.

SUMMARY OF CHAPTER SEVEN

This chapter began with the discussion of the quantitative results presented in chapter six. The findings and results of chapter six were aggregated in a manner to better see common threads amongst the similar hypotheses. A discussion of the qualitative findings was also presented. Following the discussion of the qualitative findings the discussion centered on the contributions of the research, the limitations of the research presented, and some potential future avenues of research.

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APPENDIX

INFORMED CONSENT FORM For Participation in [Cooperative] Member Interviews Conducted under the auspices of the University of Oklahoma-Norman Campus.

This form is to indicate that the individual who signs below agrees to voluntarily participate in an interview investigating retailer-supplier relations of the [Cooperative] Corporation. The one hour interview will be conducted by Matthew O'Brien, the principal investigator, of the University of Oklahoma.

The following interview will last approximately one hour and will include questions pertaining to your relationship with the [Cooperative] Corporation. The purpose of the interview is to gain a better understanding of your evaluation of the services [Cooperative] provides you. It is our hope that your participation, and the participation of others, will provide insights that will allow suppliers to better provide services to retailers.

Conditions of Participation

As a participant in the interview, you have rights. These rights enable you to remain assured that your participation will not be harmful in any way. These rights include:

- Your participation is voluntary and that refusal to participate will involve no penalty.
- You may discontinue participation at any time without penalty.
- You may refuse to answer any question, for any reason.
- Your responses will remain confidential.
- The recordings of the interview will be available only to the principal investigators.
- If you have any questions regarding your rights, feel free to call the Office of Research Administration at the University of Oklahoma at (405) 325-4757.

Additionally, if you have any questions regarding the research project, feel free to call Mr. Matthew O'Brien at (405) 325-XXXX or Dr. Robert F. Lusch at (405) 325-XXXX.

I understand my rights stated above and agree to participate in the interview.

____

Printed Name

______________________________ ______________________________

Signature Date