A STUDY OF RELATIONSHIP REPAIR IN A

BUSINESS-TO-BUSINESS CONTEXT

by

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A DISSERTATION

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ABSTRACT

This research concerns rebuilding/repairing those buyer-seller relationships that were once strong, but have been damaged. A framework of relationship repair is proposed and empirically tested using fairness theory as foundation. Qualitative research and the literature were used to identify the most common causes of relationship damage. The most common relationship repairing/rebuilding efforts of suppliers are also identified. Specifically, the impact of three causes of relationship damage – seller firm's opportunistic behavior, service failures, and availability of better alternative suppliers – were explored. Additionally, the impact of five repair efforts – providing compensation, making relationship specific investments, showing accountability, giving assurance, and making organizational changes – on justice perceptions and subsequently on change in relationship quality was examined. A fractional factorial, mixed-design experiment was conducted to test the main effects and the second order interaction effects of the repair efforts. Scenarios were used to operationalize the causes of relationship damage as well as the repair efforts. The results show that supplier's opportunistic behaviors have the most damaging effect on relationship quality, followed by service failures and availability of better alternatives, in that order. Moreover, as proposed, the repair efforts have differential positive effects on distributive and procedural justice perceptions, which in turn are positively related to the change in relationship quality. Overall, the proposed model is well supported by the data. The study contributes to research in the domains of fairness theory, service failure and recovery,

trust repair, and business-to-business relationship marketing. Theoretical and managerial

implications, limitations, and directions for future research are discussed.

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CHAPTER 1

INTRODUCTION

Purpose of the Dissertation

This research study focuses on reviving/repairing those buyer-seller relationships that were once strong but have weakened due to some reason. Businesses enter into long-term relationships with customers seeking several desirable outcomes such as reduced costs, greater profitability, and lowered expenses (Kalwani and Narayandas 1995; Noordewier, John, and Nevin 1990). In the consumer markets too, especially in complex services, it is believed that having a long term relationship with a service provider can reduce consumer stress as the relationship becomes predictable, initial problems are solved, special needs are accommodated, and the consumer learns what to expect (Bitner 1995). These proclaimed benefits, both for buyer and seller, have led researchers to examine the effectiveness of firm efforts in *maintaining* the quality of their customer relationships (DeWulf, Schroder, and Iacobucci 2001).

Researchers have tried to understand the dynamics of development and maintenance of inter-firm relationships over time (Narayandas and Rangan 2004). They found that relationship development is not smooth through various stages and that internal and external changes can derail even a well-set relationship. Additionally, even an established relationship might sometimes suffer from 'relationship stress' (Holmlund-Rytkonen and Strandvik 2005). Even the well accepted process models of relationship marketing proposed in the literature (Dwyer, Schurr, and Oh 1987; Ford 1980) have established that relationships go through various stages

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and should be managed accordingly. This gives credence to the advice that just like physical assets, relationships will deteriorate unless attended to (Levinger and Snoek 1972). In other words, customer relationships need attention and ongoing maintenance so that marketers can maintain long term relationships with valued customers and benefit from them. While research in relationship marketing has stressed the importance of quality of relationships characterized by trust and commitment, and scholars have examined efforts made towards developing and keeping relationship quality high (Palmatier 2006; Ahearne, Jelinek, and Jones 2007), little attention has been paid to examining relationships that used to be strong previously but have declined in relationship quality due to some reason. While extant literature clearly points towards possibilities of established and strong relationships going sour or becoming weak, it does not inform us about whether and how such relationships can be revived. We know very little about the reasons why strong relationships sometimes get damaged, what are the firms' reactions, what efforts, if any, firms make to revive such relationships and once again make them strong, and what kind of efforts work best and under what conditions. Thus, the objective of this study is to examine 'relationship repair,' which is defined as the efforts made by a partner firm, in a weakened relationship that previously used to be strong, towards enhancing the relationship quality towards previous levels or higher. Additionally, relationship damage refers to the fact that a well-established and strong buyer relationship faced problems which resulted in lower levels of relationship quality; in other words, a decline in levels of trust and commitment. Hence, this study has the following four objectives:

1. To develop and test a theory based model of relationship repair, i.e. rebuilding trust and commitment after a relationship has been damaged

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2. Determine the effects of different reasons behind relationship damage on the extent of decline in relationship quality.

3. Determine the effects of various types of relationship repair strategies on change in relationship quality under a variety of contexts (i.e., reasons behind damage).

4. Examine interaction effects for the impact of relationship repair efforts on change in relationship quality

Proposed Contribution

The proposed research aims to make several contributions to the literature. First, I develop and test a model of relationship repair post the weakening of a relationship, using a framework based on perspectives of fairness/justice theory. Although some scholars have examined the effects of apologies and promises in interpersonal relationship settings, this is possibly the first such attempt in the area of buyer-seller relationships. The framework helps identify the process of relationship repair and will provide guidance to managers who are trying to repair weakened client relationships.

Second, this study identifies the various strategies used by seller firms for relationship repair and determines the effects of these strategies on development of trust and commitment post relationship decline. This will help us identify the strategies that are most effective in managing customer relationships in such situations. Third, the study examines the effectiveness of the repair efforts under different reasons behind relationship damage. Although some researchers have examined the negative impact of service failures on customer perceptions (Maxham and Netemeyer 2002; Andreassen 2001), other possible reasons that could lead to damaged relationships have not been examined. Additionally, there are hardly any studies in

even service failures context that were conducted in business settings. This research aims to address these research gaps.

Fourth, the study will make an important contribution to the development of fairness theory, especially in the field of relationship marketing. The theory of justice has been examined in a variety of contexts such as workplace justice (Folger and Konovsky 1989), complaint behaviors (Blodgett, Hill, and Tax 1997), organizational citizenship behaviors (Netemeyer 1997), retail sales (Dubinsky and Levy 1989), commitment and turnover (Roberts,Coulson, and Chonko 1999) and organizational change (McNeilly and Lawson 1999). However, scholars have argued that there is limited exploration of justice in sales and relationship marketing research (Roberts, Coulson,and Chonko 1999; Kumar 1995; Gassenheimer, Houston, and Davis 1998). I will contribute to the development of justice theory by showing its importance in situations of rebuilding of relationships that have been damaged, something that has not been done so far. Given the calls for justice research in relationships, this can be an important contribution.

Lastly, and quite importantly, most studies examining procedural justice (especially in marketing) have taken a past-oriented approach. In other words, these studies have examined whether the actions of the other party were flexible, speedy, etc. (Smith 1999; Blodgett, Granbois, and Walters 1993). However, the true test of robust procedures lies in the fact that the affected party has positive perceptions of these procedures in the future as well. In other words, procedural justice is meaningful when the procedures can be trusted in dealing with future situations as well. My argument regarding the impact of procedural justice on positive change in relationship quality is based on this logic. This again is a reasonable and important extension of the concept of procedural justice.

Theoretical Model and Research Questions

Guided by theory and the existing research in the area, I propose to examine the following

research questions in this study:

1. In B2B contexts, what are the factors that result in decline in relationship quality in inter-firm relationships, and which ones are most damaging?

2. What efforts do firms make to repair such customer relationships that have been damaged?

3. Which efforts or strategies are most effective in repairing relationships, and under what situations?

4. What are the mediating mechanisms of the impact of relationship repair efforts?

5. What is the nature of interaction among the impact of various repair efforts?

The basic and detailed conceptual models of the study are depicted on the next two pages and

once again in Fig 1 and 2 (Appendix A and B). They show the flow of events in a situation of

relationship damage and subsequent repair. There is a given level of buyer's relationship quality

with the seller to begin with, which is followed by a cause of relationship damage resulting in a

reduced level of relationship quality, which in turn is followed by repair efforts made by the

seller firm resulting in positive change in relationship quality. My theoretical argument is that

perceptions of fairness play a key role and thus mediate the impact of the repair efforts on any

positive change in relationship quality.

Organization of the Dissertation

This section provides an overview of the organization of this dissertation. The first

chapter provides a brief description of the objectives of this research and the proposed model and

the contribution of the research. Chapter Two provides a literature review in areas pertaining to

this study, which includes service failure, service recovery, relationship recovery, trust repair, etc. and hence the resulting motivation behind this study. Chapter Two also discusses the theoretical foundations of the proposed model. Chapter Three offers the findings of the qualitative study which was an important basis of the model development. In chapter four the hypotheses relating to the model are developed. Chapter Five discusses in detail the methodology followed for conducting the study. Chapter Six presents the analysis conducted on the data and the results. Lastly, Chapter Seven discusses the findings, their implications-both theoretical and managerial, limitations of the study, and some possible future directions.

Figure 1.1: Basic Conceptual Diagram for the Study

TIME 1   TIME 2   TIME 3

| Trust

Commitment | Reasons for Relationship Decline | Trust

Commitment | Relationship Repair Strategies | Trust

Commitment |
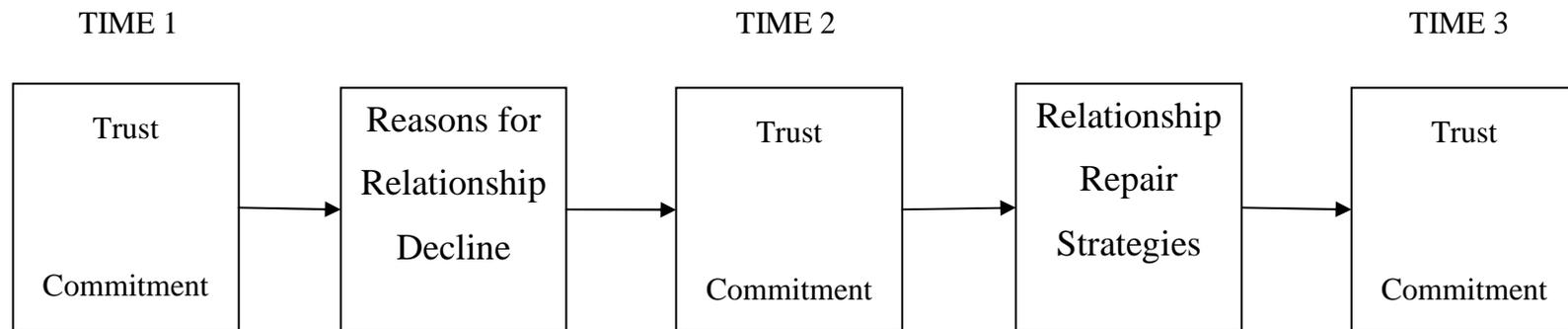
Figure 1.2: Detailed Conceptual Diagram for the Study

TIME 1

TIME 2

TIME 3

Relationship Quality

Opportunistic Behavior

Service Failure(s)

Better Alternatives

Relationship Quality

Compensation

Relationship Sp. Investments

Accountability

Assurance

Organizational Change

Dist. Justice

Procedural Justice

Relationship Quality
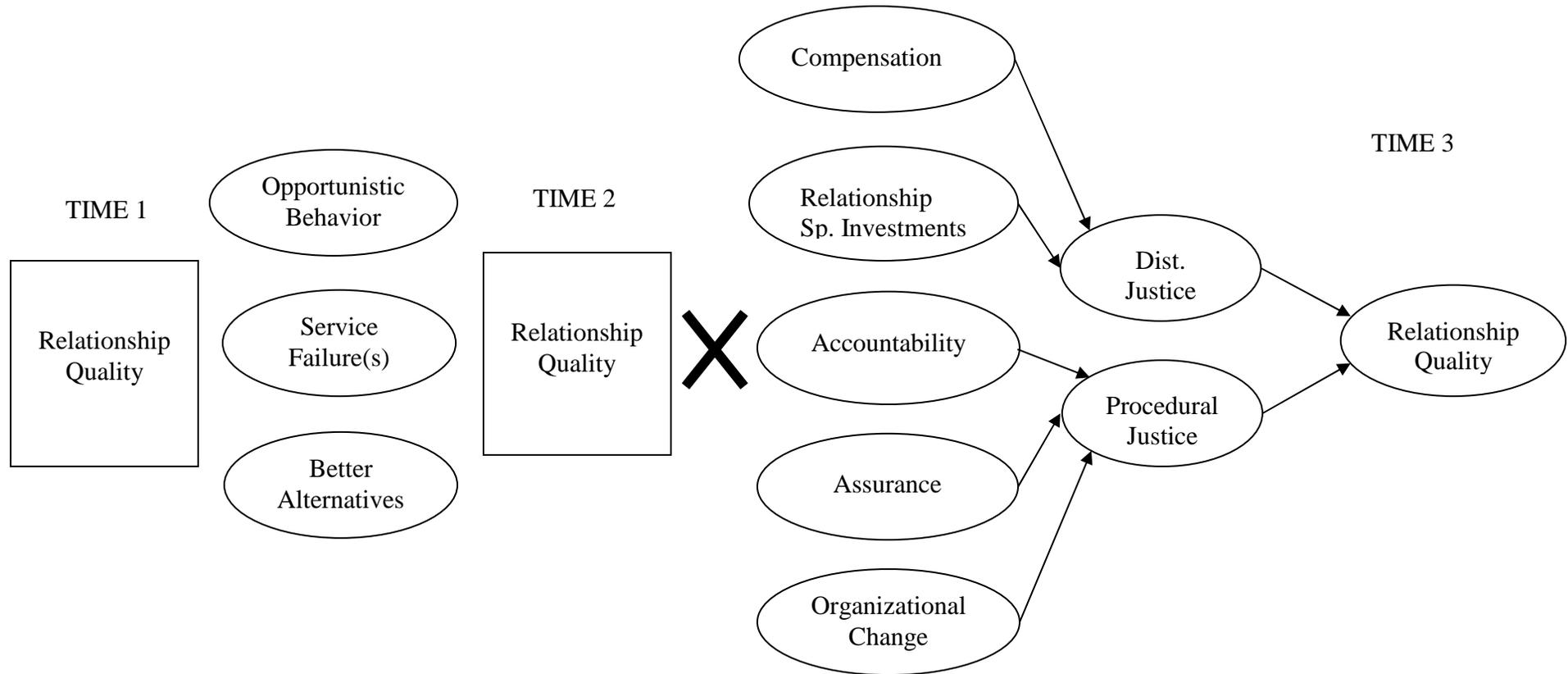
CHAPTER 2

REVIEW OF THE LITERATURE AND THEORETICAL FOUNDATIONS

In this section, I discuss the various streams of research that will help me identify and establish the above mentioned gap in the literature in the field of relationship marketing and hence establish the need for this study. I briefly discuss these streams of literature below:

Service Failure and Service Recovery

Given the rich extant literature on service failure and service recovery, it is important that I clearly differentiate my study from these research streams. A service failure is defined as service performance that falls below a customer's expectations (Hoffman and Bateson 1997), in relation to the core service; i.e. the primary reason for the service encounter, such as room provided by a hotel or meal served at a restaurant. Gronroos (1988) defined service recovery as the actions taken by an organization in response to a service failure. Service recovery includes all the activities and efforts employed to rectify, amend, and restore *any loss incurred* by the customer due to *the failure*. Such loss can be either economic (replacing the product/service) or social (restoring esteem). Two types of service failure have been examined in the literature (Smith 1999): outcome based and process based. The outcome dimension reflects what is done (was compensation provided?) whereas the process dimension reflects how it is done (was the employee well behaved?).

Most research on service failure and recovery has focused on exploring what makes for good service recovery, and has provided support for the fact that poor service recovery might lead to lower levels of trust and commitment (Tax, Brown, and Chandrashekaran 1998). But the fact remains that a substantial number of service failures are often not recovered to the complete satisfaction of the customer which possibly results in a damage in relationship quality with the customer. Researchers have also not empirically explored various reasons other than service failures that could be behind a relationship getting damaged, especially in a business-to-business context. This research will not only explore the reasons for relationship damage other than service failures, but also the effectiveness of strategies used by seller firms in restoring relationship quality.

A key difference between relationship repair as conceptualized in this study and service recovery is the domain of such efforts. While service recovery focuses exclusively on the one incident of service failure and how best to handle so as to prevent any decline in relationship quality with the customer, relationship repair considers those relationships which have actually soured, the reasons for which can be several-in addition to service failures. Hence, relationship damage and repair do not necessarily look at one single dissatisfying incident, but instead include the whole gamut of possible reasons due to which relationships might get damaged. I will discuss some possible reasons in a later section in this study.

Second is the difference between the outcome variable of interest. While the key outcome variable of interest in service recovery strategies has been 'satisfaction with service recovery incident', the key outcome variable in this study will be the change in customer trust and commitment (in other words, relationship quality) through the repair efforts undertaken by the seller.

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Process Models of Relationship Development

Marketing literature has produced several process models of relationship development which explicitly recognize that marketing relationships are dynamic in nature (Dwyer, Schurr, and Oh 1987; Ford 1980; Ring and Van de Ven 1994; Wilson 1995). The general consensus emerging from these models is that relationships typically begin with a process through which potential partners are identified. There follows a period during which each party explores more about the other. When the parties are satisfied that they have a congruence of objectives and trust in one another, they may then move to the next stage of developing commitment. But quite often, needs or situations may change after commitment has been made and one or both partners seek need satisfaction outside the relationship. Thus, the possibility of decline/damage in relationship, withdrawal, or disengagement has been implicit in most process models of relationship development. Dwyer, Schurr, and Oh 1987 agreed that many forces can strain an established relationship, including increased costs of transaction, decreased barriers associated with interacting with an alternative exchange partner, and changes in personal or organizational needs, which in turn might make the rewards from a relationship less valuable. Ring and Van de Ven (1994) too pointed out that unless both sides benefit, concerns over equity will ruin the relationship.

Past research also shows that declining relationships can linger for surprisingly long periods of time, with neither side terminating. Additionally, declining relationships may not even be hostile, and as proposed by Ring and Van de Ven (1994), this may happen due to idiosyncratic investments made by partner firms.

In conclusion, the process models of relationship development predict, and other scholars provide empirical support for the same (Jap and Anderson 2007), that organizational trust in the

partner organization is the lowest in the decline/dissolution phase of the relationship. Despite the recognized presence of a decline phase in a relationship, and also the possibility of destabilizing events happening in established relationships (Narayandas and Rangan 2004), scholars have recently opined that relationship decline is unique in its own right and deserves more systematic research and attention (Jap and Anderson 2007). This study partially fills this research gap by examining nature and impact of the efforts made by partner firms at reviving relationships that have gotten damaged due to some reason.

Relationship Recovery

I would also like to differentiate my study from what is often termed in the marketing literature 'relationship recovery' or 'relationship revival' (Homburg, Hoyer, and Stock 2007). These two terms have been used to refer to firms' efforts at regaining customers who have defected and have terminated their relationship with the focal firm. In this stream of research, scholars have examined firms' efforts at reacquiring lost/defected customers and the effectiveness of these efforts. The key constructs examined in these studies are defected customers' switchback intentions, the price and service benefits offered for reacquiring these customers, social capital with new service provider, switching reason, revival related justice perceptions, revival specific customer satisfaction, revival performance (customer reacquired or not), duration of second tenure, etc. (Tokman, Davis, and Lemon 2007; Thomas, Blattberg, and Fox 2004; Homburg, Hoyer, and Stock 2007). None of these studies examine how and why the relationship quality with customers declines in such situations and what efforts might help seller firms restore it.

Once again, just as in service failure/recovery literature, this stream of research too focuses on a single event, i.e., an offer made by the seller firm to acquire a lost customer, and do

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not examine the change in relationship quality over a certain time period or in the time following an event.

Trust Repair

A related stream of research in the fields of social psychology, management, and marketing is directly related to this study and can be helpful in answering the research questions. The central idea of this stream is trust violation or breach of trust (Morrison and Robinson 1997; Robinson 1996; Schweitzer, Hershey, Bradlow 2006; Tomlinson 2004; Lewicki and Bunker 1996). Researchers have found that when buyers perceive a violation of trust, they respond cognitively, emotionally, and behaviorally through declines in trust, more intense negative emotions, increased negative word of mouth, and lower repurchase intentions (Wang and Huff 2007). Scholars have also examined how trust in individuals can be harmed over time in the presence of deception and untrustworthy behavior, and how a promise, denial (Kim 2004) and/or an apology can play a role in repairing trust (Schweitzer, Hershey, and Bradlow 2006) . Other scholars offered the view that the victim's willingness to reconcile is very important following a broken promise and is a pre-requisite for rebuilding trust (Tomlinson 2004). But these studies, except for Wang and Huff (2007), were conducted in individual settings where impact of trust violations by supervisor, a coworker, a new recruit, or another business person were examined. Additionally, none of these studies, including Wang and Huff (2007), consider the specific ways in which relationship quality might decline in business to business markets. Almost all of these studies focus on one single event of trust violation and thus did not incorporate the typical and unique dynamics of relationship damage in business markets. Additionally, none of these studies examined the full gamut of strategies that might be used by firms in repairing their damaged relationships. For example, Akerlund (2005) describe the

various ways in which customer relationships might gradually decline in a professional services setting. Four types of fading processes were revealed in this study: the crash landing process, the altitude drop process, the fizzle-out process, and the try-out process. Lastly, and very importantly, none of these studies provides guidance regarding the various strategies that can be used to repair business relationships, and their effectiveness.

Limitations of Previous Research

A large majority of the studies mentioned in the above research streams have been conducted in interpersonal or consumer settings and business-to-business contexts have been almost completely ignored. Research has stopped at providing normative guidelines about how to recover service failures. Scholars have not examined what can be done when service recoveries are not successful and the relationship quality suffers because of it. There is less clarity on the various reasons why relationships might get damaged and also which reasons have the greatest negative impact on relationship quality. Additionally, we do not know what strategies seller firms use for repairing such damaged relationships and which ones are most effective, and under what conditions. Thus, little guidance is available to managers who often have to handle the sometimes unpleasant task of repairing important customer relationships that used to be strong at one time but got damaged due to some reason. My qualitative research among b2b managers revealed that such incidences of repairing weakened relationships are quite common and have important implications for seller firms and their representatives.

Service failure/recovery literature does not examine reduction in relationship quality due to incidents of service failure followed by recovery. On the contrary, researchers have reported a "service recovery paradox" in which customer perceptions are actually strengthened due to the recovery efforts. At least three articles (McCollough, Berry, and Yadav 2000; Smith and Bolton

1998; Tax, Brown, and Chandrashekaran 1998) acclaim the existence of the paradox. However, at least some research has found evidence against such a "positive" paradox, and reports that on average, complaining customers' perceptions of the supplier's image, after they have received service recovery, is equal to that of dissatisfied non-complaining customers but lower than that of ordinary satisfied customers (Andreassen 2001). The author also found that complaining customers' future intent, after they have received service recovery, is significantly lower than that of both dissatisfied non-complaining customers and ordinary satisfied customers. In other words, customers experiencing service failure "hold a grudge" against the seller firm even after the service recovery. This grudge could manifest itself in reduced levels of trust and commitment towards the supplier.

To summarize, in both service failure/recovery and relationship recovery research, it is clear that service failures lead to decline in the relationship quality with the customer (Maxham and Netemeyer 2002), but none of the studies in any way examine the extent of damage in relationship quality, nor do they explore the efforts that might be or are made by firms at regaining relationship quality once it is damaged. This study aims to fill this research gap.

Relationship Repair

To conclude this section, I would clearly like to state what I mean by relationship repair, how it is different from the above-mentioned concepts and research streams, and hence establish the research gap that I am trying to address.

Relationship repair can be defined as the efforts made by a partner firm, in a weakened relationship that was previously strong, towards regaining the relationship quality levels previously experienced by the two partners. Such a definition is based on some important assumptions. First assumption is that managers are able to tell or perceive that relationships

decline in quality. Second assumption is that relationship quality can be brought back to high levels even though it declined due to certain reasons. There is evidence in the literature that both these assumptions are reasonable. In my qualitative interviews, managers easily recalled such relationships that declined in relationship quality. Some research has previously examined the various ways in which relationship quality declines (Akerlund, 2005; Wang and Huff 2007). Managers were also very forthcoming in telling about the strategies they used for repairing weakened relationships and agreed that such situations were indeed quite common. As discussed in previous sections, the process models of relationship development predict weakening of business relationships. Such a weakening is also implicit in the literature on service failure, service recovery, and relationship recovery. However, these research streams have traditionally focused on examining the dynamics of one single incident or event, and have failed to empirically incorporate the weakening of relationships and subsequently their possible repair.

Motivation Behind the Study

The discussion so far establishes the motivation behind this study. Despite the fact that scholars recognize the possibility of strong relationships becoming weak, and some exploratory evidence about the same, we do not yet know about relationship damage and subsequent repair, neither in consumer nor business markets. Relationship marketing research has not yet empirically examined the various insults to relationship quality and what insults have the most adverse effect on relationship quality. Additionally, we also do not know about the strategies that firms use for repairing such weakened relationships, or their relative effectiveness in different situations. In order to answer these questions, we would need to capture relationship quality at three points in time: first, before the relationship decline takes place; second, after the decline has occurred; and third, after the repair efforts have been undertaken by the firm. In essence, we

need to learn how relationship quality can be restored after a decline or weakening of a relationship. This is the key question that this study aims to answer.

Theoretical Foundations

I use the justice theory in proposing a framework of relationship repair. Justice/fairness theory has extensively been used in the closely related area of service failure and recovery and is quite relevant here. Schweitzer, Hershey, and Bradlow (2006) examine the effect of apology and promise in the trust recovery process, but, to date, no one has developed a theory-driven model of trust and commitment repair in weakened relationships, especially in a B2B context.

I argue that efforts at repairing relationship quality in weakened relationships impact trust and commitment through influencing customer evaluations of perceived justice. The hypotheses incorporate the effects of perceived justice on buyer trust and commitment, and effects of repair efforts on justice perceptions.

Justice theory has often been invoked to explain the situations of service failure, service recovery and resulting customer trust and commitment in the seller (Tax 1998; Smith et al. 1999). Research across several contexts, such as legal, organizational, buyer-seller, marriage, etc. has found the concept of justice valuable in explaining people's reactions to conflict situations (Goodwin and Ross 1992; Lind and Tyler 1988). Justice involves propriety of decisions. A three dimensional view of the concept has evolved over time to include distributive justice (dealing with decision outcomes), procedural justice (dealing with decision-making procedures), and interactional justice (dealing with interpersonal behavior in the enactment of procedures and delivery of outcomes). Thus, justice pertains not merely to outcome distribution, but also to how the distribution is arrived at and the manner in which it is implemented. Sheppard, Lewicki, and

Minton (1992) state that distributive justice is about outcomes where as procedural justice is concerned with procedures and processes.

A relationship damage situation can be viewed as an exchange in which the customer experiences a sense of loss; of both utilitarian and symbolic dimensions. Such a notion is adapted from social exchange and equity theories (Walster, Berscheid, and Walster 1973; Walster, Walster, and Berscheid 1978). Thus seller firm efforts at repairing a relationship and bringing about positive change in levels of trust and commitment can be considered mixed exchanges involving two aspects; first, the monetary or utilitarian loss incurred by the buyer is to be restored, and second, the processes followed by the seller must assure the customer that if such a problem situation arises again, the seller will always respond positively and the interests of the buyer will be well taken care of. Bagozzi's (1975) thesis supports such economic as well as symbolic aspects of exchange. Thus, the recovery in trust and commitment is not *only* so much about whether the customer was treated well overall during that particular phase of relationship damage and relationship repair efforts, but it is also about whether the processes followed allow the guarding of buyer interest in the future as well in case something of similar nature happens again. Scholars have argued that trust in a person or organization is acquired by observing the party or learning of previous interactions, such as conflicts, the partner has had with others in similar situations (Holmes 1991). Achrol (1991) too stresses the central role of conflict management in fostering inter-firm trust. Thus, the spirit of the processes followed by the seller in a conflict situation is a strong indication of how the seller is going to behave in the future as well, thus providing an indication of the extent to which the buyer can take the risk of putting trust in the seller once again. Given the fact that trust has often been treated as a firm belief that the trustworthy party is reliable and has high integrity (Morgan and Hunt 1994; Moorman,

Deshpande, and Zaltman 1993), a positive change in trust will take place when the actions of the seller (post relationship damage) reflect the seller's benevolence, fairness, competence, etc. that a buyer can expect in future as well. Such an expectation will be based on two aspects of seller behavior; specifically the distributive and procedural justice perceptions of the repair efforts undertaken by the seller.

Some practitioner literature too (Kumar 1996) stresses the importance of distributive and procedural justice in situations of conflict. Thus, in situations of conflict, justice perceptions play an important role. A situation of relationship damaged is typically a conflict situation between the buyer and seller, which decreases the levels of trust and commitment. I argue that the efforts made by the delinquent seller towards regaining trust and commitment work by influencing the fairness perceptions of the buyer.

Relevant Dimensions of Justice

For the purpose of this study, I choose only the dimensions of distributive and procedural justice, and I do not examine interactional justice. There are several reasons behind making such a choice. First, interactional justice refers broadly to the fairness of the interpersonal treatment people receive during the enactment of procedures (Bies and Shapiro 1987; Gilliland 1993). It involves characteristics such as caring, individual attention; amount of positive energy put into resolving a problem; courteous behavior; giving explanations, and not being rude in any way to the other party. Second, the focus here is the relationship quality with the firm, and not the sales representative. So, interactional justice, which is about the individual attention and behavior is not relevant for the purpose of this study. There is support for this reasoning in the organizational behavior literature too. Aryee , Budhwar, and Chen (2002) found that while distributive and

procedural justice perceptions of employees were related to firm commitment, only interactional justice was related to supervisor commitment (at individual level).

Procedural justice, as traditionally conceived, refers to the fairness of the various procedural components of the system that regulates the distributive process. Leventhal et al. (1980) proposed six dimensions of the construct of procedural justice: consistent procedures; without self interest; accuracy of information; correctibility of actions; interests of all parties taken into consideration; and ethicality. They also argued that what constitutes procedural justice differs from situation to situation and different situations would utilize different dimensions of procedural justice and possibly also different combinations. Thus, this study also identifies the factors that comprise procedural justice and the dimensions from which they originate. The two most salient dimensions in this situation seem to be 'taking interests of all parties into consideration' and 'ethicality', both of which have not been addressed in the marketing literature so far. The common procedural justice operationalizations such as impartiality and voice (Cohn, White, and Sanders 2000), speed of response (Smith and Bolton 1999), etc., do not appear to apply to a repair situation. Thus, identifying the relevant, applicable dimensions of procedural justice to a situation of relationship damage and subsequent repair is another theoretical contribution of this study.

Conclusion

To summarize this section, justice theory, which has been used in several other contexts will be used in a new context of repairing trust and commitment in this study. Three dimensions of justice have been proposed and commonly used by researchers: distributive; procedural; and interactional justice. For the purpose of this research, I plan to use only distributive and procedural justice. Procedural justice has been used mostly taking a perspective that considers

what happened in the past, but the true test of procedural justice is to test its impact on the subjects' perceptions about the future. A typical situation of relationship damage is a conflict situation in which justice perceptions will play a key role in determining the extent to which the respondent will once again keep her trust and commitment in the delinquent party.

CHAPTER 3

EXPLORATORY RESEARCH AND MODEL DEVELOPMENT

Overview

Given the lack of empirical studies in this area, I first decided to conduct qualitative research to explore what typically goes wrong in buyer-seller relationships, and what are the common reasons why these relationships are damaged. I also tried to explore the various efforts made by managers in repairing relationships that have been damaged. Thus, rather than relying on prior theories to test data in the traditional hypothetico-deductive approach, I analyzed practitioner input from representatives of the seller firm, and allowed patterns to emerge from the data. I conducted interviews with managers, and these interviews were subsequently transcribed and analyzed. The process enabled me to identify the most common reasons why relationships get damaged in a b2b context and also how managers try to repair such damaged relationships and gain the trust and commitment of the buyer.

Methods

I first conducted a series of informal conversations with business-to-business managers (mostly seller firms). Respondents for these informal conversations were chosen based on convenience and through personal references. Snowball sampling was also used in order to contact respondents that could best fit the purpose of this study. On the basis of insights developed through these conversations, I developed an interview guide for subsequent interviews conducted with managers. This interview guide was used to conduct interviews with 26

managers from eight different industries. The industries represented in this sample were marketing consulting services, telecom, financial services, tools and hardware, freight and logistics, insurance, and market research. All the managers were directly responsible for managing customer relationships on behalf of their firm. Four of the managers had also worked in the capacity of buyers in their firm and hence brought in the buyers' perspective to the study. All the interviews were conducted telephonically and lasted between 25 to 40 minutes. Eighteen respondents were males while eight were females. Participants' tenure with their firm varied: 11 had worked at their firm 5 years or less, 9 for 6 to 10 years, and 6 for 10 or more years.

I used the critical incident technique (CIT) for the purpose of discovering the reasons behind relationship damage and the repair efforts undertaken by managers (Flanagan 1954). CIT uses content analysis of stories in the data analysis stage of the procedure. CIT takes the stories that people have told and asks questions of stories in order to classify each one under a scheme. The specific descriptions of events and behaviors are identified as critical incidents. A critical incident is one that detracts from or contributes to the general aim of the activity in a significant way. I defined critical incidents as those events unfolding over time, in which the quality of the relationship between the buyer and the seller declined due to some reason.

Data Analysis

The data were analyzed using multiple grounded theory methods outlined by Strauss and Corbin (2007). Each interview was first analyzed by two researchers including myself using the open coding process to identify key concepts that emerged from the interviews. We then used axial coding to group categories with subcategories and also to see how these categories related to one another.

Findings

Causes of Relationship Decline

In this section, I will explicate upon the possible reasons why relationship quality might decline in well established and strong relationships. For this purpose I will rely on previous literature and the 26 interviews mentioned above that I conducted with managers, working both in selling and purchasing roles.

Using extant research and business experiences, Pillai and Sharma (2003) presented research and developed several propositions regarding the decline of relational orientation in mature relationships. According to them, relational orientation comprises trust, commitment, and information exchange, a conceptualization quite close to relationship quality-the construct found most predictive of cooperation and performance (Palmatier et al. 2006). They argued that buyers start an association with the supplier with a transactional orientation. Experience facilitates the gradual development of a relational orientation. Subsequently, such a relational orientation in mature relationships can decline due to several reasons. Drawing on their thesis, and also the qualitative interviews I conducted, I identified the following reasons due to which established relationships might get damaged and a relational orientation might turn into transactional orientation:

a. *Supplier's relational assets*: Supplier's relational assets can be of two types, transaction specific and non transaction specific, and both these assets create buyer dependence. Transaction specific assets such as specific machinery or human assets used exclusively for the buyer can be easily duplicated, but non transaction specific ones such as location, technical expertise, cost structures, etc. are much harder to duplicate, and increase dependence of the buyer on the seller, which in turn enhances buyer's relational

orientation towards the seller. Thus, decrease in supplier's relational assets will also decrease buyer's trust and commitment towards the seller.

b. *Quality of alternatives*: Individuals remain committed to a relationship to the extent that other available alternatives are unattractive (Johnson 1982). Thus, in information rich environments of today, buyers can be expected to weigh the costs and benefits of switching to more appealing alternatives. When the buyer perceives that relative gains from the existing relationship *might be* lower compared to the alternatives, buyer's trust and commitment in the seller decreases. The following is a relevant quote from the qualitative interviews that I conducted:

> *Another thing that can go wrong is that we can seem to be too expensive. When you have a competitor that is saying we'll do the same job for half the price, that can create issues.*

c. *Lack of innovation*: Extended length of relationship causes some buyers to believe that the supplier does not bring innovation to the buyer, or in other words, the relationship has become stale. Additionally, buyers might believe that the supplier has lost its ability to be objective and is too similar to them in thinking and has less value to add. In the same vein, Beverland, Farrelley, and Woodhatch (2004) found that reacting to client initiated value change is a 'relationship hygiene factor' that does not of itself encourage renewal of relationship and leads to client perceptions of supplier complacency. Thus, perceived lack of innovation or lack of supplier initiated value change can lead to reduction in buyer's trust and commitment towards the seller. This is reflected in the following comment made by one of the respondents that I interviewed:

> *Sometimes we have seen the relationship weaken because we have folks that support the business but are on it too long and therefore the ideas and their energy and passion about the business, which is pretty important on the agency side, very much weans over the years. So sometimes we have not rotated individuals enough and it's been challenging.*

d. *Opportunistic behavior by seller (or trust violation):* As discussed earlier, this has been the primary focus of research on trust repair so far. Once again, as this section explains, there can be several reasons why relationship quality might decline in a b2b context. In mature relationships, some buyers gradually develop the belief that suppliers are taking advantage of the trust between the two parties and are acting opportunistically (Grayson and Ambler 1999). This leads to a lowering of trust and commitment, and consequently weakening of relationships. Moreover, seller's actual violation of buyer trust can lead to negative responses such as negative emotion and decline in trust and hence commitment (Wang and Huff 2007). Read the following quote from one of the respondents:

> *If someone makes a mistake and doesn't clearly and honestly talk about it, if you were being dishonest with them in anyway, like you're trying to brush something under the rug. I've seen that happen, and when they did that it was not healthy for that relationship because the client lost trust in a big way.*

e. *Service failures and dissatisfaction*: Dissatisfaction is an important cause behind relationship decline and is a primary explanation for relationship termination (Ping and Dwyer 1992). However, dissatisfaction is typically not caused due to a single instance but tends to build up in established relationships. In fact, when trust and commitment are high, it has been shown that a given service failure has virtually no effect on relationship quality with the customer (Priluck 2003). Thus, repeated service failures and other such negative experiences result in decreased trust and commitment towards the seller. This aspect is reflected in the following quote:

> *We were horrible and we did not take the relationship seriously. We made mistakes all the time. There were no checks and balances, there was no accountability, we just made mistakes.*

f. *Social/personal bonds*: It has repeatedly been shown in marketing literature that strong personal relationships lead to relationship sustaining factors such as trust and commitment. Scholars have also argued that buyers and sellers who have strong personal relationships are more committed to maintaining the relationship than are less socially bonded partners. Additionally, liking generates trust in the sales representative (Nicholson, Compeau, and Sethi 2001). Thus, turnover or movement of key personnel affects relationships, and leads to lowered levels of trust and commitment towards the seller firm.

g. *Changes in the environment*: Relationship may also weaken due to external forces beyond the control of buyer and seller. Sometimes, changes in the environment create new market realities and existing relationships and their terms are not suited for these new realities. A typical example is increased globalization and competitors with low prices forcing firms to outsource supplies to new geographies. Unless the seller firm shows extreme adaptability in such situations, such an environmental change may lead to decreased trust and commitment on the part of the buyer.

In order to keep the study manageable, I decided to explore a limited number of the above-mentioned reasons in my study. I selected the reasons for damage based on three criteria (a) the reason should not connote that the firm did not value the relationship and it wanted to get out of it. Such seller intent would automatically mean that the seller firm would not make any efforts towards repairing the relationship (b) the seller firm can be held responsible for the reason and it should not be something out of its control (c) how frequently the reason came up during the qualitative, exploratory phase of my study. For example, a seller firm can not be held responsible for any change in the business environment, or for the fact that the account manager of the

customer left the company for better opportunities elsewhere. Hence, based on these criteria, the

three reasons behind relationship damage that I explore in this study are opportunistic behavior

(of the seller), service failure(s), and availability of better alternatives for the buyer.

Relationship Repair Strategies

Although there is no study that examines the various strategies seller firms use with the goal

of regaining trust and commitment in weakened relationships, some initial guidance is available

in the literature in related research streams of service failure/recovery and trust repair in

interpersonal settings. I supplemented this research with the qualitative work that I conducted (as

explained previously), and arrived at the following list of efforts:

1. *Apology/Accountability*: Prior work has found that apologies influence judgments about

   the other person. Specifically, respondents rate transgressors who apologize more

   favorably and less culpable than they rate transgressors who do not apologize. Tomlinson

   et al. (2004) argue that the timeliness and sincerity of apology contributes to the victim of

   trust violation becoming more willing to reconcile, which is a necessary condition for

   redevelopment of trust after the violation. Kim et al. (2004) observed that apology has a

   beneficial effect on trust because it takes ownership for the violation, and thus conveys a

   sincere future intent to avoid trust violations. Thus, it can be expected that apologies

   favorably influence the assessments made about the other party and help regain trust and

   commitment in a weakened relationship. Although scholars sometimes conceptualize

   apology as saying 'I'm sorry' or expressing remorse (I feel bad), etc. (Schlenker and

   Darby 1981), what emerged in my interviews with managers was primarily

   accountability, or in other words, taking ownership of the situation and accepting one's

   role, responsibility, and mistakes. Thus, for the purposes of this study, I will use the term

accountability, which includes the elements of apology too as examined in previous research. This is in tune with Tomlinson et al's (2004) argument that an apology helps in reconciling the victim, instead of actually aiding rebuilding of trust and commitment. One of the executives interviewed had this to say about how to repair relationships: *"Number one is to admit the error, be honest, take accountability. So if there's financial repercussions we would take the hit and be open about that."* It is easy to see that this is different from a mere apology.

2. *Assurance*: Some authors conceptualize trust as a psychological state of the individual, comprising positive attributions about another's behavior that is subject to influence by formal structures in a relational context-such as contracts. Thus, an assurance or guarantee for the future possibly works as an external contract that helps to reduce uncertainty by constraining individual and organizational behaviors. This logic is reasonable because a contract is essentially an agreement, and an agreement can be formal, informal, written, oral, or just plain understood; and strong normative pressures can make handshake deals or promises binding (Malhotra and Murnighan 2002). Some authors (Garfinkel 1967; Zucker 1986) indeed focus on trust as a set of shared expectations among dyads, groups, or society. Thus, an assurance, promise, or guarantee for future behavior can lay down positive expectations and help regain trust and commitment in a relationship. The following is an illustrative quote:

> *You really want to assure the client that such things will not be repeated in the future. Everyone makes mistakes, but making the same mistakes again and again really makes you look dumb.*

3. *Compensation*: Quite often the reasons for decline in relationship quality might result in direct or indirect suffering or losses to the buyer. For example, opportunistic behavior by the seller might involve psychic costs for the seller and the added costs of putting added

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controls in governance so that such opportunism is not repeated. Or else, repeated service failures can result in process costs and loss of revenue for the buyer. Social exchange theory highlights the role of distributive justice as it relates to the allocation of costs and benefits in achieving equitable exchange relationships. Thus, distributive justice perceptions resulting from the allocation of compensation (discounts, free merchandise, free services, refunds, coupons, etc.) in response to the inequity caused to the buyer will have a bearing on the intentions of the seller firm. Walster, Berscheid, and Walster (1973) have shown that compensation is a strategy for restoring equity to an exchange relationship when one party has been harmed by the other. Thus, compensation offered by the seller will positively affect the rebuilding of buyer's trust and commitment post relationship decline. Here is an illustrative quote:

> *…it caused the client some financial harm. We basically had to do some free work for them to make up for the harm that had to take. So to be able to make good is one piece of it"*

4. Third party recommendation: Although this element of relationship repair has not been examined in the literature and it emerged in my qualitative research only once, scholars do believe that third parties may provide another basis for attributions of trustworthiness (Burt and Knez 1995). According to them, a friend of a friend may be perceived as benevolent. Similarly, when a relationship declines, a positive word from a third party can help restore trust and commitment in the buyer. One relies on the cumulative past experience of the recommender and develops an expectation that the trustee can be relied upon in the future. This to some extent reduces uncertainty about the future.

5. *Organizational Change*: I define organizational change as the seller firm's efforts in bringing about those actions of corrective nature that ensure that the past problems faced by the customer do not recur. Talking of repairing relationships, one of the executives

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said: "….*you must quickly address here's how we will make it right and here's how in the future we'll work to make sure that this same kind of problem doesn't happen again. Again, they tend to understand those things.*" Such remedial change can demonstrate that the seller firm is being accountable and also helps reduce uncertainty about problems repeating themselves in the future. Such remedial changes which are essentially improvements in service will likely have a strong influence on customer evaluations of service quality which in turn will enhance levels of customer trust and commitment (Bolton and Drew 1991; Sharma and Patterson 1999; Venetis and Ghauri 2004)

6. *Increase in relationship specific investments (RSIs):* RSIs can be defined as a customer's perception of the extent to which a seller devotes resources, efforts, and attention aimed at maintaining or enhancing the relationship with the buyer and that cannot be recovered if these relationships are terminated (Smith 1998; DeWulf , Schroder, and Iacobucci 2001). RSIs can be expected to create psychological bonds that encourage customers to stay in a relationship and sets an expectation of reciprocation (Smith and Barclay 1997). Since scholars have often demonstrated RSIs effectiveness in positively impacting relationship quality (DeWulf, Schroder, and Iacobucci 2001; Anderson and Weitz 1992; Ganesan 1994), I propose that increased levels of RSIs post decline in relationship will also be useful in regaining buyer's trust and commitment.

> *You have to make the attempt to repair or re-spark that part and that particular relationship at multiple times in multiple ways, via phone, via happening by their office in person, sending email, putting more into the relationship overall.*

Once again, I dropped one of the above-mentioned repair efforts based on the frequency criteria. Getting a third party to put in a recommendation came up only once in my research while all other efforts were reported at least by eight respondents whom I interviewed. Hence, I explore five repair efforts that are frequently undertaken by seller firms: compensation, making

relationship specific investments, displaying accountability, giving assurance for the future, and

making organizational changes.

CHAPTER 4

HYPOTHESES DEVELOPMENT

The model shown in Figure 2 depicts the hypotheses to be tested in this study. Figure 1 shows the broad conceptual model for the study. I now develop and theoretically support the hypotheses to be tested in this study. Support for the hypotheses is primarily garnered from fairness theory, attribution theory, and mental accounting principles that customers use for categorizing various types of resources.

The first hypothesis relates to the effect of the reason behind relationship damage. This study explores three possible reasons why relationships get damaged: service failures, opportunistic behaviors, and availability of better alternatives. The concept of opportunistic behavior from the transaction cost analysis literature is defined as "self-interest seeking with guile" (Williamson 1975). Research spanning over two decades has found that opportunistic behavior is detrimental to inter-firm relationships and affects firm performance and customer satisfaction adversely (Morgan and Hunt 1994; Crosno and Dahlstrom 2008). Similarly, research in the field of service failure and recovery has often reported that service failures lead to negative customer emotions and reduced satisfaction (Smith and Bolton 1998; McColl-Kennedy and Sparks 2003; Wang and Huff 2007). The same holds true for the availability of better alternatives as well. Social comparison theory would say that the termination of a relationship may not be problematic for individuals who have better alternative relationships that can satisfy their needs (Thibaut & Kelley 1959). Scholars have often argued that in an information rich dynamic

environment, buyers will continually weigh the costs and benefits of switching to more appealing

alternatives. This might lead to consideration of alternative suppliers, and will reduce the

relational orientation in a current relationship (Becker cited in Pillai and Sharma 2003;).

However, the key difference between these three possible reasons of relationship decline

is the level of attributability for the problems, and the extent to which the problems were

perceived as controllable by the 'offending' supplier. Since opportunistic behavior is equivalent

to "self-interest seeking," I argue that such behavior will be perceived as most controllable and

directly attributable to the supplier. Service failures can possibly be attributed to reasons beyond

a supplier's control, such as human factors, environmental factors, and sometimes even customer

related reasons. Following the same argument, availability of better alternatives will be most

distal from the supplier in terms of controllability and attributability. This will be especially true

if the supplier's performance itself has not declined in any way. In fact, there is a possibility that

buyers discount the better deals and offers from the competition as mere efforts to lure the

customer into placing a large order and thus merely competing suppliers' efforts to establish an

attractive business relationship. Experienced business-to-business buyers probably understand

that once the initial 'honeymoon' period is over, a new and attractive supplier might turn out to

be no different from others in the market. Keeping in mind these arguments, I hypothesize that:

> H1: Opportunistic behavior of the supplier will have the most damaging effect on the
>
> relationship, followed by the relationship insults of service failures and availability of
>
> better alternatives, in that order.

Social exchange theorists have identified three dimensions of perceived justice that

influence how people evaluate exchanges: distributive justice, which involves resource allocation

and the perceived tangible outcome of an exchange (Adams 1965; Deutsch 1975); procedural

justice, which involves the means by which decisions are made and conflicts are resolved (Leventhal 1980; Lind and Tyler 1988); and interactional justice, which involves the manner in which information is exchanged and outcomes are communicated (Bies and Shapiro 1987). As stated earlier, I use only distributive and procedural justice for the purpose of this research. I argue that post relationship damage, the repair effort undertaken by the seller firm generates economic and social interaction between the customer and the organization, which in turn impacts the fairness perceptions and subsequently the quality of the relationship.

Gassenheimer, Houston, and Davis (1998) discuss how social and economic value (or benefits) received from a relationship determines the relational distance and hence the fairness perceptions about the given relationship. In addition, there is a long tradition of research related to relational benefits (Morgan and Hunt 1994; Hennig-Thurau, Gwinner, and Gremler 2002) that has empirically shown that quality of a relationship is determined both by social as well as economic benefits as perceived by customers. Nonetheless, we are yet to understand the role that fairness plays in the development and maintenance of relationships. Economic and social values have been known to be contributing to both perceptions of fairness and trust and commitment (Morgan and Hunt 1994; Gassenheimer, Houston, and Davis 1998). However, it is reasonable to think that trust and commitment would develop as a result of fairness perceptions and not vice versa. Since perceptions of justice and fairness have been shown to be especially relevant in situations of conflict (Blodgett, Granbois, and Walters 1993), it is a good starting point to examine the role that fairness plays in rebuilding trust and commitment in damaged relationships, since damaged relationships are close to being a conflict situation in which expectations of one or more party have not been met. Additionally, people's conception of the overall or total fairness of a situation is based on both distributive and procedural aspects of the

exchange (Tornblom and Vermunt 1999, p. 43). Other scholars too have argued for a strong positive association between fairness perceptions and quality of relationships (Aryee, Budhwar, and Chen 2002; Anderson and Weitz 1992). This leads to the following hypothesis:

H2: In a situation of relationship repair, improvement in relationship quality will be positively related to perceptions of (a) distributive justice and (b) procedural justice.

H3: Buyer's perception of procedural fairness will have a stronger effect on change in relationship quality than will the buyer's perception of distributive fairness.

Based on a review of 45 studies, Brockner and Wiesenfeld (1996) concluded that there is an interaction between perceptions of distributive and procedural justice. When distributive justice is low, the level of procedural justice is more strongly related to subjects' reactions. When procedural justice is low, distributive justice is more strongly related to subjects' reactions. Referent cognitions theory (Folger 1986, 1989) and group value theory (Lind and Tyler 1988) argue that individuals expect dignity and respect from others and that relational rewards are ends in themselves (Tyler 1997). When they are present, people are less upset at negative outcomes in part because procedural justice has met esteem and identity needs. Brockner and Wiesenfeld (1996) noted that because people generally view procedures as relatively stable, they may feel reassured that their esteem and identity needs will be met in the future as well, dampening the negative reaction to an immediate adverse outcome (Tyler and Dawes 1993). When these aspects of procedural justice are absent, people are more likely to view an interaction as "business like" and to focus upon outcomes. Hence, I propose the following hypothesis:

H4: There will be an interaction effect between distributive justice and procedural justice such that the positive effect of distributive justice on change in relationship quality (time 3)

will be greater when procedural justice is high relative to when procedural justice is low, and vice versa.

According to social exchange theory, distributive justice plays an important role in allocation of costs and benefits in brining about equity in exchange relationships (Adams 1965; Deutsch 1975). In other conflict situations such as service failure and customer complaints, researchers have examined the role of distributive justice perceptions as allocation of compensation (discounts, free merchandise, refunds, coupons, etc.) in response to any inequity caused to the customer. Tax, Brown, and Chandrashekaran (1998) provide evidence that compensation plays the most important role in customers' perceptions of distributive justice. Keeping in line with past research, I propose the following hypothesis:

H5: Compensation will have a positive effect on customers' perceptions of distributive justice.

Relationship specific investments are the investing of time, effort, and other irrecoverable resources in a relationship. In a business-to-business context, such investments are considered to develop an expectation of reciprocation (Smith and Barclay 1997), and hence can also theoretically be made for indirectly compensating the customer if needed. These investments are difficult or impossible to redeploy to another relationship. Some examples of such investments can be dedicating personnel for servicing, building specialized facilities, making joint promotions, etc. Since deployment of such investments invariably involves investing substantial money, apart from serving to show commitment to the other party, such investments can also possibly be seen as enhancing the tangible outcomes in the eyes of the customer, especially when these investments are being made in the post relationship damage period. Hence, I propose the following hypothesis:

H6: Relationship specific investments will have a positive effect on customers' perceptions of distributive justice.

In its simplest form, accountability refers to the evaluation of an entity's performance by someone other than itself (Newman and Turem 1974). A common theme pervading the accountability research is the motivation for approval and respect of those to whom one is accountable, whether at the individual, group, or organizational level (Tetlock 1985). Research in accountability suggests that individuals held accountable for their behavior are more likely than unaccountable ones to be high performers, develop greater accuracy, and be more attentive to the needs of others (Harkness, DeBono, and Borgida 1985; Meixner and Welker 1988).

Accountability to a group or constituents one represents may also precipitate higher performance (Tyson-Bernstein 1988). Given such research findings at the individual level, it can be expected that firms that display greater accountability-oriented approach, i.e. which are willing to accept that they are responsible for any transgressions will be perceived by customers as trustworthy. Taking accountability in b2b settings will likely be different from apology as commonly examined in the service failure/recovery literature. Failures on behalf of suppliers are monitored closely by buyers in b2b settings and these failures also have significant financial implications. Thus a seller firm that shows accountability will be perceived as not guarding its own interest, and as having procedures that can guard customer's interest in future too. Based on the above discussion, I propose the following hypothesis:

H7: Accountability will have a positive effect on customers' perceptions of procedural justice.

There is a rich stream of literature, primarily motivated by the signaling theory that explores how customers are offered assurance by seller firms. Such assurance can come in the form of brand names, warranties, high price, advertising, or through the use of trust marks in

online retailing (Kirmani and Rao 2000; Aiken and Bousch 2006; Arnold et al. 2007). Though the use of effect of assurances has not been sufficiently explored in business settings, verbal or written communication from the supplier offering assurances to the customer should work as a trust building mechanism by signaling to the buyer that the supplier is taking the necessary steps to alleviate the situation. Scholars argue that greater the perceived risk (Hart 2000), the greater is the need and impact of service warranty on the customer. Service warranties, which are implicit assurances to the customer, have been shown to have the potential to improve internal performance (Hart 1995), achieve greater customer value (Hart 2000), and enhance customer loyalty (Evans et al. 1996). This is possibly achieved through reducing the perceived risk of mal-performance in future. When customers face problems (that can be attributed to the seller) in a relationship, it is important for the seller to assure and prove to the customer that such incidents will not be repeated in the future. Additionally, such an assurance will show to the customer that the seller is committed to ensuring that the customer will not face problems again and has the necessary processes for the same. Thus the act of assuring the customer that the problems will not be repeated and the customer's interest will be guarded in future would lead to higher perceptions of procedural justice. Hence:

H8: Assurance will have a positive effect on customers' perceptions of procedural justice.

Literature in the field of change management has shown that organizations experiencing large scale change perform better than organizations that experienced incremental change or no change at all. Additionally, these organizations demonstrated significantly greater improvement in managerial competence (Waclawski, 2002). Thus, organizational change has been shown to change the leadership, culture, and structure of a firm, which allows for improved managerial behavior, resulting in superior firm performance. Thus, when a large scale change is made by the

organization, which changes the leadership, culture, or structure of the organization, it can be a potent clue for customers that the service performance of the seller firm will be enhanced and thus the seller can be relied upon for not repeating the mistakes committed in the past. Hence, I propose that:

H9: Organizational change will have a positive effect on customers' perceptions of procedural justice.

Customers' fairness perceptions after the repair efforts made by the seller firm would possibly depend on the way resources/efforts are valued and categorized by customers. According to mental accounting principles, people use various implicit methods to assign resources to different mental accounts (Benartzi and Thaler 1995; Thaler 1985). People assign economic and social resources to different mental accounts. Thus, customers will likely place greater value on exchanges involving similar resources than on those involving dissimilar resources/efforts. Additionally, attribution theory would suggest that the seller firm will not be directly held responsible for presence of better alternatives, as would be the case for service failures. Since service failures can directly be attributed to the seller, a compensation will be more in line as an appropriate exchanged resource. Following the same logic, opportunistic behavior is a breach of trust which majorly distracts from the social elements of the relationship, and hence compensation will not be an appropriately matched resource/effort if the reason behind relationship damage was opportunistic behavior. Based on the above arguments, I propose the following:

H10: Positive effect of compensation on distributive justice will be highest for the context of service failures, lower for better alternatives context, and lowest for opportunistic behavior context.

H11: Positive effect of relationship specific investments will be highest for the context of service failures context, lower for better alternatives context, and lowest for opportunistic behavior context.

H12: Positive effect of accountability on procedural justice will be highest for the context of opportunistic behavior, lower for service failure context, and lowest for better alternatives context.

H13: Positive effect of assurance on procedural justice will be highest for service failures context, lower for better alternatives context, and lowest for the context of opportunistic behavior.

H14: Positive effect of organizational change on procedural justice will be highest for service failures context, lower for better alternatives, and lowest for opportunistic behavior.

It is often said that actions speak louder than words. Among the aspects of procedural justice, only organizational change can be categorized as actual action undertaken by the seller firm to ensure that customer's interests are given primary consideration when it comes to doing business. Through displaying accountability, the seller firm acknowledges that (a) there is a problem (b) the seller firm is responsible for the problem (c) it owes it to the buyer to make up for what went wrong. Through providing assurance the seller firm makes a similar promise for the future, i.e. (a) it will try that the problem will not be repeated in future and (b) it will make up for the loss in case it happens. Thus, both accountability and assurance reflect on the good intention of the seller, but it is only through making the necessary organizational change that it has shown that its intentions are not hollow. Thus, in the presence of organizational change, the display of good intentions will have a greater impact. This leads to the following hypothesis:

H15: The positive effect of accountability and assurance on procedural justice will be stronger in the presence of organizational change.

Once again, following the same logic as for hypothesis 14, compensation is the action component of the overall intention of the seller firm to make up for the losses incurred by the buyer due to the problem caused. Increased relationship specific investments are a signal to the buyer that the seller cares for the relationship and that it is willing to work towards making up for past problems by finding ways to give to the buyer in the present. But relationship specific investments can take many forms, and are usually made in anticipation of future benefits to both parties, rather than to compensate one party. In other words, compensation is more explicitly made for reasons of the past whereas RSIs can also have a future orientation. Thus, I argue that aspects of equity through making of relationship investments will have a greater impact on perceptions of distributive justice when the seller has made good for past obligations. Hence I propose the following hypothesis:

H16: The positive effect of relationship specific investments on distributive justice will be stronger in the presence of compensation.

CHAPTER 5

RESEARCH METHODS

Mixed Experimental Research Design

In some similar studies examining service failure/complaint handling behaviors, researchers have used the critical incident technique, in which respondents are typically asked to recall an incident of service failure/complaint handling that respondents faced in the past few months. However, my qualitative research had suggested that the average period for business-to-business relationship damage followed by repair efforts was much longer, and typically took several months to unfold. Hence, due to the problems associated with retrospective self-reports such as memory lapse, rationalization tendencies, and consistency factors, I decided to conduct a scenario-based study. Additionally, recall-based studies tend to be asymptotic for customers' responses to ordinary problem (service failure/complaint/relationship damage) situations because customers tend to report on incidents that are important to them (Andreassen 2001). I used a mixed-design experiment using a survey method (but an experimental design for the study) for testing the hypotheses in this study. Such a design better allowed me to test for causal relationships and it does not suffer from the limitations of recall-based designs (Smith et al 1999). This study followed a fractional factorial design in which only the main effects and second order interaction effects were examined. After I conducted a pilot study among students, a representative sample of retailers evaluated hypothetical relationship decline/relationship repair scenarios that were related to one of their current vendor relationships. Such a scenario bassed

methodology has frequently been used by scholars to study similar situations of service failure/recovery and trust violations (Smith et al 1999, Wang and Huff 2007, Tomlinson et al 2004), and is considered very appropriate for situations where it is difficult to create a real conflict situation for the respondent.

The mixed design experiment involved manipulation of two factors. The factor 'reason for relationship damage' was manipulated at 3 levels (service failure/opportunism/better alternatives). Thus, each subject was exposed to one of the three primary reasons behind relationship damage. Subsequently, within each relationship damage cell, the five relationship repair efforts (and their second order interactions) were manipulated using a within-subjects design. These subsequent repair efforts were based on a 2X2X2X2X2 design that would have resulted in 32 possible relationship repair effort combinations (with each type of the 5 different repair efforts either present or absent). However, instead of using a full-factorial design, I used a fractional factorial design in which I was able to test for the main effects and the second order interactions of the repair efforts. Third, fourth, and fifth order interactions were not tested in this study. In other words, a given respondent was exposed to one reason of relationship damage, followed by only one description (out of 16 possible different types) of repair efforts undertaken by the supplier. In this way, the study comprised 48 cells of respondents in total (3 reasons X 16 types of repair efforts—see Table 5.3).

Respondents were asked to report their trust, commitment, and satisfaction (relationship quality) three times during the study. First, after they had thought of a vendor of their choice, second after they were presented with a reason for relationship decline, and third after they were presented with the supplier's relationship repair efforts scenario. This temporal separation allows me to make causal attributions in my study. Thus, it can be inferred with confidence that the

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justice perceptions were caused due to the repair efforts undertaken by the supplier, after

accounting for control variables. Respondents also reported on their perceptions of distributive

and procedural justice immediately before reporting their trust, commitment, and satisfaction at

Time 3 (See Figure 1 and 2). The relationships suggested in the model were estimated using the

technique of regression.

The scenarios and scales used in the final data collection are given in the appendices. In

the final survey with retail managers, subjects began by naming one of their vendors with whom

they regularly did business. Next, they answered a series of questions about their relationship

quality with the vendor, relationship quality with the sales executive, length of relationship,

dependence on seller, etc. They also answered a battery of questions about demographic factors

such as gender, age, and factors such as buyer forgiveness, etc. Subjects were then asked to

imagine a hypothetical situation that transpires with this vendor in which cause behind

relationship damage was manipulated. Subsequently, they responded to a series of measures

regarding their evaluations of the situation (a manipulation check for cause behind damage, a

measure of stability attributions, measures of change in relationship quality due to damage, etc.).

The subjects were then presented with a scenario representing the vendor's relationship repair

efforts. Finally, they responded to measures of perceived justice, and change in relationship

quality due to the repair efforts, and evaluated the realism of the damage and repair efforts.

Scenario Development and Scenario Testing

After the analysis of the qualitative data and model development as described earlier,

scenarios for manipulating reasons for relationship damage and repair efforts were created after

extensive discussions with 5 academics who had previously worked in the retail sector, and also

in extensive consultations with 12 managers/owners working in the retail sector (four worked in

grocery stores, three in clothing and accessory stores, three in department stores, one in pharmacy, and one in gift shop). All of these managers/owners worked in stores in the local Tuscaloosa (Alabama) area. The scenarios were developed after first identifying the most typical happenings in buyer-supplier relationships as described in the qualitative interviews and as per the discussions with these managers working in the retail sector. After the initial scenarios were developed, I tested and fine-tuned these scenarios by taking feedback from the local retail managers mentioned earlier. I showed these scenarios to these local retailers and sought their opinion on the realism and typicality of these scenarios. After three iterations of retailer feedback and scenario fine-tuning, the scenarios were finalized for use in the main quantitative study. The details of the unique scenarios and their combinations can be seen in the next section. To summarize, scenarios were developed and tested for manipulating two factors (a) reason of relationship damage, and (b) efforts made by the supplier for repairing the damaged relationship. At the time of taking the survey, respondents were first randomly assigned to one of the three relationship damage scenarios. Subsequently, each respondent was exposed to a certain combination of repair efforts (out of 16 different combinations). In this way, the within subjects factor (repair efforts) was manipulated similar to a conjoint task. Each of the 16 types of repair efforts were varied at two levels (present or absent).

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Operationalization of the Constructs

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Reasons of Relationship Damage

As described earlier, three reasons of relationship damage were used in this study: supplier's service failures, opportunistic behavior by supplier, and the availability of better alternatives to the retailer. Reason of relationship damage was manipulated through the use of scenarios. As described in the previous section, the scenarios were developed in consultation

with 12 managers working in the retail sector. After the scenarios were developed, they were

shown to these managers to assess face validity, and changes were made to the scenarios as per

the suggestions given by them. The three scenarios used for manipulating the reasons of

relationship damage are given in Table 5.1.

Table 5.1

Scenario Descriptions for Reason of Relationship Damage

Reason of Relationship Damage	Scenario Used for Manipulation
Supplier's 'Service Failures' **(SF)**	For the last six months, you have been facing some problems with this supplier. Service related issues have been increasing. On several occasions, the supplier failed to deliver goods to you on time. At other times, it delivered products that were different from what you ordered, which took several days to sort out. Apart from being an unnecessary hassle for you, sometimes these lapses also resulted in lost sales for your company. Some customers complained of this supplier's products not being available when needed. You brought this to the notice of the supplier, but these problems persist, and seem to occur more frequently than had been usual.
Supplier's 'Opportunistic Behavior' **(OB)**	In the last six months, you suspected several times that the supplier was primarily watching its own interests in its dealings with you. You felt the supplier tried to push products on to you without much concern for your specific needs, just because it had those products as excess inventory. You also feel that the supplier is not giving you the best prices anymore. You found out that compared to the prices quoted to you, at least on some products, this supplier gave better prices to other similar retailers in the nearby area. Overall, it appeared to you that the supplier was taking undue advantage of your relationship. You brought this to the notice of the supplier, but the problem seems to persist.

Table 5.1 (Continued)

Availability of 'Better Alternatives to Buyer' **(BA)**	For the last six months, you feel that other competing suppliers for similar products seem to be doing a better job compared to this supplier. The other suppliers regularly offered you better prices, discounts, and better service too. Their products and promotions were often more innovative and relevant to your needs, and they seemed to be willing to do much more for you compared to this supplier. Although this supplier's performance has not declined in any way, all this has often left you with the feeling that you would have been better off dealing with other suppliers. Keeping in mind your established relationship, you bring this to the notice of the supplier, but the situation seems to persist.

Relationship Repair Efforts

The efforts made by the supplier for repairing the buyer relationship were identified as: providing compensation, making relationship specific investments, showing accountability for the problems, giving assurance about the future, and making organizational changes towards fixing the cause of the problem. These repair efforts too were manipulated through the use of scenarios. Since the direct effects and the second order interactions were tested in the study, these five unique repair efforts resulted in 16 different combinations of repair efforts. The list of all the unique repair efforts made by suppliers is provided in Table 5.2. The complete list of all the different combinations of scenarios used in the study is provided in Table 5.3. In total, there were 48 different combination of scenarios used in this study. Language of some of the repair efforts was changed in order to match them with the specific reason of relationship damage (in case of Accountability, Assurance, and Organizational Change). The scenario descriptions for 'Compensation' and 'Relationship Investments' remained the same for all reasons of relationship damage.

Table 5.2

Scenario Descriptions of the Unique Repair Efforts Made by Suppliers

Number	Efforts Made	Scenario Description
1	Compensation	The supplier offered some attractive additional discounts and some free products on the next few purchases that you made, which you thought made up for any possible losses that you may have incurred over this time.
2	Relationship Investments	The supplier started investing more resources and efforts towards you as a customer. It offered you better and more flexible credit terms, so now you can make payments to the supplier over a longer time than what had been usual. The supplier's representatives started giving you more time and attention.
3	Accountability	The supplier identified the reasons behind these problems and readily took responsibility for the situation. It held itself accountable for the unfortunate incidents and acknowledged that you suffered inconvenience and monetary loss. The supplier apologized to you for these problems. **(Reason: Service Failure)**
		The supplier identified the reasons behind these problems and readily took responsibility for the situation. It held itself accountable for the situation you faced, and acknowledged that your interests should have been better taken care of. The supplier apologized to you for the situation. **(Reason: Opportunistic Behavior)**
		The supplier identified the reasons behind these problems and readily took responsibility for the situation. It held itself accountable for the situation you faced, and acknowledged that it needed to better keep up with the competition. The supplier apologized to you for the situation. **(Reason: Better Alternatives)**

Table 5.2 (Continued)

		The supplier gave you a strong assurance that such service problems will not happen in the future, and that the supplier will work towards providing you the best possible service. **(Reason: Service Failure)**
4	Assurance	The supplier gave you a strong assurance that you will not face such issues in the future, and that your interests will always be well guarded by the supplier. **(Reason: Opportunistic Behavior)**
		The supplier gave you a strong assurance that it will do its best to be as competitive as any other supplier in the market, and that you will not have such complaints with the supplier again. **(Reason: Better Alternatives)**
		The supplier made some important organizational changes towards addressing the problem. Among other things, it brought in a new manager for service operations and quality, and this manager had a reputation of doing an excellent job. **(Reason: Service Failure)**
5	Organizational Change	The supplier made some important organizational changes towards addressing the problem. Among other things, it brought in a new marketing manager, and this manager had a reputation of being very fair in his dealings with all his buyers (such as you). **(Reason: Opportunistic Behavior)**
		The supplier made some important organizational changes towards addressing the situation. Among other things, it brought in a new manager who had a reputation for being very dynamic, innovative, and competitive, and for keeping his customers (such as you) fully satisfied. **(Reason: Better Alternatives)**

Table 5.3

Complete List of Scenario Combinations

No.	Reason of Relationship Damage	Repair Efforts Made by Supplier				
		Compensation	Relationship Investments	Accountability	Assurance	Organizational Change
1.	Service Failure	√				
2.	Service Failure		√			
3.	Service Failure			√		
4.	Service Failure				√	
5.	Service Failure					√
6.	Service Failure	√	√			
7.	Service Failure	√		√		
8.	Service Failure	√			√	
9.	Service Failure	√				√
10.	Service Failure		√	√		
11.	Service Failure		√		√	
12.	Service Failure		√			√
13.	Service Failure			√	√	
14.	Service Failure			√		√
15.	Service Failure				√	√
16.	Service Failure					
17.	Opportunistic Behavior	√				
18.	Opportunistic Behavior		√			
19.	Opportunistic Behavior			√		
20.	Opportunistic Behavior				√	
21.	Opportunistic Behavior					√
22.	Opportunistic Behavior	√	√			
23.	Opportunistic Behavior	√		√		
24.	Opportunistic Behavior	√			√	
25.	Opportunistic Behavior	√				√
26.	Opportunistic Behavior		√	√		
27.	Opportunistic Behavior		√		√	
28.	Opportunistic Behavior		√			√
29.	Opportunistic Behavior			√	√	
30.	Opportunistic Behavior			√		√
31.	Opportunistic Behavior				√	√
32.	Opportunistic Behavior					
33.	Better Alternatives	√				
34.	Better Alternatives		√			
35.	Better Alternatives			√		
36.	Better Alternatives				√	
37.	Better Alternatives					√
38.	Better Alternatives	√	√			
39.	Better Alternatives	√		√		
40.	Better Alternatives	√			√	

Table 5.3 (Continued)

41.	Better Alternatives	√				√
42.	Better Alternatives		√	√		
43.	Better Alternatives		√		√	
44.	Better Alternatives		√			√
45.	Better Alternatives			√	√	
46.	Better Alternatives			√		√
47.	Better Alternatives				√	√
48.	Better Alternatives					

Justice Perceptions

Perceptions of justice were measured using previously existing scales that were adapted for the purpose of this study. The scale for measuring distributive justice was adapted from Blodgett, Hill, and Tax (1997), while the scale for procedural justice was adapted from Cole and Flint (2004). Distributive justice measured the extent to which the buyer felt compensated for the problems caused in the supplier relationship. Procedural justice scale measured the extent to which the buyer felt that the procedures followed by the supplier for repairing the relationship were in line with the principles of fairness, and hence would ensure fairness if problems occur again in the future. Thus, in a sense, distributive justice is 'past oriented' while procedural justice is 'future oriented' in the perception of the buyer. Each of the justice constructs were measured using three item scales that are given in Table 5.4. The scales used were Likert type, five point scales, ranging from 'strongly disagree' to 'strongly agree'.

Table 5.4

Scales for Measuring Justice Perceptions

Distributive Justice (DJ)
(1=Strongly Disagree, 5=Strongly Agree)
1. Compared to what I expected, the compensation offered to me was adequate (DJ1)
2. I think I got what I deserved in return (DJ2)
3. I think the supplier offered adequate compensation (DJ3)
4.
Procedural Justice (PJ)
(1=Strongly Disagree, 5=Strongly Agree)
1. I believe that the supplier's actions will get me fair treatment in future as well (PJ1)
2. What the supplier did was proper and such procedures will ensure fairness in future too (PJ2)
3. The supplier's approach shows that I will be treated fairly if such a situation arises again (PJ3)

Relationship Repair (Change in Trust, Commitment, and Satisfaction)

The extent to which the relationship was repaired (change in trust, commitment, and satisfaction) was measured using three single item scales as shown in Table 5.5. The use of single item scales here considered appropriate due to several reasons. First, there are no established scales in the literature that measure 'change' in the quality of the relationship. Second, the existing scales that measure the absolute value of relationship quality (and not change) could not be easily adapted here because the change could take place in either direction, positive or negative. Third, I wanted to avoid the cognitive load on respondents caused by including multiple item scales. Since the respondents were managers or owners working in the retail sector, they typically have heavy demands on their time and are quite busy. Since the survey would have made them read the scenario text and imagine that such a situation actually happened, and because I had several other multi item scales in the study, it was important that I did not put extra cognitive load on them. Lastly, there is some recent evidence that single item

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scales can be effectively used by researchers without compromising on the quality of the findings (Bergkvist and Rossiter 2007).

Table 5.5

Scales for Measuring Relationship Repair

My trust in this supplier firm will change.												
Negatively	-5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5	Positively
My feeling of commitment towards this supplier relationship will change.												
Negatively	-5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5	Positively
My satisfaction with this supplier will change.												
Negatively	-5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5	Positively

Covariates

The study uses several variables as covariates so that their effects are not confounded with the results. The list of these covariates is given in Table 5.6. I included length of the relationship, relationship quality with the sales representative, relationship quality with the supplier firm, dependence on the supplier, stability attributions of the reasons of damage, history of conflict with supplier, propensity to trust, and propensity to forgive as covariates. Propensity to trust has been shown to positively influence trust (Mayer et al 1995) particularly in early stages of development (McKnight et al 1998). Thus, propensity to trust should influence the way in which the buyer views the problem behind the damage and could influence the buyer's response. Similarly, propensity to forgive is the way a buyer might respond to a problem attributed to the seller and is conceptualized here as a personality trait. Similarly, all other covariates too might impact responses of buyers in situations of relationship damage followed by relationship repair. Most of the covariates were measured using previously existing multi-item scales in the literature, while some were measured using single item scales. The items for

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measuring trust, commitment, and satisfaction, both with the supplier firm and the sales

representative, were adapted from Morgan and Hunt (1994). History of conflict scale was

adapted from Anderson and Weitz (1992), while buyer's propensity to trust and the buyer's

propensity to forgive were adapted from Wang and Huff (2007) and Mullet et al (2003)

respectively.

Table 5.6

Items Used to Measure Initial Relationship Quality and Other Covariates

Supplier Trust
(1=Strongly Disagree, 5=Strongly Agree)

1. In our relationship, this supplier can be trusted at all times (T1)
2. This supplier firm can be counted on to do what is right. (T2)
3. This supplier firm has high integrity. (T3)

Commitment Towards the Supplier

(1=Strongly Disagree, 5=Strongly Agree)
1. I am willing to go the extra mile to work with this supplier. (C1)
2. I feel committed to my relationship with this supplier. (C2)
3. I view the relationship with this supplier as a long-term partnership. (C3)

Satisfaction with Supplier

(1=Strongly Disagree, 5=Strongly Agree)
1. I have a high quality relationship with this supplier. (S1)
2. I am happy with my relationship with this supplier. (S2)
3. I am satisfied with the relationship I have with this supplier. (S3)

Trust in Sales Representative

(1=Strongly Disagree, 5=Strongly Agree)
1. This salesperson can be trusted at all times.
2. This salesperson can be counted on to do what is right.
3. This salesperson has high integrity.

Commitment Towards Sales Representative

(1=Strongly Disagree, 5=Strongly Agree)
1. I am willing "to go the extra mile" to work with this salesperson.
2. I feel committed to the relationship with this salesperson.
3. I view the relationship with this salesperson as a long-term partnership.

Satisfaction with Sales Representative

(1=Strongly Disagree, 5=Strongly Agree)
1. I have a high quality relationship with this salesperson.
2. I am happy with the relationship with this salesperson.
3. I am satisfied with the relationship I have with this salesperson.

Table 5.6 (Continued)

Length of Relationship

About how many years have you done business with this supplier? (in years)

       Less than 2

       2 – 4

       5 – 7

       8 – 10

       11 and above

Dependence on Supplier

(1=Strongly Disagree, 5=Strongly Agree)

1. It would be difficult for us to replace this supplier.
2. This supplier is a very large company.
3. We are dependent on this supplier.
4. We do not have a good alternative to this supplier.

History of Conflict with Supplier

(1=Strongly Disagree, 5=Strongly Agree)

1. This supplier has survived some rocky periods with us.
2. At one point this supplier came close to terminating its relationship with us.
3. At one point this supplier came close to terminating its relationship with us.
4. This supplier has had more than the usual amount of ups and downs dealing with us.

Higher Expectation of Repair Efforts

(1=Strongly Disagree, 5=Strongly Agree)

I expected the supplier to do more than what it did towards repairing our relationship.

Stability Attribution of Reason of Relationship Damage

(1=Highly Unlikely, 5=Highly Likely)

Given your overall past experience with this supplier, what is the likelihood that such a problem will occur again?

Buyer's Propensity to Forgive

(1=Strongly Disagree, 5=Strongly Agree)

1. I can easily forgive even when the offender has not apologized.
2. I can truly forgive even if the offender did harm intentionally.
3. I can truly forgive even if the consequences of harm are serious.

Buyer's Propensity to Trust

(1=Strongly Disagree, 5=Strongly Agree)

1. Most people are trustworthy.
2. Most people can be relied upon to tell the truth.
3. In general, people can be trusted to do what they say they will do.

Demographic Items (Respondent as Individual)

A series of demographic questions were included in the survey in order to assess the

representativeness of the sample and in order to identify any potential extraneous effects. These

questions asked about the respondents' age, gender, income, ethnicity, and level of education.

The items used to measure this information are presented in Table 5.7.

Table 5.7

Demographic Items (Respondent as Individual)

Your Age is (in years)
19-30
31-40
41-50
51-60
61 or above

Gender
Male
Female

Ethnicity
Caucasian
African American
Hispanic
Asian
Other

Education
Less than High School
High School Graduate
Some College
College Graduate
Some Postgraduate Work
Graduate Degree

Income Per Year
Less than $20,000
$20,000 - $39,999
$40,000 - $59,999
$60,000 - $75,000
More than $75,000

Experience in Retailing (years)
Less than 5
5 – 10
11 – 15
16 – 20
21 – 25
26 -30
31 and above

Table 5.7 (Continued)

About how long have you worked with this company? (in years)
　　Less than 5
　　5 – 10
　　11 – 15
　　16 – 20
　　21 – 25
　　26 – 30
　　31 and above

Demographic Items (Respondent's Firm)

Several questions were asked about the firm with which the respondents worked. I asked

them whether they worked in the retailing industry, how many different products or SKUs (stock

keeping units) did their firm sell; the approximate total revenue (sales) of the firm; and

approximately how many stores the company had in the USA. The questions used to capture this

information are shown in Table 5.8.

Table 5.8

Demographic Items (Respondent's Firm)

Do you work in the retailing industry?
　　No
　　Yes (Please specify the type of retail store, for example, grocery, clothing, department
　　　　store, furniture, etc.)
About how many different products or SKUs do you sell in your store?
　　Less than 25
　　25 – 49
　　50 – 199
　　200 – 499
　　500 or above
What is the approximate annual revenue (sales) of this company?
　　Less than $100,000
　　$100,000 - $500,000
　　$500,000 - $2 million
　　$2 million - $20 million
　　$20 million - $100 million
　　$100 million - $1 billion

Table 5.8 (Continued)

More than $1 billion
In total, about how many store does your company have in the USA?
Only 1
2 – 10
11 – 50
51 – 250
More than 250

Data Collection Procedures

Pilot Test (Students)

I pilot tested the survey on students before I conducted the final study among actual retailers. The pilot study had several objectives. First objective was to test the survey questionnaire for any language or grammatical errors. Second objective was to test that the questions flow was correct and nothing was awkward or unclear. Third objective was to test the psychometric properties of the primary scales used in the study. Fourth and the last objective was to test that the scenario manipulations of the factors actually worked (manipulation check). All the objectives of the pilot study were successfully met. In total, 102 undergraduate students (seniors and juniors only) participated in the study in return for extra credit. Students were presented with a hypothetical situation that matched closely with the final study. They were made to imagine that they worked with a retailer and were responsible for buying from suppliers and interacting with the suppliers' sales representatives. Subsequently, a relationship damage situation was presented to them, followed by a scenario about what efforts were made by the supplier to rebuild the relationship.

There was evidence that these students were quite suitable for testing the survey instrument. First, most of the students had worked in a retail setting at some point during their college years. Additionally, being seniors and juniors majoring in marketing, most of the

students had taken some advanced required courses such as 'Supply Chain Management,' and hence had a good understanding of the dynamics of buyer-supplier relationships. Thus, they not only found it quite easy to put themselves into the hypothetical situation, but also readily provided suggestions regarding the language, flow, and content of the survey. These suggestions were incorporated into the survey. Towards the end of the survey, students were asked to recall the reason of relationship damage as described in the study through scenarios. A majority of students (95 out of a total of 102) correctly recalled the reason, showing that the manipulation worked successfully. The average time taken to complete the survey was about 6 minutes. This was primarily because not all the control variables were included in the pilot study. The actual average time taken by the respondents of the main study among retailers was higher (about 12 minutes). The reliabilities of the scales and the results of the measurement model from the pilot study are presented in the next chapter.

Main Study (Retailers)

The main quantitative study was conducted among respondents working in the retailing sector and who, as part of their job profile, purchased from suppliers and interacted with the suppliers' sales representatives. The survey administered to the respondents is given in Appendix H. The respondents were chosen from an online panel of people working in the retail sector. This panel is maintained by market research firm Zoomerang, as part of its online panel business which in total has more than 2.5 million opt-in respondents. Zoomerang recruits respondents for its panels both through online contact and through nationwide semi-annual direct mail surveys. This helps the firm in constructing panels that are comprehensive and well representative of the country's (USA) population on important demographic and geographic characteristics such as gender, age, income, employment status, education, ethnicity, region, state, and area code.

Zoomerang also tries to ensure the validity of responses by closely monitoring the participation patterns of the panel members. Those respondents whose responses are found to be questionable are removed from the panel. Also, respondents are limited in the number of surveys they may take during a given year, and on average, each respondent completes four surveys per year. Each panel member is assigned a unique identification number which helps Zoomerang track the patterns of behavior of members which in turn helps in maintaining the quality of the online panel overall. The firm also uses its trademarked 'TrueSample' technology that identifies and removes fake, duplicate, and unengaged respondents from research samples. Since its launch in 2008, the 'TrueSample' technology has prevented more than one million fraudulent respondents from participating in its online research panels.

An email invitation was sent to all retail panel members inviting them to participate in an online survey. The invitation also informed the panel members that 50 Zoomepoints will be awarded to those who completed the survey. The Zoomepoints comprise the incentive offered to respondents, and these accumulated points, just as in typical loyalty programs, can be redeemed for products or cash by the panel members. The web-link to the survey was sent within the invitation and the members could simply click on the URL if they wanted to participate in the survey. At first, the email invitation was sent to only 10% of the panel members as 'soft launch.' This was done in order to ensure that everything went as planned and nothing unexpected happened in the processes planned for the study. Additionally, I tested for the manipulation of factors during the soft launch, and all the manipulation checks worked satisfactorily. Lastly, respondents were encouraged to give feedback on the survey, and from their comments it appeared that the survey instrument did not have any problems.

Since a specific type of respondent was required for this study (they should have been working in retail, and should have played a role in buying from suppliers), two screener questions were asked of the respondents before the actual survey was presented to them. These screener questions were meant to ensure that the respondents actually met both of these conditions. These two questions are given in Table 5.9. In total, 2,945 panel members who were willing to participate in the study clicked on the URL given in the invitation email. Out of these, 1188 respondents said that they did not work in the retail sector and hence were screened out of the survey. Out of the remaining 1757 respondents who indicated that they did work in retailing, only 523 respondents answered the second screener question in the affirmative, i.e., as part of their job profile, they played a role in buying from suppliers and interacted with their sales representatives. The remaining respondents were screened out from the survey. The survey was offered as a first come first serve opportunity, and hence out of the 523 who qualified, only the first 279 completed the survey and the rest were shown the message that the quota for the survey was complete. The online data collection took about 10 days to complete.

The total quota for the study was 240 while the quota for each scenario combination was five. As mentioned earlier, there were 48 unique combinations of scenarios in this study [3 reasons of damage X 16 combinations of repair efforts, also see Table 5.3]. As per the power calculations for the study, it was determined that a sample of 240 (80 for each of the three reasons of damage, and within that, 5 for each of the 48 unique scenarios) would be sufficient. Quotas for each of the 48 unique scenario combinations were constructed within the same online survey instrument. Thus, respondents randomly opted to take the survey and were assigned to the first scenario combination (scenario 1). Once the quota of 5 for the first scenario combination was met, the 6th incoming respondent was assigned to the second scenario. Once the quota of 5

for the second scenario was met, the 11th incoming respondent was assigned to the third scenario

combination. The survey was hosted at the University of Alabama website through Qualtrics,

and the functionalities of the online research software allowed the setting and meeting of quotas

in this manner. This process continued until each unique scenario (48 in total) was responded to

by at least 5 respondents, for a desired sample size of 240. However, due to some software

malfunctioning at Qualtrics.com, some of the quotas exceeded their pre-set value, and hence

some of the scenario combinations were responded to by more than 5 respondents (6 or 7 in

some cases). The exact number of respondents for each unique scenario combination is reported

in Table 5.10.

Table 5.9

Screener Questions Used in the Study

Do you work in the retailing industry?
No
Yes (Please specify the type of retail store, for example, grocery, clothing, department store, furniture, etc.) _____
As part of your job, do you play a role in buying from suppliers and interacting with their sales representatives?
No
Yes

Table 5.10

Final Number of Respondents for Each Unique Scenario Combination (Refer to Table 5.3 for Details About Each Scenario Combination)

Scenario Combination No.	No. of Respondents	Scenario Combination No.	No. of Respondents
Scenario 1	5	Scenario 25	7
Scenario 2	6	Scenario 26	5
Scenario 3	7	Scenario 27	5
Scenario 4	6	Scenario 28	6
Scenario 5	6	Scenario 29	5
Scenario 6	6	Scenario 30	5
Scenario 7	6	Scenario 31	6
Scenario 8	5	Scenario 32	5
Scenario 9	7	Scenario 33	6
Scenario 10	5	Scenario 34	6
Scenario 11	5	Scenario 35	5
Scenario 12	5	Scenario 36	5
Scenario 13	6	Scenario 37	6
Scenario 14	8	Scenario 38	5
Scenario 15	14	Scenario 39	5
Scenario 16	7	Scenario 40	5
Scenario 17	7	Scenario 41	6
Scenario 18	8	Scenario 42	5
Scenario 19	5	Scenario 43	5
Scenario 20	5	Scenario 44	6
Scenario 21	6	Scenario 45	5
Scenario 22	5	Scenario 46	5
Scenario 23	5	Scenario 47	5
Scenario 24	5	Scenario 48	5

Total Sample Size = 279

Sample Size (Main Study)

I made power calculations keeping in mind the largest regression equation in my model. With an alpha of .05, the given number of predictors, an anticipated effect size of .10 (which is considered less than medium in size), and a desired statistical power level of .80, a sample size of 201 was considered appropriate. Thus, taking an even more conservative approach, I collected

data targeting a sample size of 240, with at least 5 respondents for each of the 48 unique

scenarios (5*48 = 240).

Manipulation Checks and Deleting Invalid Responses

I used two specific manipulation checks to check whether respondents were actually

perceiving the inbuilt differences among the scenarios and that they perceived that the scenario

events unfolded over a length of time. Towards the end of the survey, I asked respondents two

questions. First, I asked them to recall as to what was the reason behind the problems in supplier

relationship. Second, I asked them as to over how long the problems with the supplier took place.

While more than 85% of respondents cleared these manipulation checks, those who failed were

not all deleted from the final sample. This was necessary because (a) language is often

interpreted subjectively by people and (b) I was paying for each completed survey and hence

wanted to give every survey response a fair chance before deleting it completely. Thus, I adopted

a systematic approach towards deleting apparently non-valid survey responses. This approach is

described next.

I used five criteria towards deciding whether a survey response needed to be deleted.

First, relationship quality as captured after the relationship problems should have changed

negatively only. Thus, if a respondent marked that the relationship quality changed positively

after the problems occurred, it was treated as a suspicious survey response. Second, the

respondent should have been able to recall the specific reason behind relationship problems as

described in the survey (service failures/opportunistic behavior/better alternatives). Third, as

connoted in the scenario descriptions, the respondent should have perceived that the problems

took place over several months, and not on a given moment. Fourth, the time taken to fill out the

whole survey should not have been less than 6 min (the average time taken was about 12 min).

Lastly, I asked each respondent at the end of the survey as to what the study was all about. It was a required question, and their response was an important indicator of the quality of the responses. Out of these five criteria, if a respondent failed on three or more of the criteria, then that respondent was deleted from the final sample. Following this approach, 14 respondents had to be deleted as invalid, and a final sample of 279 responses was used for analysis.

Table 5.11

Criteria Used for Deleting Invalid Survey Responses

1. Did the relationship quality change for the worse after the problems?
2. Was the respondent able to recall the specific reason behind the problems in the relationship?
3. Did the respondent perceive that the relationship problems took place over several months and not in a given moment or day?
4. Did the respondent take very short amount of time in filling out the survey? (Less than 6 min)
5. At the end, did they know what the study was about?

Conclusion

To summarize the methodology followed for the study, a fractional factorial, mixed experimental design was adopted for this study. The two factors, i.e. the reason of relationship damage and supplier's efforts for rebuilding the relationship were manipulated through the use of scenarios, and the buyer's perceptions of fairness and of change in relationship quality were captured using multi-item scales. There were 48 unique scenarios used in the study. Several important covariates were also measured. After conducting a pilot study among students, an online panel survey was conducted for the main study in which a total of 276 respondents completed the survey. After deleting some invalid responses, a final sample of 279 responses was ready for analysis.

CHAPTER 6

DATA ANALYSIS AND RESULTS

Pilot Study (Students): Results

As described earlier, the pilot study among students was conducted with several objectives in mind and all of these objectives were successfully met. The survey instrument used for the pilot study can be seen in Appendix G. 102 students (seniors and juniors only) participated in the study, and about 35 different scenario combinations (out of a maximum of 48) were randomly distributed among these students. In this way, I tried to simulate the main study to a good extent, in which all of the 48 different combinations were used. The survey instrument was tested in close to a field setting, and detailed feedback was obtained. However, not all student responses were usable. 11 surveys were discarded because they were incomplete in some way and hence were not suitable for use. From the intermediate sample of 91 student responses in the pilot study, 7 more were discarded because they reported a positive change in relationship quality (at Time 2), i.e. an enhanced relationship quality after they read about the problems in the relationship. This showed that these students were possibly not paying full attention to the survey and hence their responses could be unreliable. Thus, a final sample of 84 student responses to the survey was analyzed to determine the psychometric properties of the primary scales used in the analysis. The scales used in the pilot study were the same as the ones used in the main study. The

Cronbach Alpha reliabilities of the scales used to measure trust, commitment, satisfaction, distributive justice, and procedural justice are presented in Table 6.1.

Table 6.1

Cronbach Alpha Reliabilities the Scales Used in the Pilot Study

Scale	Crobach Alpha (α) Value
Trust	**.91**
Commitment	**.85**
Satisfaction	**.89**
Distributive Justice	**.88**
Procedural Justice	**.84**

The average time taken by students to fill out the survey was about 6 minutes, with a minimum of 4 min 20 seconds and a maximum of 11 min 10 sec. This was when only one scenario combination was given to each respondent, and the covariates were not captured. The range of time taken by respondents to read and fill out the survey was another reason why I chose to present only one scenario per respondent in the main study. Presenting two scenarios could possibly have made the survey too long and tedious for the respondents.

The pilot study also had a question which tested for the manipulation of the factor 'reason of relationship damage.' Towards the end, each student was asked to recall as to what was the specific reason behind the problems caused in the relationship. More than 95% of the students correctly recalled the reason (which was service failure, opportunistic behavior, or better alternatives), providing evidence that the scenarios used worked well and were appropriate for use in the main study.

In order to test the measurement model, I also ran a confirmatory factor analysis (CFA) of the primary multi-item scales used in the study. The results of the CFA were satisfactory, and

are presented in Tables 6.2 and 6.3, while the path diagrams for the models are given in Figures

6.1 and 6.2. In order to get an acceptable fit for the relationship quality constructs (trust,

commitment, and satisfaction), second item of trust and the first item of commitment had to be

correlated, and allowing them to correlate appeared theoretically and intuitively reasonable. On

similar lines, the second and the third items for procedural justice were also correlated. The

specific items of each of the justice scales can be seen in Table 5.4, and those of relationship

quality scales can be seen in Table 5.6.

Table 6.2

Measurement Model Results (Relationship Quality: Trust, Commitment, and Satisfaction)

Fit Statistic	Value
RMSEA	.062
CFI	.992
NFI	.972
NNFI	.988
SRMR	.041

Table 6.3

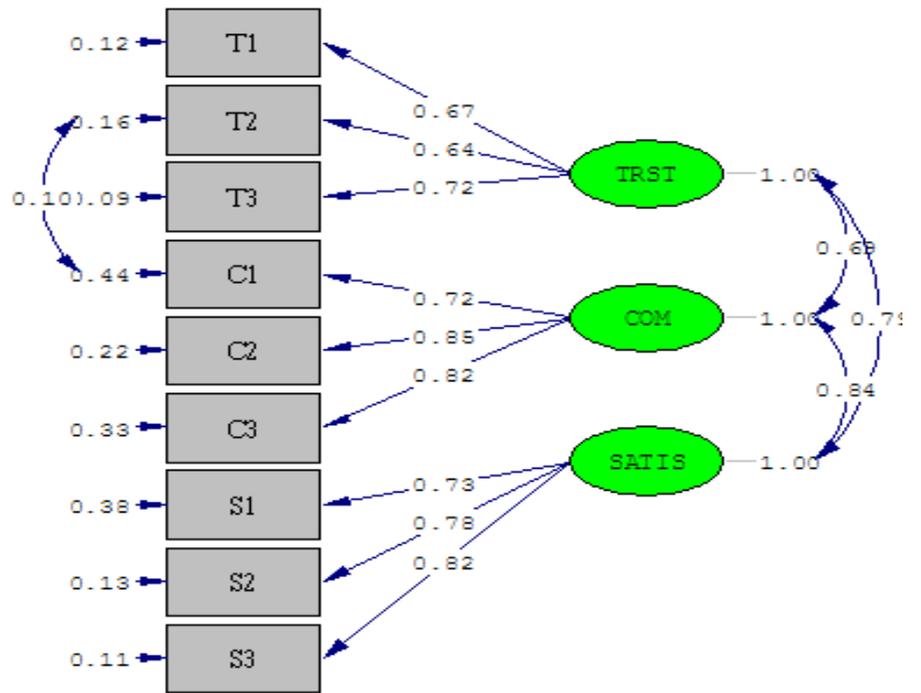**Measurement Model Results (Justice Measures)**

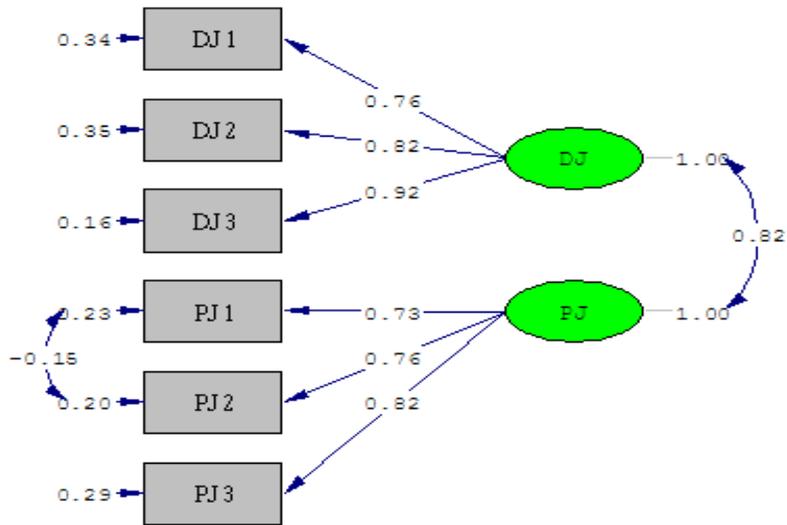| Fit Statistic	Value
RMSEA	.000
CFI	1.00
NFI	.986
NNFI	1.003
SRMR	.024

Figure 6.1

LISREL Path Diagram for Relationship Quality Scale

Chi-Square=30.06, df=23, P-value=0.14760, RMSEA=0.062

Figure 6.2

LISREL Path Diagram for Justice Scales

Chi-Square=6.88, df=7, P-value=0.44158, RMSEA=0.000

Main Study Sample Characteristics (Retailers)

In this section, I explain the various characteristics of the sample in terms of three broad parameters; the respondent as an individual, the respondent's firm, and the retail sector representation of the sample overall. Such analysis is important because it has a bearing on the generalizability and interpretation of the findings.

Demographic Characteristics (Respondent as Individual)

The demographic information captured in the study related to age, gender, ethnicity, education, income, years of experience in retailing, and tenure at employing firm. The sample was quite balanced in terms of the age of respondents since people of all ages were well represented. However, it is noteworthy that a large majority of the sample (73%) was above the

age of 40. Thus, the average respondent was a mature individual with several years of work experience. A majority of the overall sample were female (62%), a large majority had at least some college education (80%), and were Caucasian by ethnicity (93.2%). Respondents' income, experience in retailing, and tenure at employing firm showed good representation across all the different categories. These individual demographic details can be seen in Table 6.4.

Table 6.4

Demographic Characteristics (Respondent as Individual)

		Count	Percent
Age (in years)			
19-30		41	14.7
31-40		34	12.2
41-50		78	28.0
51-60		95	34.1
61 or above		31	11.1
	Total	279	100.0
Gender			
Male		106	38.0
Female		173	62.0
	Total	279	100.0
Ethnicity			
Caucasian		260	93.2
African American		7	2.5
Hispanic		3	1.1
Asian		4	1.4
Other		5	1.8
	Total	279	100.0
Education			
Less than High School		0	0.0
High School Graduate		57	20.4
Some College		111	39.8
College Graduate		74	26.5
Some Postgraduate Work		14	5.0
Graduate Degree		23	8.2
	Total	279	100.0

Table 6.4 (Continued)

Income Per Year

Less than $20,000		22	7.9
$20,000 - $39,999		93	33.3
$40,000 - $59,999		75	26.9
$60,000 - $75,000		40	14.3
More than $75,000		49	17.6
	Total	279	100.0

Experience in Retailing (years)

Less than 5		34	12.2
5 – 10		60	21.5
11 – 15		41	14.7
16 – 20		38	13.6
21 – 25		41	14.7
26 -30		29	10.4
31 and above		36	12.9
	Total	279	100.0

Tenure at employing firm (in years)

Less than 5		34	12.2
5 – 10		60	21.5
11 – 15		41	14.7
16 – 20		38	13.6
21 – 25		41	14.7
26 – 30		29	10.4
31 and above		36	12.9
	Total	279	100.0

Demographic Characteristics (Respondent' Firm)

Out of the total 2945 panel members who showed interest in taking the survey, 1757

worked in firms in the retailing sector, and 1188 were screened out. Out of the 1757 who

qualified, only 290 filled out the complete survey because of the quota limits built into the

survey. About half of the firms sold more than 500 SKUs/products in the store and others were

well represented in other categories. Such representation is probably typical of most retailers in

general. In terms of annual sales revenue, all the categories were well represented in the sample,

showing a good mix of different sized retailers. In terms of number of stores in USA however,

about half of the sample (52.7%) comprised single store retail outlets, with remaining belonging

to other categories. Thus, the sample was a bit skewed towards smaller retailers. This was

expected because the purchasing at most of the large chain stores is centralized at their head-

offices, and hence there aren't very many people at these firms who play a role in making

purchases from the suppliers (please recall that this was my second screener question). The

details of these demographics are provided in Table 6. 5.

Table 6.5

Demographic Characteristics (Respondent's Firm)

Retailing or not?			
No		1188	40.3
Yes		1757	59.7
	Total	2945	100
No. of different SKUs sold			
Less than 25		22	7.9
25 - 49		18	6.5
50 - 199		30	10.8
200 - 499		31	11.1
500 or above		135	48.4
Did not mention		43	15.4
	Total	279	100.0
Annual Revenue (Sales)			
Less than $100,000		60	21.5
$100,000 - $500,000		66	23.7
$500,000 - $2 million		49	17.6
$2 million - $20 million		33	11.8
$20 million - $100 million		14	5.0
$100 million - $1 billion		19	6.8
More than $1 billion		38	13.6
	Total	279	100.0
No. of Stores in USA			
Only 1		147	52.7
2 – 10		34	12.2
11 – 50		12	4.3
51 – 250		22	7.9
More than 250		64	22.9
Total		279	100.0

Retail Sector Representation

The firms that respondents worked with fell in a wide variety of retail sectors, both products and services. Table 6.6 presents information regarding the different retail sectors represented in the sample. At total of 26 retail sectors are represented in the sample. The largest categories represented in the sample were grocery (38), clothing and accessories (30), department stores (23), auto (15), gifts (13), and home improvement (12). Some of the categories were clubbed together to make a large 'other miscellaneous' category (28). I also checked whether the retail sector representation across the three different reasons of relationship damage (service failure, opportunistic behavior, and better alternatives) possibly confounded the results of the study. I found that this was not a cause for concern. The details of this test are provided in a later section in this chapter.

Table 6.6

Retail Sector Representation

Retail Sector	Count	Percent
Grocery	36	12.90
Clothing & Accessories	41	14.70
Department Store	25	8.96
Auto	8	2.87
Gifts	14	5.02
Home Improvement	13	4.66
Furniture	4	1.43
Craft, Hobby, Art	6	2.15
Services (Travel, Spa, etc.)	5	1.79
Jewellery	6	2.15
Music, Movies	9	3.23
Medical	3	1.08
Appliances	16	5.73
Sports	3	1.08
Wine	6	2.15
Beauty Products	3	1.08

Table 6.6 (Continued)

Antiques	5	1.79
Books	8	2.87
Hardware	8	2.87
Vitamin, Health	4	1.43
Florist	2	0.72
Ecommerce	5	1.79
Restaurant	3	1.08
Eyewear	8	2.87
Office Supplies	3	1.08
Other Miscellaneous	35	12.54
Total	**279**	**100.00**

Non Response Bias

Since the survey was open to respondents for about seven days, and some respondents responded quickly while others needed a reminder email, I assessed the possibility of non-response bias. Following the recommendations of Armstrong and Overton (1977), I compared early and late respondents. Specifically, I compared the first and the last 20% of all the completed responses for all the main constructs in the study. The mean differences of these constructs between early and late responders did not differ in this analysis (except for a couple of exceptions). Overall, the results suggested that non response bias was not a cause for concern.

Checking for Confounding Effect of Retail Sector Representation

Although the respondents turned up randomly to participate in the online survey, depending on whenever they managed to find time, I wanted to make sure that the different retail sectors (see Table 6.6) were uniformly distributed across the three initial scenarios of reason of relationship damage. Thus, I checked whether there was any confounding effect present between retail sector representation and reason of relationship damage. I ran a chi square analysis for the three reasons of damage and four broad categories of retail sectors. The results showed that the

Chi-square value was not significant, showing that there was no such confounding present in the data.

Measurement Model Results

I would now like to discuss the psychometric properties of the primary scales used in the study. First, the descriptive statistics associated with the observed items and the latent constructs are presented. Subsequently, the details of the confirmatory factor analysis of the primary constructs used in the study are presented, preceded by a table that lays out the bivariate correlations among these constructs.

Item Descriptives

Table 6.7 gives the means and standard deviations of all the observed items in the study. All the items, except for Trust Change, Commitment Change, and Satisfaction Change, were measured on a five point Likert type scale ranging from 'strongly disagree' to 'strongly agree.' The relationship quality change scales were 11 point scales in which 6 denoted 'No Change,' 1 denoted largest negative change, and 11 stood for largest positive change.

Table 6.7

Item Descriptives

Scale Items	Mean	Standard Deviation
Supplier Trust 1	3.80	0.87
Supplier Trust 2	3.89	0.78
Supplier Trust 3	3.96	0.76
Supplier Commitment 1	3.85	0.80
Supplier Commitment 2	3.89	0.82
Supplier Commitment 3	3.99	0.78
Supplier Satisfaction 1	3.89	0.75
Supplier Satisfaction 2	3.95	0.74
Supplier Satisfaction 3	3.96	0.74
Representative Trust (RepTrust) 1	3.82	0.93
Representative Trust (RepTrust) 2	3.95	0.85
Representative Trust (RepTrust) 3	3.92	0.84
Buyer Forgiveness 1	2.89	0.96
Buyer Forgiveness 2	2.72	1.04
Buyer Forgiveness 3	2.52	0.95
More Expectation	3.50	.91
Probability of Repeat of Problem	2.54	.998
Trust Change (Time 3)	6.50	1.98
Commitment Change (Time 3)	6.44	1.98
Satisfaction Change (Time 3)	6.50	2.10
Trust Change (Time 2)	4.22	1.73
Commitment Change (Time 2)	4.21	1.75
Satisfaction Change (Time 2)	4.06	1.77
Distributive Justice 1	3.29	0.90
Distributive Justice 2	3.19	0.96
Distributive Justice 3	3.19	0.97
Procedural Justice 1	3.51	0.80
Procedural Justice 2	3.48	0.83
Procedural Justice 3	3.48	0.85

Scale Descriptives

Table 6.8 gives the means, standard deviations, and coefficient alphas (where applicable) of the

measures used in the study. More expectations of efforts, probability of problem happening

again, and change in relationship quality were measured using single item scales, and hence the

alpha value for these scales is not applicable. Coefficient alphas of all the multi-item measures

used were higher than the minimum recommended level of .70 (Nunnally and Bernstein 1994)

and this indicated that the measures had high level of internal consistency.

Table 6.8

Scale Descriptives

Scale	Mean	Standard Deviation	Alpha
Supplier Trust	3.89	0.74	.905
Supplier Commitment	3.91	0.72	.884
Supplier Satisfaction	3.93	0.69	.910
Rep Trust	3.90	0.84	.949
Buyer Forgiveness	2.70	.83	.794
More Expectation	3.50	0.92	NA
Repeat of Problem	2.54	0.99	NA
Relationship Quality Change (Time 3)	6.48	1.96	NA
Relationship Quality Change (Time 2)	1.83	1.70	NA
Distributive Justice	3.22	0.89	.941
Procedural Justice	3.49	0.78	.940

Confirmatory Factor Analysis for Justice and Relationship Quality (Time 1) Scales

In order to test the measurement model, I ran a confirmatory factor analysis (CFA) of the

primary multi-item scales used in the study. The results of the CFA were satisfactory, and are

presented in Table 6.9 while the path diagram for the model is given in Figures 6.3. Unlike in

the student sample discussed earlier, no changes needed to be made to the model and the fit

statistics were acceptable. Additionally, unlike in the student sample data analysis, this

confirmatory analysis was done with all the constructs together in the same model, instead of

running separate measurement models for relationship quality (Time 1) and justice measures. As

shown in Figure 6.3, the construct names should be interpreted as; SupTrust (supplier trust),

SupCom (supplier commitment), SupSatis (supplier satisfaction), DJ (distributive justice), and PJ (procedural justice).

Table 6.9

Correlation Matrix

		1	2	3	4	5	6	7	8
1.	**More Expectations**	1							
2.	**Repeat Problem**	.142*	1						
3.	**Representative Trust**	-.146*	-.353**	1					
4.	**Buyer Forgiveness**	-.062	.000	.003	1				
5.	**Distributive Justice-DJ**	-.316**	-.365**	.188**	.251**	1			
6.	**Procedural Justice-PJ**	-.207**	-.406**	.234**	.172**	.790**	1		
7.	**RQ Change (Time 3)**	-.200**	-.173**	.067	.178**	.574**	.582**	1	
8.	**RQ Change (Time 2)**	.258**	.083	-.095	-.196**	-.344**	-.256**	-.260**	1

* Correlation is significant at the 0.05 level (2-tailed).
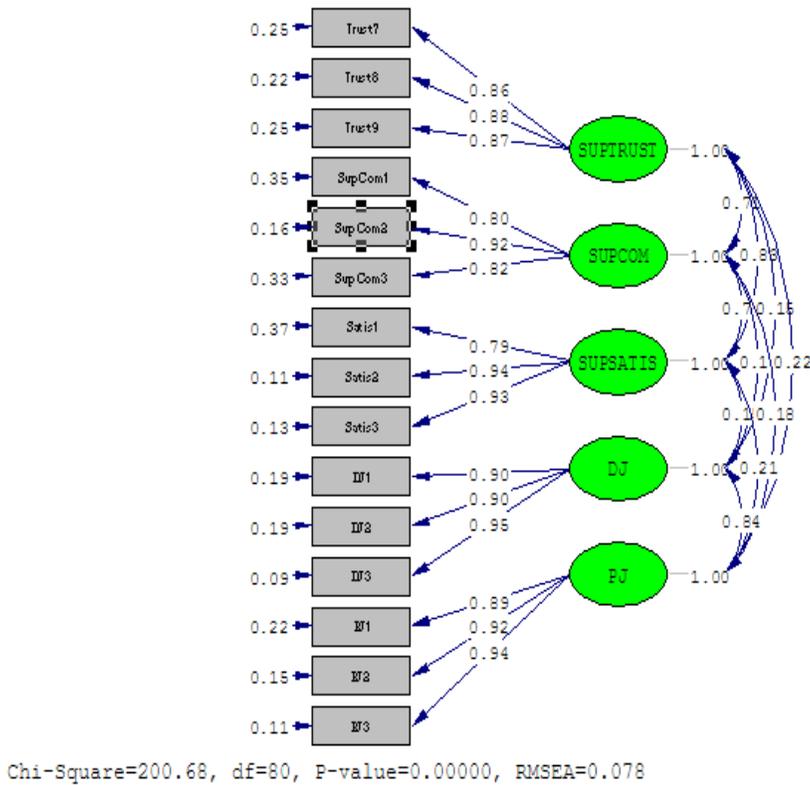** Correlation is significant at the 0.01 level (2-tailed).

Table 6.10

Measurement Model Results for Justice and Relationship Quality-Time 1 Measures

Fit Statistic	Value
RMSEA	.078
CFI	.981
NFI	.969
NNFI	.975
SRMR	.04

Figure 6.3

LISREL Path Diagram for Justice and Relationship Quality (Time 1) Scales

Chi-Square=200.68, df=80, P-value=0.00000, RMSEA=0.078

Hypotheses Testing and Results of the Study

Now I discuss the analyses I used to test my hypotheses and present these results in Tables 6.11 to 6.17. Several of the hypotheses were supported while others were not supported, or had mixed results. As reflected by the R-square values of equations, the overall fit of the model appears good, considering that the equations were estimated using cross-sectional data from a mixed design experiment. The patterns of the regression coefficients were mostly consistent with the model specification. The model indicates that the most damaging reason for

relationships is opportunistic behavior, followed by service failures and availability of better alternatives. The efforts made to rebuild the relationship, in themselves had differential effects on types of justice perceptions. However, combinations of efforts have a significantly higher effect on justice perceptions and change in relationship quality. Lastly, justice perceptions significantly affect the change in relationship quality after the repair efforts have been made.

Throughout the analyses, I used the same control variables. Out of the various control variables measured in the study, these four showed consistent influence on the justice perceptions as well as change in relationship quality. These were buyer's greater expectations about the repair efforts made by the supplier (More Expectations), probability—based on overall past experience with the supplier—that such incidents will happen again in future (RepeatProb), trust in the sales representative of the supplier (RepTrust), and the respondent's propensity to forgive (Buyer Forgiveness). Other control variables that were measures, such as length of the relationship, history of conflict with the supplier, dependence on the supplier, age or gender of the respondent, etc. did not show any significant effect on relevant dependent variables. Hence, these control variables were not used in the analyses. The following abbreviated variable names have often been used throughout this discussion (Table 6.11). Additionally, the set of equations describing the hypothesized relationships is presented in Table 6.12. An assumption is made that all potential effects not accounted for in the given equations are insignificant at .05 level.

Table 6.11

List of Model Variables and their Abbreviations

Variable Description	Abbreviated Name
Reason of Damage	ReasonDam
Service Failure	SF
Opportunistic Behavior	OB
Better Alternatives	BA
Compensation (0=absent, 1=present)	Comp
Relationship Investments (0=absent, 1=present)	RSI
Accountability (0=absent, 1=present)	Account
Assurance (0=absent, 1=present)	Assure
Organizational Change (0=absent, 1=present)	OrgCh
Distributive Justice	DJ
Procedural Justice	PJ
Relationship Quality Change (Time 2)	RQChTime2
Relationship Quality Change (Time 3)	RQChTime3
More Expectations of Repair Efforts	MoreExp
Probability of Problem Happening Again	RepeatProb
Trust in Sales Representative	RepTrust
Buyer's Propensity to Forgive/Buyer Forgiveness	ByrFG

All dichotomous variables (Comp, RSI, Account, Assure, OrgCh) were dummy coded as indicated above. SF, OB, BA were also dummy coded, with BA as the base category.

Table 6.12

Equations of Hypothesized Relationships

Relationship Quality Change (Time 2) Equation

$$RQChTime2 = a_0 + a_1SF + a_2OB$$

Distributive Justice Equation

$$DJ = b_0 + b_1Comp + b_2RSI + b_3(Comp \times RSI)$$

Procedural Justice Equation

$$PJ = c_0 + c_1Account + c_2Assure + c_3OrgCh + c_4(Account \times OrgCh) + c_5(Assure \times OrgCh)$$

Relationship Quality Change (Time 3) Equation

$$RQChTime3 = d_0 + d_1DJ + d_2PJ + d_3(DJ \times PJ)$$

*Covariates are not included in the equations for notational convenience

Impact of the Reason of Relationship Damage

As hypothesized earlier, I expected that everything else being the same, opportunistic behavior on the part of the supplier will have the most damaging influence on the relationship, service failures will have less damaging effect, while availability of better alternatives will have the least negative influence on the relationship. This hypothesis was unambiguously supported. As can be seen in Table 6.11, both service failure and opportunistic behavior have significantly higher impact on relationship quality change (Time 2) compared to the effect of better alternatives (R-Square = .167, F = 10.978). I followed this analysis with a comparison of means and the confidence intervals for each of the three reasons at .05 level. The results showed that the confidence intervals for each of the three reasons did not overlap at all, and hence the means for each were significantly different from each other. These means were on a scale of 1 to 5. Specifically, the mean decline in relationship quality for the better alternatives reason was 1.053, that for the service failures reason was 1.794, and for the opportunistic behaviors reason it were 2.599. Thus, the results clearly supported hypothesis 1.

Table 6.13

Relationship Quality Change (Time 2) Results

Independent Variable	Standardized Coefficient	t-value	Significance
Hypothesized Effects			
Service Failure (SF)	.199	3.826	**.003**
Opportunistic Behavior (OB)	.406	3.688	**.000**
R2		.167	
Adjusted R2		.152	
F-statistic		10.978	
N = 278			
Control variables	More expectations, Rep Trust, RepeatProb, Buyer Forgiveness		

Table 6.14

Mean and Confidence Intervals for Relationship Quality Change Time 2

Reason of damage	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Better Alternatives	1.053	.170	**.718**	**1.389**
Opportunistic Behr	2.599	.164	**2.276**	**2.923**
Service Failures	1.794	.153	**1.493**	**2.096**

a Covariates appearing in the model are evaluated at the following values: RepeatProb = 2.54, Reptrust = 3.90, ByrFG = 2.70847072879331.

Change in Relationship Quality (Time 3) and Justice Perceptions

As hypothesized, justice perceptions have a positive effect on relationship quality change (Time 3). As shown in Table 6.13, both distributive justice and procedural justice were positively associated with change in relationship quality, and this gives support to hypotheses 2 and 3 ($F =$ 25.918). Additionally, as hypothesized, the interaction effect between distributive and procedural justice was significant, providing support for hypothesis 4. This means that the effect of one type of justice gets enhanced in the presence of the other.

Table 6.15

Relationship Quality Change (Time 3) Equation Results

Independent Variable	Standardized Coefficient	t-value	Significance
Hypothesized Effects			
Distributive Justice (DJ)	**.314**	**3.826**	**.000**
Procedural Justice (PJ)	**.311**	**3.688**	**.000**
DJ X PJ (Interaction term)	**-.135**	**-2.557**	**.011**
R2		.41	
Adj R2		.386	
F-statistic		25.918, p < .001	
N = 278			
Control Variables		More expectations, Rep Trust, RepeatProb, Buyer Forgiveness	

Distributive Justice Perceptions

The results of the distributive justice (DJ henceforth) equation are provided in Table 6.14. Instead of restricting the DJ equation only to hypothesized variables and relationships, I ran the regression with all the repair efforts and their interactions in the model. This was primarily meant to test that the relationships which I had not hypothesized (between kind of repair efforts, their interactions, and DJ) were indeed either insignificant or very small. The overall model was significant (F = 7.355, p < .01). In the analysis for the DJ equation, all the three hypothesized effects of repair efforts on DJ were supported. In other words, compensation as well as relationship specific investments had a positive association with DJ, providing support for hypotheses 5 and 6. Additionally, the interaction between compensation and RSI was significant, showing that providing greater variety of tangible benefits in return to the customer is better and thus significantly enhances the customers' distributive justice perceptions. This supported hypothesis 16. As not hypothesized, accountability and organizational change did not have any positive impact on DJ perceptions. Surprisingly, however, assurance had a significant positive effect on DJ.

In addition to the interaction effect between compensation and relationship investments, most other interaction terms among the repair efforts had significant and positive association with DJ. This indicates that when different types of repair efforts are combined with each other, they significantly enhance the justice perceptions of customers. However, the interaction between relationship investments and assurance did not significantly impact DJ. The R-square value for the DJ equation was .35. The control variables used in the equation were More Expectations, Repeat Problem, Rep Trust, and Buyer Forgiveness.

Table of Results 6.16

Distributive Justice Equation Results

Independent Variable	Standardized Coefficient	t-value	Significance
Hypothesized Effects			
Comp	.246	3.519	**.001**
RSI	.192	2.676	**.008**
Comp X RSI	.253	3.720	**.000**
Other Main Effects			
Account	.066	.958	**.339**
Assure	.144	2.097	**.037**
OrgCh	.066	.954	**.341**
Other Interaction Effects			
Comp X Account	.200	2.866	**.004**
Comp X Assure	.222	3.271	**.001**
Comp X OrgCh	.276	3.821	**.000**
RSI X Account	.162	2.406	**.017**
RSI X Assure	.120	1.769	**.078**
RSI X OrgCh	.242	3.502	**.001**
Account X Assure	.172	2.522	**.012**
Account X OrgCh	.194	2.783	**.006**
Assure X OrgCh	.200	2.646	**.009**
R2		.350	
Adjusted R2		.302	
F-statistic		7.335, p value=.000	
N = 278			
Control variables	More expectations, Rep Trust, RepeatProb, Buyer Forgiveness		

Procedural Justice Perceptions

The results of the procedural justice (PJ henceforth) equation are provided in Table 6.15. Once again, in order to test for the presence/absence of non-hypothesized relationships, instead of restricting the PJ equation only to hypothesized variables and relationships, I ran the regression with all the repair efforts and their interactions in the model. The overall model was significant (F = 5.806, p < .01). In the analysis for the PJ equation, only one out of the three direct effects (that of assurance) was significant at the .05 level. The other direct effects of

accountability and organizational change were not significant at the .05 level; however, they were significant at the confidence level of .10. This shows that only showing accountability or only making organizational change may not be a very effective relationship repair strategy. In addition however, both compensation and relationship investments had a significant positive effect on PJ. These two direct effects were not hypothesized in the study. In terms of the interaction effects, both the interactions (those of accountability and assurance with organizational change) had significant positive effect on PJ, giving support for hypothesis 15.

In addition to the hypothesized interaction effects for the PJ equation, just as in case of the DJ equation, most other interaction terms among the repair efforts had significant and positive association with DJ. This once again goes to show that when different types of repair efforts are combined with each other, they significantly enhance the justice perceptions of customers. However, just as in case of the DJ equation, the interaction between relationship investments and assurance did not significantly impact PJ at the .05 confidence level. The R-square value for the PJ equation was .29. The control variables used in the equation were More Expectations, Repeat Problem, Rep Trust, and Buyer Forgiveness.

Table 6.17

Procedural Justice Equation Results

Independent Variable	Standardized Coefficient	t-value	Significance
Hypothesized Effects			
Account	0.125	1.751	0.081
Assure	0.189	2.656	0.008
OrgCh	0.132	1.824	0.069
Account X OrgCh	0.251	3.471	0.001
Assure X OrgCh	0.284	3.617	0.000
Other Main Effects			
Comp	0.232	3.195	0.002

Table 6.17 (Continued)

RSI	0.180	2.421	0.016
Other Interaction Effects			
Comp X RSI	0.250	3.535	0.000
Comp X Account	0.189	2.610	0.010
Comp X Assure	0.235	3.337	0.001
Comp X OrgCh	0.289	3.847	0.000
RSI X Account	0.225	3.208	0.002
RSI X Assure	0.136	1.934	0.054
RSI X OrgCh	0.258	3.599	0.000
Account X Assure	0.192	2.708	0.007
R2		.299	
Adjusted R2		.247	
F-statistic		5.806 (p value .000)	
N = 278			
Control variables	More expectations, Rep Trust, RepeatProb, Buyer Forgiveness		

Interaction Between Reason of Relationship Damage and Repair Efforts

In hypotheses 10-14, I had proposed that there will be significant interaction between the reason of relationship damage and the effect of efforts on justice perceptions. However, none of these hypotheses could be supported with the current data of this study. The results of the general linear model showed (with a power of .92) that overall, there was no such significant interaction present. Thus, I tried to explore any possible significant differences among the data by looking at the mean differences and the confidence intervals. However, the power to detect these differences was very low, and hence no inferences could be made about these hypotheses.

Mediation Effect of Justice Perceptions

As proposed in the model, the justice perceptions of customers should ideally mediate the effect of repair efforts on the relationship quality change (Time 3). I tested this using the Baron and Kenny's (1986) three step procedure. In step 1, I regressed the relationship quality change (Time 3) on the repair efforts, in order to establish that there is a direct relationship between

them which can be mediated. This indeed turned out to be correct, and all the repair efforts had a very significant positive association with the relationship quality change. These effects and the respective beta coefficients are given in Table 6.18.

Table 6.18

Step 1 for Testing Mediation (Dependent Variable: Relationship Quality Change Time 3, Independent Variables: Efforts)

Independent Variable	Standardized Coefficient	t-value	Significance
Main Effects			
Comp	0.411	5.725	0.000
RSI	0.412	5.602	0.000
Account	0.297	4.198	0.000
Assure	0.408	5.797	0.000
OrgCh	0.300	4.193	0.000
Interaction Effects			
Comp X RSI	0.445	6.378	0.000
Comp X Account	0.477	6.682	0.000
Comp X Assure	0.393	5.636	0.000
Comp X OrgCh	0.526	7.078	0.000
RSI X Account	0.448	6.457	0.000
RSI X Assure	0.369	5.293	0.000
RSI X OrgCh	0.434	6.112	0.000
Account X Assure	0.355	5.073	0.000
Account X OrgCh	0.474	6.639	0.000
Assure X OrgCh	0.557	7.179	0.000
R2		.315	
Adjusted R2		.265	
F-statistic		p value = .000	
N = 278			
Control variables	More expectations, Rep Trust, RepeatProb, Buyer Forgiveness		

Step two of this procedure should show that there is also a direct association between the mediator (justice perceptions here) and the independent predictors (repair efforts here). This effect has already been tested for previously in the DJ and PJ equations and their analysis. Tables

6.16 and 6.17 have already established that there exists a significant association between repair efforts and justice perceptions.

Step three involves testing for the mediation effect, and this is done by simultaneously regressing the dependent variable (relationship quality change here) and the mediator (justice perceptions here) on the predictor variables (repair efforts here). The results of the third step are provided in Table 6.19. Analysis of the beta coefficients in Tables 6.18 and 6.19 shows that while the beta coefficients of all the repair efforts significantly go down in absolute value in the presence of DJ and PJ variables, they still remain highly significant at the .05 level. This shows that the justice perceptions do not completely mediate the efforts---relationship quality change relationship, and only partial mediation is present. This indicates that apart from justice perceptions, there are possibly other mechanisms present that play a role in how repair efforts impact relationship quality change.

Table 6.19

Step 3 for Testing Mediation (DV: RQ Change Time 3, Independent Variables: Efforts and Justice Perceptions DJ and PJ)

Independent Variable	Standardized Coefficient	t-value	Significance
Main Effects			
Comp	0.279	4.392	0.000
RSI	0.309	4.807	0.000
Account	0.242	3.945	0.000
Assure	0.314	5.109	0.000
OrgCh	0.242	3.911	0.000
Interaction Effects			
Comp X RSI	0.305	4.937	0.000
Comp X Account	0.370	5.910	0.000
Comp X Assure	0.265	4.312	0.000
Comp X OrgCh	0.368	5.571	0.000
RSI X Account	0.338	5.548	0.000
RSI X Assure	0.297	4.911	0.000

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RSI X OrgCh	0.294	4.678	0.000
Account X Assure	0.253	4.138	0.000
Account X OrgCh	0.348	5.538	0.000
Assure X OrgCh	0.419	6.127	0.000
Justice Perceptions			
Distributive Justice (DJ)	0.245	3.107	0.002
Procedural Justice (PJ)	0.312	4.111	0.000

R2	.497
Adjusted R2	.455
F-statistic	12.71 P value .000
N = 278 , p values….	
Control variables	More expectations, Rep Trust, RepeatProb, Buyer Forgiveness

Testing for Significance of the Mediating Effect

Although Baron and Kenny's (1986) three-step procedure indicated that there was partial mediation present in the model, scholars have argued that this test is not very appropriate. Despite its wide use in the literature, scholars have reported several limitations of the Baron and Kenny's (1986) approach. First, some studies show that the ability to detect mediated effects can be very low when this method is used (MacKinnon and Fairchild 2007). It requires an extremely large number of subjects in the study for it to be able to detect the mediated effects. Second, this method does not provide an explicit numerical value of the strength of the mediated effect. Due to these limitations, among others, a popular test recommended by researchers for testing for the significance of mediation is the Sobel's test. Thus, with the aim of testing for the significance of the mediation effect in the model, I calculated the Sobel's statistic for the various mediated paths in the model. It is suggested that when two or more mediators are present, Sobel's statistic can be calculated for each of the mediators separately (Taylor, MacKinnon, and Tein 2008). An online calculator of the Sobel's statistic was used for this purpose (http://www.danielsoper.com/statcalc/calc31.aspx). Since there are two mediators in the model

(DJ and PJ), I separately conducted Sobel's test for them and the results are presented in Tables 6.20 and 6.21. The results show that distributive justice (DJ) significantly mediates the effects of compensation, relationship specific investments, and assurance on RQChangeT3. Additionally, as expected, effects of accountability and organizational change on RQChangeT3 are not significantly mediated by DJ. This provides support for the model as specified.

The results also show that as expected from the results of Table 6.17, procedural justice (PJ) mediates the effects of compensation, relationship specific investments, assurance, and organizational change on RQChangeT3. Surprisingly however, accountability's effect on RQChangeT3 was not significantly mediated by either of the justice constructs. Thus, as per the results of the Sobel's test, justice perceptions largely significantly mediated the relationship between the repair efforts and change in relationship quality at time 3.

Table 6.20

Sobel's Test for Significance of Mediation (Mediator: DJ)

Variable	Regressed On	Regression Coefficient	Standard Error	Sobel's Test Statistic	Significance of Mediation (1 tailed)
RQChangeT3	DJ	0.583	0.167	NA	NA
DJ	Comp	0.967	0.262	2.53	Significant (p=.005)
DJ	RSI	0.569	0.255	1.88	Significant (p=.03)
DJ	Account	0.229	0.266	0.83	Not Significant (p=.20)
DJ	Assure	0.528	0.272	1.69	Significant (p=.04)
DJ	OrgCh	0.289	0.261	1.05	Non Significant (p=.14)

Table 6.21

Sobel's Test for Significance of Mediation (Mediator: PJ)

Variable	Regressed On	Regression Coefficient	Standard Error	Sobel's Test Statistic	Significance of Mediation (1 tailed)
RQChangeT3	PJ	0.764	0.189	NA	NA
PJ	Comp	0.768	0.232	2.56	Significant (p=.005)
PJ	RSI	0.505	0.225	1.96	Significant (p=.025)
PJ	Account	0.402	0.235	1.57	Not Significant (p=.057)
PJ	Assure	0.624	0.24	2.18	Significant (p=.01)
PJ	OrgCh	0.438	0.23	1.72	Significant (p=.04)

Table 6.22

Summary of Hypothesis Test Results

Hypothesis	Test Result
H1: Opportunistic behavior of the supplier will have the most damaging effect on the relationship, followed by the reasons of service failures and availability of better alternatives, in that order.	Supported
H2: In a situation of relationship repair, improvement in relationship quality will be positively related to perceptions of (a) distributive justice, and (b) procedural justice.	Supported
H3: Buyer's perception of procedural fairness will have a stronger effect on change in relationship quality than will the buyer's perception of distributive fairness.	Not Supported
H4: There will be an interaction effect between distributive justice and procedural justice such that the positive effect of distributive justice on change in relationship quality (time 3) will be greater when procedural justice is high relative to when procedural justice is low, and vice versa.	Supported
H5: Compensation will have a positive effect on customers' perceptions of distributive justice.	Supported
H6: Relationship specific investments will have a positive effect on customers' perceptions of distributive justice.	Supported
H7: Accountability will have a positive effect on customers' perceptions of procedural justice.	Not Supported
H8: Assurance will have a positive effect on customers' perceptions of procedural justice.	Supported
H9: Organizational change will have a positive effect on customers' perceptions of procedural justice.	Not Supported

H10: Positive effect of compensation on distributive justice will be highest for the context of service failures context, lower for better alternatives context, and lowest for opportunistic behavior context.	Not Supported
H11: Positive effect of relationship specific investments will be highest for the context of service failures context, lower for better alternatives context, and lowest for opportunistic behavior context.	Not Supported
H12: Positive effect of accountability on procedural justice will be highest for the context of opportunistic behavior, lower for service failure context, and lowest for better alternatives context.	Not Supported
H13: Positive effect of assurance on procedural justice will be highest for service failures context, lower for better alternatives context, and lowest for the context of opportunistic behavior.	Not Supported
H14: Positive effect of organizational change on procedural justice will be highest for service failures context, lower for better alternatives, and lowest for opportunistic behavior.	Not Supported
H15: The positive effect of accountability and assurance on procedural justice will be stronger in the presence of organizational change.	Supported
H16: The positive effect of relationship specific investments on distributive justice will be stronger in the presence of compensation.	Supported

Conclusion

In conclusion, the overall results of the study were satisfactory and supported several of the hypotheses. However, some hypotheses were not supported by the data at the given level of confidence. The three different reasons of relationship damage had differential effect on the extent of damage caused due to problems. Barring some exceptions, most of the direct effects and interactions of the repair efforts on justice perceptions were significant, while some non-hypothesized relationships in the model also got support from the data. Additionally, the justice perceptions only partially mediated the effect of repair efforts on the change in relationship quality (Time 3). All these findings have significant theoretical and managerial implications, which are discussed in Chapter 7.

CHAPTER 7

DISCUSSION OF FINDINGS, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

Introduction

In this chapter I discuss the study's findings about the role of repair efforts and justice perceptions in rebuilding relationship quality. I also try to speculate about how some of the unexpected findings can possibly be interpreted. Whenever possible, I compare the study's findings with previous findings from the literature, and try to explain any difference observed. As mentioned in the beginning, this study had three objectives:

1. Explore how different reasons of relationship damage are associated with the extent of decline caused in relationship quality.

2. To develop and test a theory based model of relationship repair, i.e. rebuilding trust and commitment after a relationship has been damaged

3. Determine the effects of various types of relationship repair strategies on change in relationship quality under a variety of contexts (read reasons behind damage).

4. Examine interaction effects for the impact of relationship repair efforts on change in relationship quality

Thus, the proposed model tries to meet these objectives and adds well to our understanding of the theoretical mechanisms involved in repairing of damaged relationships. I will sequentially discuss the findings, what these findings imply, and to what extent the above mentioned objectives were met. After this discussion, I will comment on the theoretical as well as

managerial implications of the study, followed by a discussion about the limitations of the study

and some possible future research directions.

Discussion of Findings: Relationship Damage Caused (Time 2)

As discussed in the results section, the hypothesis about the differential effect of reason

of relationship damage on decline in relationship quality was supported, and opportunistic

behaviors on the part of the supplier were found to be most damaging, followed by service

failures and availability of better alternatives. This is possibly the first such study that has

examined all three possible reasons together and shown their relative impact. Most of the studies

so far have focused mostly on the service failures context (Tax, Brown, and Chandrashekaran

1998; Smith, Bolton, and Wagoner 1999), and some have examined the role of opportunistic

behavior (Crosno and Dahlstrom 2008), with almost none examining the role of better

alternatives. The results show that just as in personal relationships, opportunistic behavior is

most detrimental for commercial relationships. There is some discussion in the literature that

considers opportunism as just rational behavior, and hence an accepted business philosophy, and

argues that others can possibly see not behaving opportunistically as naiveté. However, this

study shows that behaving opportunistically is not a good practice when it comes to maintaining

trust and commitment in commercial relationships.

The finding that availability of better alternatives is least damaging for relationship

quality is also quite interesting. One would tend to think that one of the primary reasons why

buyer-supplier relationships would decline is due to competition. Most companies' marketing

departments live in the fear that the competition will take away their most valuable customers,

and that if they do not continually match the prices/deals that are being offered by the

competition, it will sour their customer relationships. However, it appears that despite high

competition, and the modern business' intense focus on lowering costs and increasing profitability, better competing firms is one of the smaller threats to customer relationships. The level of customer trust and commitment to the supplier does not decline much when the competition happens to be better, compared to the reasons of service failures and opportunistic behavior.

One confounding reason for these findings could be that the scenarios for the manipulation of opportunistic behaviors and service failures were more realistic, and hence were more typical of the dynamics of the market, compared to the scenario used for manipulating better alternatives. I would like to mention that I also measured the realism of all the scenarios, and that the mean realism of all the three types of scenarios was not significantly different from each other. On a scale of 1 to 5, the average realism of the scenarios was 3.62, showing that all the situations described to respondents were quite typical.

Previous research has shown that a bigger service failure results in less overall satisfaction after the incident, compared to a smaller service failure (Smith, Bolton, and Wagoner 1999). But quite often, the problems caused in commercial relationships are qualitatively different rather than in magnitude. This is possibly the first research effort that has empirically shown the effect of three qualitatively different reasons behind relationship problems.

Discussion of Findings: Distributive Justice (DJ)

As hypothesized, compensation and relationship investments had a positive association with perceptions of DJ. Compensation and relationship investments also had the greatest effect on perceptions of DJ when compared to all other direct and interaction effects. Additionally, accountability, assurance, and organizational change did not positively affect DJ, while they significantly and positively affected perceptions of procedural justice, and this provides support

for the model as it is specified. Thus, as broadly hypothesized in the model, different repair efforts appear to affect the two types of justice perceptions differentially. The interaction between compensation and relationship investments, as hypothesized, was also significant. This shows that apart from compensating per se for past mistakes and problems, DJ perceptions can be further enhanced by providing a variety of tangible benefits. In other words, more compensation and a variety of tangible benefits are more effective in improving DJ perceptions.

Surprisingly however, assurance had a significant positive effect on DJ perceptions. This probably means that in contrast to showing accountability or making organizational changes, a strong assurance is more valued by customers. When they get such an assurance, they tend to think that they got what they wanted in return. Thus, a strong assurance has a type of 'compensating effect' in the minds of the customers, and is considered a tangible benefit, especially compared to other acts such as showing accountability and making organizational change. However, the effect of assurance on DJ was much smaller compared to the hypothesized effects of compensation and relationship investments on DJ.

Additionally, there were several interaction effects among the repair efforts (these were not hypothesized) that had significant positive impact on DJ. This shows that when compensation and tangible relational benefits provided in return are supplemented by sound procedures that have a bearing on fair treatment in the future, their effect on DJ is further enhanced. In other words, if compensation is provided along with showing accountability for problems, or along with making suitable organizational change, the act of providing compensation becomes more effective. While most interactions had a component of compensation or tangible benefits (relationship investments) associated with them, the surprising finding was that the interaction of accountability and organizational change too significantly

impacted DJ. Neither accountability nor organizational change can be classified as a benefit that is offered to the customer in return. This finding could be because in the event of relationship damage, suppliers probably do not typically undertake many efforts to fix the situation, and hence any efforts, especially more than just one, are highly appreciated by customers, and give customers the feeling that they got what they deserved in return. However, this logic does not explain the finding that the interaction of relationship investments and assurance did not have a significant positive effect on DJ. These deserve more research attention.

Discussion of Findings: Procedural Justice (PJ)

Unlike the DJ equation, only one of the three hypothesized direct effects on PJ came out to be significant at the .05 level. Providing assurance significantly and positively affects procedural justice. At the same time, the results for the effect of accountability and organizational change were not very discouraging, and as hypothesized, they significantly and positively impacted PJ perceptions, but only at the .10 confidence level. This only means that 'only' taking accountability and 'only' making organizational changes are not effective strategies that will make customers believe in the fairness of procedures followed in general, and will not make customers believe about future fairness if problems occur again. The efforts of showing accountability and making organizational changes need to be supplemented with other efforts, as is shown by the significant and positive effect of interactions (See Table 6.15).

Additionally, among the non-hypothesized relationships in the model, compensation and relationship investments had a significant and positive association with PJ perceptions. Though initially appearing as a surprise, these findings seem to be explainable in the light of how I operationalize the constructs of DJ and PJ. While a sample item for DJ is "I think the supplier offered adequate compensation," a sample item for PJ was "The procedures used by the supplier

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are proper and will always insure fairness." Thus, DJ is a backward looking construct, measuring the compensation for past mistakes, whereas PJ is a forward-looking construct, measuring future fairness, as ensured by the right procedures followed by the supplier. However, under such an operationalization of constructs, the compensation offered or the relationship investments made will likely be perceived as procedures and processes followed, and thus they too will tend to have a bearing on possible future fairness. It is interesting to see that among all the different efforts, compensation has the largest positive effect on PJ as well. Thus, among all the procedures followed, compensating and offering tangible benefits are the most effective procedures that enhance customers' PJ perceptions. In other words, belief in the propriety of procedures and perceptions of future fairness in case of problems get enhanced the most by monetary compensation and benefits. This goes to show that buyers like it most when the supplier "puts its money where its mouth is"!

Additionally, most of the interaction terms among the repair efforts had a significant positive association with PJ. The two interaction terms hypothesized between accountability and assurance with organizational change were found to be significant. However, the significance of other interaction efforts once again indicates that PJ perceptions can be further enhanced when they are supplemented with compensation and tangible investments into the relationship. Thus, showing accountability, giving assurance, and making organizational changes become more effective strategies when they are supplemented with compensation and tangible benefits offered. Thus, the two messages from the PJ equation results appear parallel to those from DJ equation results. First, more efforts make a bigger difference towards enhancing justice perceptions. Second, a greater variety of efforts, instead of just one type, makes a greater impact on justice perceptions. However, just as in case of DJ, the interaction term between relationship

investments and assurance did not turn out to be significant at the .05 level. Such a consistent finding regarding this interaction term's effect on justice perceptions is an interesting finding and deserves future research attention.

<div align="center">**Need for Both Dimensions of Justice**</div>

Although the effects of the repair efforts and their interaction terms on the two types of justice perceptions were quite similar in nature and were intricately embedded in the interaction terms, I tried to test whether the model as specified was appropriate. Specifically, I wanted to test whether, in the light of several extra non-hypothesized relationships, there was actually a need for two separate justice dimensions. Since the correlation between DJ and PJ was quite high (.79), it could be possible that one of the justice dimensions in the study was redundant and did not contribute anything extra to our understanding. However, there were four reasons why I decided that there was a need for both dimensions of justice. First, DJ, PJ, and their interaction term had a significant positive association with relationship quality change (Time 3). The change in R-square for the model was significant for *each* of these three terms, showing that they separately explained significant variance in change in relationship quality. Second, as per the results of the confirmatory analysis (page 77) and 'average variance extracted' (AVE) calculations for each of the constructs therein, DJ and PJ showed sufficient discriminant validity. The square root of the AVE for each of the constructs was much higher than the bivariate correlations amongst them. Specifically, the correlation coefficient between DJ and PJ was .79, while their square root of AVE was .920 and .917. Third, I tested the relative effect of compensation and relationship investments (the primary antecedents of DJ in the model) on DJ and PJ. I expected that the combined effect of all the terms containing compensation and relationship investments on DJ will be significantly higher than their effect on PJ. The analysis

showed that after taking into account the control variables, all of these terms explained almost twice as much extra variance in DJ in comparison to what they explained for PJ. This showed that although the model relationships were embedded significantly in the interaction effects, the model as specified had reasonable validity. Lastly, there were some expected differential effects of repair efforts on the respective justice dimensions. Accountability and organizational change had no significant effect on DJ, while they had a positive significant effect on PJ at the .10 level of confidence. Thus, all of these analyses together indicated that neither of the justice dimensions was redundant and each helped in enhancing our understanding of the hypothesized model.

Discussion of Findings: Relationship Quality Change (Time 3)

All the three hypotheses regarding the relationship between justice perceptions and change in relationship quality (Time 3 were supported). Both DJ and PJ significantly and positively affected change in relationship quality. However, the negative sign of the beta coefficient of the interaction term (-.135) (and also the t-value, -2.557), shows that the effect of justice perceptions on relationship quality change is not synergistic. The interaction effect is not over and above the sum of the effects of DJ and PJ. The reason for this could be that there is some overlap between the two justice constructs, and they are not independent of each other. When we consider the definitions and the operationalization of these two constructs in this study, we can see that this is actually the case. It appears that the compensation and the relationship investments made by the supplier are interpreted as part of the overall procedures and processes that, the customers think, will tend to ensure fairness in the future as well. The justice perceptions together explained more than 40% (R-square .41) variance in relationship quality change (Time 3).

There is some discussion and empirical support in the literature that distributive justice plays a greater role compared to procedural justice in influencing customer perceptions (Smith, Bolton and Wagner 1999). However, in this study, both the justice dimensions had almost the same level of effect on relationship quality change (beta values of .311 vs. .314), and none was significantly greater than the other. In the same vein, it is noteworthy that the interaction term in the model which had the largest beta coefficient, both in DJ and PJ equations, was that of compensation X organizational change (they were correctly hypothesized as influencing DJ and PJ respectively). Thus, it appears that both DJ and PJ play an equally important role in rebuilding relationships after they get damaged.

Theoretical Implications

This study makes several contributions to the literature and has implications for research in diverse fields such as those of relationship marketing, management, communication, etc. This is possibly the first research of its kind that has simultaneously examined the different possible reasons behind relationships getting damaged, and in addition, how such damaged relationship can be repaired. Though some research has examined the speed of the relationship damage (Akerlund 2005), none has looked at possible qualitatively different reasons of relationship decline. These findings can have implications for both commercial and personal relationships. Most research, in various fields, has typically looked at only a single reason, such as untrustworthy behavior, due to which relationships negatively get affected. Even the marketing literature on service failures and recovery has not examined the impact of these problems on the quality of customer relationships. Thus, researchers have so far not considered the fact that trust or commitment in a relationship can be affected due to several different reasons. This study shows that there is need for research about relationship repair in the specific contexts of the

reason behind relationship damage. The results of this study can be a good starting point in that direction.

From a methodology perspective, this is possibly the first study that has attempted to capture the change in the quality of a relationship, as it is perceived by the victim (buyer respondent). Although the process models of relationship development (Dwyer, Schurr, and Oh 1987; Ford 1980) have proposed that relationships go through various stages in the course of their evolution, the quality of relationships has almost always been measured at one point in time (Jap and Anderson 2007; Hansen 2006). This could also be because market researchers have not yet attempted to understand the dynamics of relationships moving from one stage to another, and what possible interventions marketing practitioners can possibly make in this process. Measuring the perceived change in relationship quality and examining its nomological relationships can have important implications for future research in this area.

Another unique aspect of this research is that it attempted to examine the quality of a given relationship over a relatively long time period. This was necessitated due to the fact that business-to-business relationships take a relatively long time in getting damaged, and before repair efforts are undertaken by the 'offender.' Thus, the scenarios describing the problems in this study aimed to put the respondent into a realistic situation in which events took place over several months. Such an effort was successful, and an overwhelming majority of respondents (94%) reported (in a question to test manipulation) that the events took place over a time period of one month or more. Such a long period might be typical for personal relationships as well. Thus, research examining decline and repair of relationships should consider the time dimension as well, and should not focus on events happening at a single point in time (something that most of service failure and recovery research has done so far).

The study results provide support for the thesis that just as in several other types of conflict situations, fairness theory helps us in understanding the mechanism through which damaged relationships can be repaired in buyer supplier relationships. Though scholars have discussed the role of fairness theory in troubled relationships (Gassenheimer, Houston, and Davis 1998), this is possibly the first empirical examination of the same. Thus, the study makes a contribution to the development of fairness theory, especially in the field of relationship marketing. The theory of justice has been examined in a variety of contexts such as workplace justice (Folger and Konovsky 1989), complaint behaviors (Blodgett, Hill, and Tax 1997), organizational citizenship behaviors (Netemeyer et al 1997), retail sales (Dubinsky and Levy 1989), commitment and turnover (Roberts, Coulson, and Chonko 1999) and organizational change (McNeilly and Lawson 1999). However, scholars have argued that there is limited exploration of justice in sales and relationship marketing research (Roberts, Coulson, and Chonko 1999; Kumar 1995; Gassenheimer, Houston, and Davis 1998). Thus, this study contributes to the development of justice theory by showing its importance in situations of rebuilding of relationships that have got damaged, something that has not been done so far. The results indicate that both distributive and procedural justice play an important role when it comes to repairing damaged relationships.

Some scholars argue that bad relationships should not be ended, but instead they should be restored by the partners involved (Tahtinen and Vaaland 2006). They argue that there are prohibitive costs involved in dissolving a suffering relationship, such as lost relational investments, dissolution process costs, possible sanctions for future business, network limitations, and set-up costs of new relationships. Their recommendation is that the partners should avoid incurring these costs and should try to restore relationships facing the end.

However, these scholars do not prescribe as to how relationships might be restored, and exhort marketing researchers to undertake this inquiry. This research answers this call, and thus contributes to the research being conducted on management of relationships in their decline phase.

The study, through qualitative research, identifies the various types of efforts that are made by seller managers targeted at repairing damaged customer relationships. Efforts for regaining trust and repairing relationships have been examined in the literature on personal relationships, and almost never in business settings. In the personal relationships contexts too, researchers have examined a very limited number of these efforts, such as making a promise or offering an apology. Such a comprehensive assessment of repair efforts has been conspicuous by its absence in the literature so far. Additionally, this study conceptualized DJ and PJ as constructs rooted in the past and the future respectively. Thus, while DJ is treated as compensation and tangible benefits for mistakes made in the past, PJ is considered as the appropriateness of procedures and processes followed so that fairness can be expected from the supplier in future as well. The study shows that compensating actions for past mistakes (distributive justice) engender belief in the appropriateness of overall procedures followed, and hence fairness in the future (procedural justice). This was apparent from the strong positive associations of compensation and relationship investments with PJ. Thus, scholars examining the various dimensions of justice should not treat them in isolation, but should examine them jointly.

The findings of hypothesis 1, that opportunistic behavior has the most negative impact on relationship and availability of better alternatives the least, show support for attribution theory in case of relationship conflict situations. Attribution theory (Roesch and Amirkham 1997) says that when faced with injustice, people make attributions. People need to explain the world, and

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want to attribute causes to the events happening around them. This gives people a greater sense of control. The attributions, or fixing the blame on an external agency, can be significantly driven by ones emotional drives. The reverse can also be true that higher the attribution, greater the emotional reaction towards the entity held responsible for injustice. It appears that opportunistic behavior is most clearly attributed to the supplier, or in other words, the blame is clearly fixed on the supplier. In case of service failures, the buyers probably give some benefit of doubt that service failures are being caused by forces that are beyond the control of the supplier firm. Hence, reduced level of attribution or blame fixing results in less negative reaction on the part of the buyer. In case of availability of better alternatives, is was made clear to the respondent that the supplier was not responsible for better competing suppliers, and probably that is why presence of better alternatives resulted in least damage to relationship quality

Additionally, there is some discussion in the literature that opportunism is an accepted part of business practice, and some economic theories make the assumption of a rational man, that each entity first and the foremost looks after ones own interest and tries to maximize its own utility. The perspective of a rational man will suggest that availability of better alternatives, especially in a commercial setting, will be most detrimental to commitment towards the partner, while opportunistic behavior can be treated as a given and part of doing business. Such a perspective goes against the grain of theories of trust and commitment (Morgan and Hunt 1994), and long term orientation in relationships (Ganesan 1994). The findings here show that just as in personal relationships, opportunistic behavior is very detrimental to business relationships, and this provides support for the relationship-marketing paradigm.

Managerial Implications

While in the past scholars have often described the various reasons and the ways in which buyer-seller relationships might decline, this is one of the few studies to examine the issue quantitatively. The study will inform managers about the causes that are most damaging to the quality of buyer seller relationships. This should help them keep an eye on the dynamics of customer relationships through incorporating an examination of these causes on an ongoing basis. Scholars are of the view that even well set relationships can get destabilized and decline (Narayandas and Rangan 2004). A better understanding of the causes of relationship decline will act as a monitoring mechanism for a firm's relationship managers. Such a monitoring mechanism is of special importance in key account management and global account management where the customers are very big and important for the seller firms.

The finding about reason of relationship damage (hypothesis 1) implies that even though tempting, and often accepted as a norm in the business world, opportunistic behavior should be avoided at all costs in the interest of good quality customer relationships. The relative damaging effect of service failures versus availability of better alternatives is also quite interesting. Marketing managers often seem to be much more concerned about the competition in the market place and offering better prices, discounts, and deals in response to competitor actions, than they are about offering high quality services to customers. The findings suggest that service failures are much more damaging for a customer relationship, compared to actions of competing firms. When it comes to resource allocation towards repairing relationships, the managers should realize that most damage has been caused in relationships where opportunistic behavior or service failures was the reason for relationship decline.

Additionally, the study gives managers some ready tools regarding effective strategies that can be used for regaining trust and commitment once the relationship has declined, in three different decline contexts. The results show that in the event of relationship decline, it is important for sellers to manage the customer perceptions of distributive and procedural justice. In other words, making up for the problems is important, but so is engendering the belief that the right procedures were followed, and that the customer can expect to be treated fairly in case problems occur again in the relationship. Justice perceptions can be enhanced through the use of both active strategies such as providing compensation or making organizational changes, as well as through some relatively passive strategies such as taking accountability for the problems. The interaction effects in the model also suggest two things: first, making more efforts towards repairing relationships, rather than making less effort, are more effective. Second, making a variety of efforts is better than making only one type of effort. Among the direct effects, compensation had the most significant effect, both on DJ and PJ, showing how important this strategy can be in repairing relationships, especially in the retail sector. The most effective combination strategy of efforts seemed to be that of compensation and making organizational change. In both of equations, this interaction term had the most positive and significant impact on justice perceptions. Customers seem to appreciate it the most when they are compensated for supplier mistakes and when supplier makes organizational changes that ensure that the problem will not occur again.

While making repair efforts, it is noteworthy that simply showing accountability is not a very effective strategy for repairing the relationship. It is possible that it this strategy works to some extent in personal relationships, especially because accountability might connote feelings of remorse and subsequent change in behavior. Similarly, managers who think that correcting the

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situation only by making suitable organizational changes (so that the problem does not occur again) will take care of the customer relationship, also seem to doing the wrong thing. It is tempting for managers to make these two types of efforts because showing accountability is probably a low cost strategy, and does not require any major resource commitment on the part of the supplier. Similarly, just making the organizational change will be tempting because it likely takes care of the cause of the problem, and hence fixes the situation for other customers, and thus has benefits for the supplier firm overall. However, this study shows that both showing accountability and making organizational changes need to be supplemented by other efforts for them to be sufficiently effective in repairing a relationship. Else, made singly, both of these efforts are equivalent to making no repair efforts at all.

Moreover, though the power to detect so was sufficient, this study did not support the hypotheses related to the interaction between reason of relationship damage and repair efforts. This meant that there was no difference in the effectiveness of a given type of effort across the three possible reasons of relationship decline. If this is true, then it would mean that these generic efforts will be equally effective in all types of damage situations. Thus, managers should not presume that offering compensation will be less effective if the cause of damage was opportunistic behavior or better alternatives.

The findings have implications for managers responding to service failures and service recovery actions. Research in the field of service failure/recovery has not examined the decline and possible repair of customer relationships caused due to service failures. The findings of this study provide some guidance related to this.

As discussed in the theoretical implications section, the results of hypothesis 1 also indicate the attribution theory plays a role in the impact of the three damage reasons on customer

relationship perceptions. The higher the attribution of the reasons of damage to the firm, the higher the decline in relationship quality after the problem. This should tell managers that they should try to manage customer perceptions of the attributions of the relationship problems. For example, if opportunistic behavior caused the problem, managers should identify the employees/salespeople who were responsible for the problem and should punish them, and should communicate to the customer that it was a stray incident which can not be blamed on the supplier firm as a whole. Such actions on behalf of the supplier firm might help reduce the attributions that customers make for the problems they face. A similar approach can be taken for problems of service failures and better alternatives.

Limitations of the Study

Just as all research studies, this study too suffers from several limitations, which researchers should try to overcome in the future. First, I make use of scenarios and do not examine relationships which actually got damaged and where real repair efforts were made by vendor firms. Although I made the necessary efforts to ensure that the descriptions of the scenario were as much realistic as possible, examining real relationships would definitely be of value. Second, both the reasons for relationship damage and repair efforts were manipulated at the same point in time. This could have given the respondents the feeling that they are responding to a single event as opposed to developments over a period of time. Although the descriptions of my scenarios reflected developments over time (both relationship damage and repair efforts), a longitudinal study that actually captures the relevant perceptions over several months as relationship situation develops between two firms will make for a very interesting extension of this study. Thus cross-sectional data of this study is a limitation that should be overcome in future studies.

The results of this study should be carefully interpreted. First, the findings apply to situations where low intensity to moderate intensity problems are caused in the relationship over a period of time. So, the findings might not apply to situations where a big blunder is made by the supplier, which might require a different approach for relationship management. Moreover, the study was conducted in the retail setting, and the dynamics of buyer-seller relationships might be different in other industries. Additionally, a large proportion of retailers in the current study were single store outlets, and thus the findings might be a little different for what they might be for large format chain stores. So, the findings might not be directly applicable to other business-to-business settings.

Another limitation (to some extent) was that the data was collected from an online panel of retailers. Although the panel members are recruited from all parts of the country, the sample was possibly biased towards more educated, more internet savvy members of the retailing community. Thus, the sample was probably not fully representative of the retailing sector in the whole of USA.

Future Research Directions

The study lends itself to several fruitful future research directions. First, researchers should examine these issues of relationship repair after damage in real situations. Although I did not use the critical incident technique (CIT) for this research due to some problems associated with it such as recall bias, etc, the technique does help in identifying and using real situations as experienced by respondents. Future research using the CIT will be of help in validating the findings of this study. Additionally, qualitative studies that collect longitudinal data such as interview/focus group discussions data from the respondents will be helpful in capturing knowledge from customers' real experiences. With few exceptions (Ambrose and Cropanzano

2003), longitudinal examinations of fairness are notably rare. Another option can be to examine the relationship restoration process by conducting comparative research (Ragin 1994) which uses multiple cases. These issues should also be examined in business settings other than only retail, such as the manufacturing and the services sector, in order to enhance the generalizability of the findings.

Second, researchers have often reported significant differences among the perceptions of buyers and sellers when it comes to management of relationships (Barnes 2007). Thus research should explore the possible differences of perceptions of buyers versus seller respondents as to what 'is' done by the offender and what 'should' be done in situations of relationship repair. This will help us identify as to whose perceptions are better associated with greater improvement in trust and commitment.

Third, researchers should explore the effectiveness of repair efforts across various cultures. It is possible that culture impacts people's perceptions of what is the correct approach to follow in situations of relationship damage. In more collectivist cultures such as those in Asia or the Middle East, who are also known to be less confrontationist compared to individualistic cultures (such as Swiss Germans) it is possible that the role of dimensions of justice, and hence of the repair efforts might differ in their effectiveness.

Fourth, it is important to explore as to why, despite knowing that customers are important assets for a seller, supplier firms fail to take notice that a customer relationship is being damaged. Many scholars have concluded that relationship stress and latent dissatisfaction is a common phenomenon in business relationships. It would be a very fruitful to explore the institutional, environmental, customer related, and salesperson related reasons behind the occurrence of relationship damage and the resulting prevalence of stressed relationships.

Another important issue is the expectation of the customer that the offending supplier will undertake repair efforts, since quite often, actions are evaluated in the light of the expectations for the same. What is the role of such an expectation? If such an expectation is present, does it lead to better or worse relationship repair? What are the factors that shape this expectation? Once again, there can be firm level as well as individual level factors that can shape this expectation. For example, the customer orientation of the supplier firm, reputation of the supplier firm, or customer orientation of the supplier's sales representative might make the buyer think that repair efforts will be undertaken.

This study found that the justice perceptions only partially mediated the effect of repair efforts on change in relationship quality (Time 3). This indicates that there are possibly other mechanisms through which the repair efforts impact relationship quality. One such possible mechanism can be uncertainty reduction about the future. Research in the field of communication has often used the uncertainty reduction theory (URT) for explaining the rebuilding of trust in interpersonal relationships. It is possible that trust repair happens because of some interplay between perceived justice and uncertainty reduction about the future. It will be fruitful to examine such possible mechanisms and the theoretical relationships in order to explain greater variance in change in relationship quality.

There is a newly emerging concept of 'restorative justice' in the field of management and scholars are exploring its applicability in organizational settings (Kidder 2007; Goodstein and Aquino 2008). Restorative justice recommends not taking a path that involves punishment for the offender and revenge on the part of the victim. It prescribes that true healing and rebuilding of meaningful relationship between the offender and the victim can take place with an approach that does not involve punishment and revenge. According to this concept, restorative justice involves

making amends for mistakes on the part of the offender, extending forgiveness on the part of the victims, and fostering integration between the two entities. Though the concept has been introduced primarily in a workplace setting, it shows potential of applicability in buyer-supplier relationships as well. Future research should examine this applicability as to what is, if any, the possible role of restorative justice in repairing commercial relationships.

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APPENDIX A

APPENDIX A

Interview Guide- Qualitative Interviews with Managers

First I would like to thank you for agreeing to participate in this interview. This interview is part of a research project investigating why relationships between buyers and their suppliers deteriorate or get damaged, and they are sometimes rebuilt by one or both partners. For example, there could be a series of service problems due to which a relationship might have got damaged, and the quality of relationship went down, and over time was no more what it used to be. Please remember that I am going to record this interview so that I can type it up later. I also want to reassure you that your identity will be protected. If you wish, you may use a pseudonym for yourself or for anyone else you might want to mention in your interview, or you can simply describe the situation without using their names at all. If you use your real name I will change it when the interview is typed up.

Before we begin, please let me record your name, age and occupation.

Have you ever faced a situation when a relationship with one of your suppliers/buyers got damaged due to some reason?
- What happened? (Follow up questions)
- Whose mistake/fault do you think it was?
- How commonly such things happen in your industry?
- What was your reaction to the situation?
- How did it impact your business?

Did the supplier/you try to rebuild or repair the relationship in any way?
- What efforts were made?
- Which efforts do you think were most effective?
- What kind of efforts did not seem to work?
- Why do you think these efforts worked?
- How commonly such efforts are made in your industry?

What do you think are the most common reasons why relationships between buyers and suppliers get damaged?
- Which problems are most damaging for the relationship?

Ideally, what efforts should be made to repair/rebuild such damaged relationships?
- What will be your recommendation to others?

APPENDIX B

APPENDIX B

Basic Conceptual Model for the Study

TIME 1   TIME 2   TIME 3

| Trust Commitment Satisfaction | → | Reasons of Relationship Decline | → | Trust Commitment Satisfaction | → | Relationship Repair Strategies | → | Trust Commitment Satisfaction |
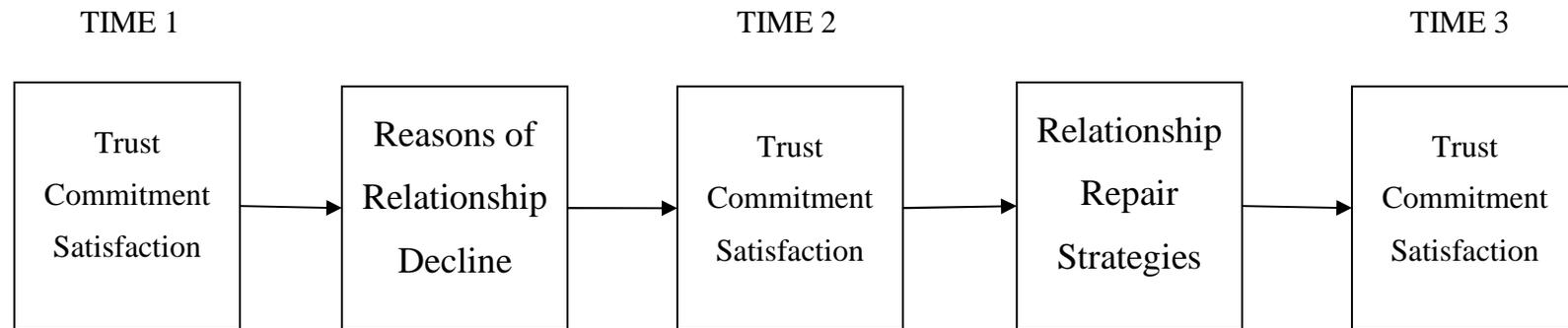
Figure1: Basic Conceptual Diagram for the Study

APPENDIX C

APPENDIX C

Detailed Conceptual Diagram for the Study

TIME 1

TIME 2

TIME 3

Compensation

Opportunistic Behavior

Relationship Sp. Investments

Relationship Quality

Relationship Quality

Dist. Justice

Service Failure(s)

Accountability

Relationship Quality

Procedural Justice

Better Alternatives

Assurance

Organizational Change
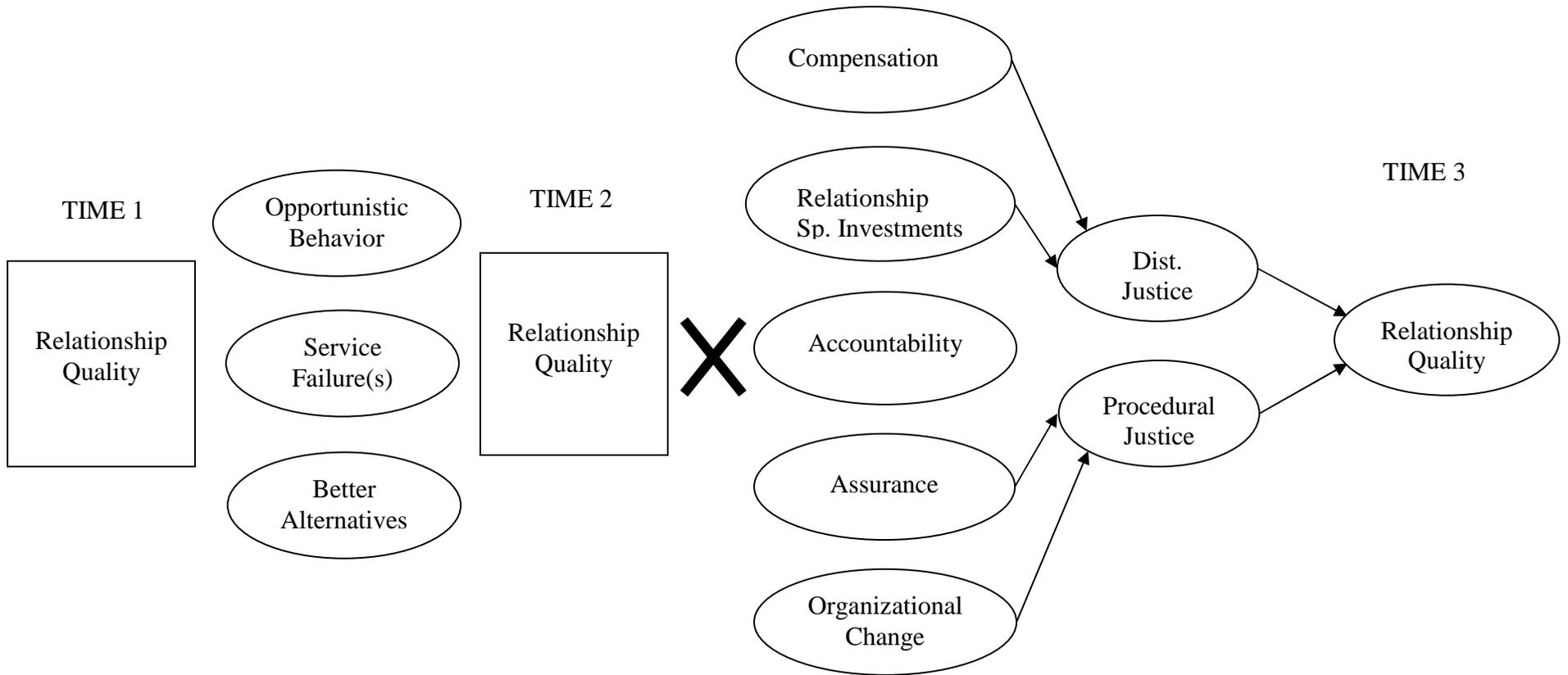
Figure2: Detailed Conceptual Diagram for the Study

APPENDIX D

Need for Relationship Repair Matrix

Number of Incidents		
	Single	**Multiple**
Short	Service recovery, Trust violation and repair	Relationship repair
Long	Relationship repair	Relationship repair

Temporal focus of actions

A representation of situations where relationship repair might be needed, but the issue has not yet been examined by researchers. Almost all of the literature on service recovery and trust repair focuses on a single incident of failure/trust violation, and what is done immediately after the incident.

APPENDIX E

APPENDIX E

List of Covariates

Variable	Variable Descriptions
Age	Age in years
Gender	Male/Female
Length of Relationship	Number of years the respondent has been a customer of the supplier organization
Dependence on Supplier	Extent of power that supplier enjoys over the buyer
Relationship Quality with Sales Rep	Level of trust, commitment, and satisfaction with the sales representative
Stability Attribution	Likelihood of similar failure occurring again
History of Conflict	Extent to which the buyer had similar experiences in the past
Buyer Propensity to Trust	Buyer's tendency to find others generally trustworthy
Buyer Propensity to Forgive	To behave constructively towards someone who has behaved destructively towards them

APPENDIX F

APPENDIX F
Measurement Scales

All items on appropriate 5 point Likert type scales:

1. **Dependence on Supplier (Payan and McFarland 2005)**
   a. The work we do with this supplier is very important to our success.
   b. There are few firms that could provide us with comparable output to what we obtain from this supplier.
   c. Our total costs of switching from this supplier to a competing firm will be very high.

2. **Relationship quality with sales representative (Palmatier 2006)**
   a. I am willing to go the extra mile to work with the salesperson of this vendor
   b. I feel committed to the relationship with this salesperson
   c. I view the relationship with this salesperson as a long term partnership
   d. This salesperson gives me a feeling of trust
   e. I have trust in this salesperson
   f. This salesperson is trustworthy
   g. I have a high quality relationship with this salesperson
   h. I am happy with the relationship with this salesperson
   i. I am satisfied with the relationship I have with this salesperson

3. **History of conflict (Anderson and Weitz 1992)**
   a. This supplier has survived some rocky periods with us
   b. At one point this supplier came close to terminating its relationship with us
   c. This supplier has had more than the usual amount of ups and downs dealing with us
   d. We have survived some rocky periods with this supplier

4. **Buyer propensity to trust (Gefen 2000; Wang and Huff 2007)**
   a. Most people are trustworthy
   b. Most people can be relied upon to tell the truth
   c. In general, people can be trusted to do what they say they will do

5. **Buyer propensity to forgive (Mullet et al. 2003)**
   a. I can forgive easily even if the consequences of harm have not been canceled
   b. I can easily forgive even when the offender has not apologized
   c. I can truly forgive even if the offender did harm intentionally
   d. I can truly forgive even if the consequences of harm are serious
   e. I can truly forgive even if the offender has not begged for forgiveness

6. **Relationship quality with supplier (Palmatier 2006)**
   a. I am willing to go the extra mile to go with this vendor
   b. I feel committed to my relationship with this vendor
   c. I view the relationship with this vendor as a long term partnership
   d. This vendor gives me a feeling of trust
   e. I have trust in this vendor
   f. This vendor is trustworthy
   g. I have a high quality relationship with this vendor
   h. I am happy with the relationship with this vendor
   i. I am satisfied with the relationship with this vendor

7. **Distributive Justice (Blogdett et al. 1997)**
   a. Compared to what I expected, the compensation offered to me was adequate
   b. I think I got what I deserved
   c. I think the vendor offered adequate compensation

8. **Procedural Justice (Cole and Flint 2004)**
   a. I expect that procedures used by the supplier will get me fair treatment in future
   b. The procedures used by the supplier are proper and will always insure fairness
   c. The process followed by the supplier will treat me fairly if such a situation arises again

APPENDIX G

A Study of perceptions about rebuilding buyer-seller relationships

SAMPLE

Name: _____

Course Number: _____

Email id: _____

Start Time: _____:_____

The Context

You are the owner of a grocery store in Birmingham that sells everyday household and deli items. You have to handle all the challenges that come with owning and managing such a retail outlet. It is a very competitive market and you must deal with the challenge of big retailers such as Wal-Mart, Target, etc. which can offer low prices and a much broader variety of products. Thus, it is very important to keep your costs low and give better service to customers in order to win and maintain their loyalty. Stonemann Foods is a supplier of a variety of food products to you including breads, cookies, pasta, meat, etc. You have been doing business with Stonemann for several years now and overall have been quite satisfied with it. The products and services from Stonemann have been reasonably good and competitive. You have no major complaints against the firm regarding any aspect of doing business, and overall, you are getting what you need from your relationship with this supplier.

Using your best judgment about the situation, please respond to the following (circle the appropriate choice):

I have trust in this supplier firm.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
This supplier firm is trustworthy.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
This supplier gives me a feeling of trust.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
I am willing to go the extra mile to work with this supplier.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
I feel committed to my relationship with this supplier.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
I view the relationship with this supplier as a long-term partnership.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
I have a high quality relationship with this supplier.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
I am happy with my relationship with this supplier.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree
I am satisfied with the relationship I have with this supplier.	Strongly Disagree 1	2	3	4	5	6	7 Strongly Agree

The Problem

Now the situation changes for you and this is what happens in the next 6 months. You start facing some problems with this vendor. The offers of competing firms for similar products have been consistently better than the offers from this particular vendor. The other competing vendors regularly offered you better prices and discounts, their products were often more innovative, and they seemed to be willing to do much more for you compared to this vendor. This often left you with the feeling that you would have been better off dealing with the competing vendors. Although your relationship with the vendor has continued, you feel quite upset about it. Keeping in mind your relationship, you brought these facts to the notice of this vendor firm, but these issues have persisted over several months and there doesn't seem to be a solution in sight.

Thinking of the overall situation just described, and using your best judgment, what would be your response to the following? (Please circle the appropriate choice)

My trust in this supplier firm will change.	Negatively	-5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5 Positively
My feeling of commitment towards this supplier relationship will change.	Negatively	-5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5 Positively
My satisfaction with this supplier will change.	Negatively	-5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5 Positively

The Solution

The supplier firm finally realizes the presence of these problems, and makes efforts toward salvaging the relationship with you as a customer.

On the next page, you will read a description of such efforts made by Stonemann. After you have read the description, give your assessment of the suitability of these efforts, and how these efforts might affect your relationship with Stonemann.

Get Ready!

Supplier Efforts

The vendor was able to identify the reasons behind these problems and readily took responsibility for the situation. It held itself accountable for the unfortunate incidents and acknowledged that you suffered losses, and that it owed those losses to you.

The supplier firm offered additional 10-15% discount on the next few purchases that you made, saying that it wanted to make up for the problems you had to face previously.

No other effort was made by the supplier.

Keeping these efforts in mind and *using your best judgment,* give your responses on the next page:

	Please circle the most appropriate choice										
My trust in this supplier firm will change.	Negatively -5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5 Positively
My feeling of commitment towards this supplier relationship will change.	Negatively -5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5 Positively
My satisfaction with this supplier will change.	Negatively -5	-4	-3	-2	-1	No Change	+1	+2	+3	+4	+5 Positively

	Please circle the most appropriate choice					
Compared to what I expected, the compensation offered to me was:	Less than Expected 1	2	3	4	5	More than Expected
I think I got what I deserved.	Strongly Disagree 1	2	3	4	5	Strongly Agree
I feel that the supplier offered adequate compensation.	Strongly Disagree 1	2	3	4	5	Strongly Agree

	Please circle the most appropriate choice					
I expect that procedures used by the supplier will get me fair treatment in future.	Strongly Disagree 1	2	3	4	5	Strongly Agree
The procedures used by the supplier are proper and will always insure fairness	Strongly Disagree 1	2	3	4	5	Strongly Agree
The processes followed by the supplier will treat me fairly if such a situation arises again	Strongly Disagree 1	2	3	4	5	Strongly Agree

The primary reason of the problems caused in your relationship with the supplier was:

   a. The supplier appeared to be dishonest in its dealings with you.

   b. You faced service related problems with the supplier.

   c. There were competing suppliers that seemed to offer you better deals relative to this supplier.

What is your level of fatigue after filling out this survey?

Very tired   1   2   3   4   5   6   7 Not at all

How interesting do you think filling out this survey was?

Very boring 1   2   3   4   5   6   7 Very interesting

End time: _____:_____

APPENDIX H

APPENDIX H
Sample Online Questionnaire

Please answer two very short questions for us to decide whether you are an appropriate respondent for this survey. We thank you for your patience!

    1. Do you work in the retailing industry?

◯ No

◉ Yes (Please specify the type of retail store, for example Grocery, Clothing, Department

Store, Furniture, etc.) ▭

    2. As part of your job, do you play a role in buying from suppliers and interacting with their sales representatives?

◉ Yes

◯ No

Yes, this study will greatly benefit from your participation! Please proceed...

Relationship Repair in the Retail Industry

You should be 19 years or above to participate in this survey. This survey will last for approximately 12-15 minutes. You might find some repetition in the survey questions, but please continue to respond because this is a necessary aspect of academic surveys.

Risks, Benefits, and Confidentiality

This research has been approved by the Institutional Review Board of The University of Alabama. There are no foreseeable risks or benefits associated with participation in this study. The information collected will be kept anonymous and the records will be private.

If you have any questions or concerns, please contact the following:

Vivek Dalela, Investigator, at 205-239-2347; Email: vdalela@cba.ua.edu

Ms. Tanta Myles, The University of Alabama Research Compliance Officer, at 205-348-5152

If you consent to participate, please go forward. Else, you can quit the survey by closing your browser window.

This research is aimed at understanding how a supplier firm might try to repair a damaged customer relationship and what types of efforts are most effective. You are participating in this research as a buyer who interacts with supplier firms for making purchases. We greatly appreciate your participation! The survey will take about 12-15 minutes and will require you to think of a hypothetical situation. We are interested in capturing your responses to this situation.

Since the survey will require some thinking on your part, we request you to please concentrate fully on the survey and keep distractions away. If you are interested in knowing about the findings of this study, please provide your email address in a later section.

Once again, we greatly appreciate your participation!! Let us start...

Please think of a supplier with whom you regularly do business and with whose sales representative you often interact (preferably don't choose your biggest supplier). You do not have to name this supplier to us. Keeping in mind this specific supplier, answer the following questions about your relationship:

In our relationship, this supplier can be trusted at all times.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier firm can be counted on to do what is right.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier firm has high integrity.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I am willing to go the extra mile to work with this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I feel committed to my relationship with this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I view the relationship with this supplier as a long-term partnership.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I have a high quality relationship with this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I am happy with my relationship with this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I am satisfied with the relationship I have with this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

About how many years have you done business with this supplier?

[▼]

It would be difficult for us to replace this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier is a very large company.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

We are dependent on this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

We do not have a good alternative to this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier has survived some rocky periods with us.

Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
☐	☑	☐	☐	☐

At one point this supplier came close to terminating its relationship with us.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier has had more than the usual amount of ups and downs dealing with us.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier has a reputation for being honest.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This supplier is known to be concerned about its customers.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

Most retailers would like to do business with this supplier.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

How attractive do you think is this supplier compared to the next best alternative supplier in terms of:

	This supplier is much less attractive (1)	2	3	4	This supplier is much more attractive (5)
Generating sales	☐	☐	☐	☐	☐
Generating profits	☐	☐	☐	☐	☐
Generating customer traffic	☐	☐	☐	☐	☐

What is the approximate frequency at which you receive shipments from this supplier?

[dropdown ▼]

What is the value of an average shipment from this supplier?

[dropdown ▼]

You just told us about the supplier firm. Now think of this supplier's sales representative whom you deal with and answer the following:

This salesperson can be trusted at all times.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
○	○	○	○	○

This salesperson can be counted on to do what is right.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
○	○	○	○	○

This salesperson has high integrity.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
○	○	○	○	○

I am willing "to go the extra mile" to work with this salesperson.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
○	○	○	○	○

I feel committed to the relationship with this salesperson.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
○	○	○	○	○

I view the relationship with this salesperson as a long-term partnership.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
◉	○	○	○	○

I have a high quality relationship with this salesperson.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
○	○	○	○	○

I am happy with the relationship with this salesperson.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I am satisfied with the relationship I have with this salesperson.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This salesperson keeps our best interests in mind.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This salesperson wants to do his/her job well.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This salesperson genuinely enjoys helping us.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

This salesperson is easy to talk to.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

Now imagine that the following incidents actually happened between you and this supplier:

For the last six months, you have been facing some problems with this supplier. Service related issues have been increasing. On several occasions, the supplier failed to deliver goods to you on time. At other times, it delivered products that were different from what you ordered, which took several days to sort out. Apart from being an unnecessary hassle for you, sometimes these lapses also resulted in lost sales for your company. Some customers complained of this supplier's products not being available when needed. You brought this to the notice of the supplier, but these problems persist, and seem to occur more frequently than had been usual.

Thinking that this situation actually happened with this supplier, what will be your response to the following?

My trust in this supplier will change. (Please note the double sided scale and respond accordingly!)

Negatively (-5)	-4	-3	-2	-1	No Change	+1	+2	+3	+4	Positively (+5)
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

My feeling of commitment towards this supplier relationship will change.

Negatively (-5)	-4	-3	-2	-1	No Change	+1	+2	+3	+4	Positively (+5)
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

My satisfaction with this supplier will change.

Negatively (-5)	-4	-3	-2	-1	No change	1	2	3	4	Positively (+5)
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Given the situation described above and your past experience with this supplier, to what extent do you agree with the statement - "This supplier will likely try and repair its relationship with me as a customer"?

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

The supplier firm finally realizes the presence of these problems, and makes efforts towards repairing the relationship with you as a customer. The next section tells what the supplier did:

Efforts Made by the Supplier

The supplier's efforts came in the form of providing you compensation.

The supplier offered some attractive additional discounts and some free products on the next few purchases that you made, which you thought made up for any possible losses that you may have incurred over this time.

The supplier did not make any other efforts.

Once again, please think that such a situation actually occurred and the supplier made the efforts as mentioned. Using your best judgment, please respond to the statements given next.

My trust in this supplier firm will change. (Please note the double sided scale and respond accordingly)

Negatively (-5)	-4	-3	-2	-1	No Change	+1	+2	+3	+4	Positvely (+5)
▢	▢	▢	▢	▢	▢	▢	▢	▢	▢	▢

My feeling of commitment towards this supplier firm will change.

Negatively (-5)	-4	-3	-2	-1	No Change	+1	+2	+3	+4	Positvely (+5)
▢	▢	▢	▢	▢	▢	▢	▢	▢	▢	▢

My satisfaction with this supplier will change.

Negatively (-5)	-4	-3	-2	-1	No Change	+1	+2	+3	+4	Positvely (+5)
▢	▢	▢	▢	▢	▢	▢	▢	▢	▢	▢

Compared to what I expected, the compensation offered to me was adequate.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
▢	▢	▢	▢	▢

I think I got what I deserved in return.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
▢	▢	▢	▢	▢

I feel that the supplier offered adequate compensation.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
▢	▢	▢	▢	▢

I believe that the supplier's actions will get me fair treatment in future as well.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
▢	▢	▢	▢	▢

What the supplier did was proper and such procedures will insure fairness in future too.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

☐   ☐   ☐   ☐   ☐

The supplier's approach shows that I will be treated fairly if such a situation arises again.

Strongly Disagree Disagree   Neither Agree nor Disagree   Agree   Strongly Agree

☐   ☐   ☐   ☐   ☐

As per the given situation, the primary reason behind the problems caused in your relationship with the supplier was:

☐ The supplier seemed to be taking advantage of your relationship

☐ The service that this supplier provided you was no more up to your expectations

☐ There were competing suppliers that seemed to offer you better deals relative to this supplier

In the situation that we just gave you, how long do you recall the problems had been going on with this supplier?

1 day   1 month 6 months 2 years

☐   ☐   ☐   ☐

I expected the supplier to do more than what it did towards repairing our relationship.

Strongly Disagree Disagree   Neither Agree nor Disagree   Agree   Strongly Agree

☐   ☐   ☐   ☐   ☐

Given your overall past experience with this supplier, what is the likelihood that such a problem will occur again?

Highly Unlikely (1)   2   3   4   Highly Likely (5)

☐   ☐   ☐   ☐   ☐

How realistic did you find the hypothetical situation we gave you?

Highly Unrealistic (1)   2   3   4   Highly Realistic (5)

◉   ☐   ☐   ☐   ☐

What exactly did you find unrealistic in the situation we gave you? (Answer this if you did not find the situation quite typical and realistic)

We would now like to know a few things about you as an individual.

I can easily forgive even when the offender has not apologized.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I can truly forgive even if the offender did harm intentionally.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

I can truly forgive even if the consequences of harm are serious.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

Most people are trustworthy.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

Most people can be relied upon to tell the truth.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

In general, people can be trusted to do what they say they will do.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
☐	☐	☐	☐	☐

Your age is (In years):

[▼]

Gender

☐ Male

☐ Female

Ethnicity

[▼]

Education

[▼]

Income per year

[▼]

In total, about how many years have you worked in the retail industry?

[▼]

Which retailing company do you work for?

[ ]

About how many different products or SKUs do you sell in your store?

[▼]

About how long have you worked with this company?

[▼]

What is the approximate annual revenue (sales) of this company?

[▼]

In total, about how many stores does your company have in the USA?

[▼]

What is your current title/designation at this company? (For example: Owner, Partner, Manager, Purchase Executive, Merchandiser, Associate, etc.)

[ ]

Please briefly tell us what was this survey about?

[ ]

Thank you for participating in this study!! We greatly value your responses.