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# Commitment, Trust and Relationships in the Forest Industry

## – Perceptions of the Finnish Private Forest Owners regarding Industrial Buyers of Round-wood

### ABSTRACT

*During the last ten years, a lot of the discussion within the marketing discipline has centred on concepts such as commitment and trust. These concepts are seen as critical explanatory structures of social bonding in both social-exchange theory (e.g., Rusbult 1979; Rempel, et. al. 1985) and relationship marketing (e.g., Morgan and Hunt 1994; Gundlach et al. 1995). Thus, while Bagozzi (1975) argues that marketing is exchange, and further, that this exchange may be closely involving or superficial in nature, concepts of relational exchange should capture the variation in the "depth" of industrial relationships. This paper builds a model of socio-economic exchange based on work from both relationship marketing and social psychology. This model is then tested in one of the key forest-industry dyads in the Finnish forest sector. The results provide support for the model, and also frame the concepts in a way that has not been done before. Hence they touch upon issues of relationship quality and trust.*

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## 1 BACKGROUND

Marketing theory encompasses a distinct line on relationships and relationship perceptions. Bagozzi (1975b), in presenting his ideas about "Marketing as Exchange" (1975a), was already referring to the "economic man" and the "social man". Further, Dwyer, Shurr and Oh presented their now classic ideas on relational exchange in 1987, Morgan and Hunt (1994) talk of "developing and maintaining successful relational exchanges", while Sheth and Parvatiyar (1995) talk of a "shift from transaction marketing to relationships". Later, Geyskens, Stenkamp and Kumar (1999) defined "psychological aspects of relationships" as a basis for non-economic satisfaction, and Gruen, Summers and Acito (2000) depicted managers as being interested in the "psychological bonds" of membership. Thus it is clear that relationships have been of increasing interest in marketing research the last 25 years. Further, many scholars talk of the psychological dimensions of these relationships by using the concept of perception, and viewing marketing as exchange. How could these ideas be applied to relationships in the forest-products industry? Are such relationships transactional or relational? Do psychological issues of relational engagement matter? Is there more to the relationships than purely cognitive factors could predict? Finally, do the concepts applied elsewhere explain the logic of relationship perceptions in our special field of inquiry? These five questions comprise the research task of this paper. They are addressed step by step in the following, beginning with the construction of a theoretical model. A test setting is then devised, and the paper concludes with a discussion of the results from both theoretical and practical perspectives.

## 2 THE NATURE OF RELATIONSHIP PERCEPTIONS IN MARKETING (SOCIO-ECONOMIC) DYADS

As mentioned above, marketing relationships could be viewed as being part economic (or instrumental) and part social (Bagozzi, 1975). Thus one could talk of socio-economic exchange relationships. Furthermore, we might assume that individuals enter these relationships in order to fulfil some "higher" goals in life. We buy something not because the new "gadget" gives us satisfaction per se, but because the object bought is an *instrument* in satisfying our needs. One could therefore argue that socio-economic relationships are *both voluntary and of instrumental value* to those involved. "Voluntary" means that there are certain limits to the kind of relationship into which we enter (for instance limits regarding coercion), and also that the instrumental nature is dependent on the actor's believing (perceiving) that the present involvement is something enabling him or her to "push" towards some higher personal goals. Thus, any evaluation of a socio-economic relationship is likely to be conditioned by factors other than

those that are purely relationship-related as such.

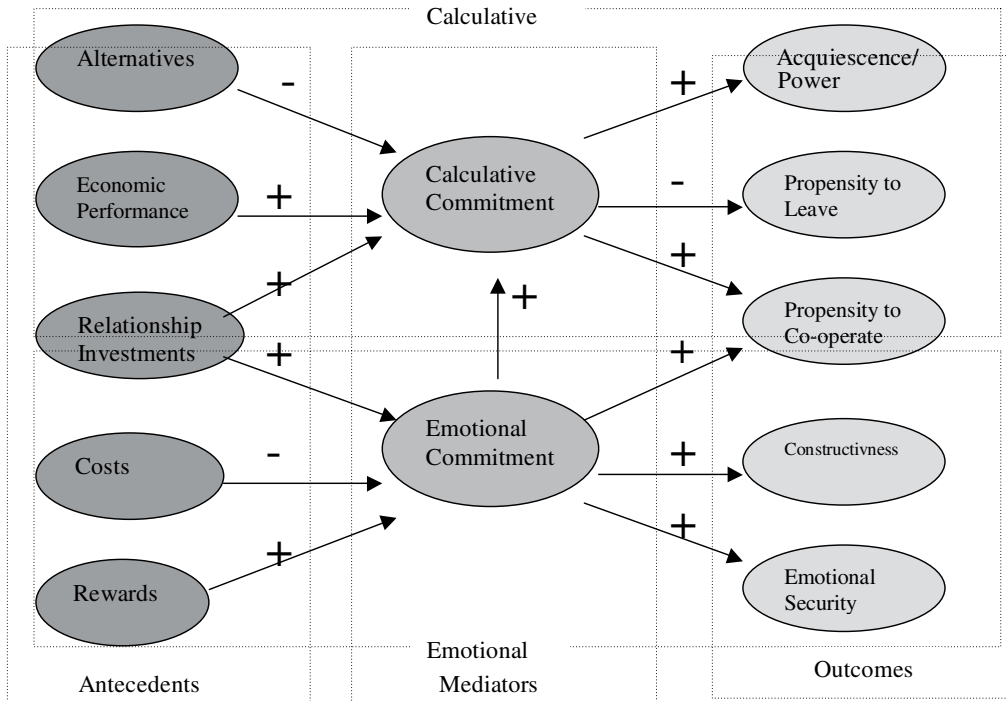
On the basis of the KMV model (Morgan and Hunt, 1994), the Investment Model (Rusbult, 1980, 1983), two-dimensional views of relationship commitment (Lydon, Pierce, O'Regan, 1996), and classic views on the structure of perceptions (Lewin, 1935), symbolic interactionism (Mead, 1934), and marketing as exchange (Bagozzi, 1975b), it is proposed that relationship perceptions are two-dimensional and consist of the holistic evaluations that happen on the perceptual levels of emotion and conscious calculation. Further, these two dimensions of relationship evaluation result in behavioural intentions. Thus, the approach taken is in line with established structures of relationship explanation (e.g. Gundlach, Achrol and Mentzer, 1995; Meyer and Allen, 1991). Different types of relationship perceptions are organised in two different layers of concepts in the model. The first is the calculative sphere of relationship perceptions, consisting of all of the perceptually visible material that the person involved in the relationship is able to "manipulate" consciously. At the same time, the emotional element is composed of the unconscious material produced by the relational signal. In other words, it is proposed that we react to a relational signal based on our perceptions, but the perceptions themselves are "visible" on two layers. The emotional sphere speaks the symbolic language of unconscious processes, while the conscious sphere is subject to cognitive manipulation (Festinger, 1957). The "reality" of those involved is subjective, as Lewin (1935) proposed, but the communication is symbolic role-negotiation reflecting this subjective reality (Stryker and Statham, 1985). Thus, the "*economic man*" of Bagozzi (1975a) is the one making the conscious relationship calculations, while the "*social man*" (ibid.) is the unconscious "feeler" of the symbolic layers of engagement. Symbolism thus exists both on the level of the perceptual reality (of each individual), and also on the "external" level of dyadic communication. This paper reports an attempt to build an explanatory model of the perceptions an individual has about a relational setting. The model is in line with the core idea of the marketing-as-exchange view of marketing relationships, but is highly "psychological" in nature.

### 3 THE EMERGING MODEL

Carilyn Rusbult (e.g., 1979, 1980, 1983) argues that interpersonal relationships are evaluated according to the psychological rewards, the psychological costs, the investments, the alternatives (of the relationship), and the standard that "we feel we deserve". Simultaneously, Morgan and Hunt (1994) presented a model of relational engagements in marketing. The Morgan and Hunt (1994) model list relationship antecedents as relationship-termination cost, relationship benefits, shared values, communication and opportunism. While relationship benefits (Morgan and Hunt 1994), relationship costs, relationship alternatives (Rusbult 1980), relationship

investments (again Rusbult 1980), and relationship-termination costs all represent evaluations of the relational engagement on the conscious level, on the emotional level opportunism, psychological rewards and psychological costs appear to be the ingredients of Kurt Lewin's subjective reality. Given that, in a business setting, "monetary" calculations must hold centre stage in motivating the involvement, it is argued here that the core of the calculative antecedent consists of the subtraction computation of the "monetary" benefits from the costs. Here, the Morgan and Hunt (1994) concept of relationship benefits must overlap with the positive monetary evaluations, while at the same time, the concept of relationship investments (from Rusbult 1980) must overlap with the relationship-exit inhibitors mentioned in the Morgan and Hunt (1994) concept of relationship termination costs. This would leave the exogenous constructs of the conscious sphere as perceived economic benefits, investments and alternatives. However, as opportunism overlaps the psychological cost of a relational engagement, the antecedent of the emotional sphere is composed of the perceived psychological rewards and perceived psychological costs.

The outcome concepts presented in the literature include relationship stability, acquiescence, propensity to leave, co-operation, functional conflict and uncertainty. Of these, the one from the Rusbult (1983) model – relationship stability – seems to coincide semantically with the propensity-to-leave concept of Morgan & Hunt (1994). However, here we are faced with striking differences in the type of relationship. First, the Rusbult model deals with romantic involvement, and it is natural to assume that the decision to leave is a very grave one. In contrast, business relationships are seldom exclusive, and even when they are, they still deal with issues that require less involvement from the relational parties. Second, the level at which the relational partners consider the issues must be very different. One could assume that, while business relationships are analysed on the cognitive level, romantic involvement, by definition, happens on the emotional level. Third, given the emotional complexity of romantic involvement, the stay/leave decision must reflect the multitude of psychological material involved in the decision making. Thus, while the relationship marketing theorist can distinguish between certain outcomes of relational interaction, these outcomes are likely to be less complex in psychological terms, and more shallow in involvement, than in the romantic-involvement situation. As such, all the Morgan & Hunt (1994) concepts might be assumed to be captured in the Rusbult (1980) concept of relationship stability but they could equally well be related to the perceptual time-span of relational engagement. This being the case, then all the various calculative outcomes would simply reflect the subjective length of the operational horizon of the dyad partners. These elements were incorporated into the following figure, which displays the enhanced version of the models:



**FIGURE 1.** The structural form of the Investment Model of Socio-Economic Exchanges (The plus and minus signs represent the hypotheses).

The emotional and calculative layering give vertical structure to the model, while the horizontal layering describes its predictive logic. Two groups of concepts result in two holistic evaluations of the relationship and create outcomes that describe the assertiveness of those involved in *engaging in future-looking co-operative actions* and the emotional "secureness" of the relationship. Thus, the "calculative" outcomes are a reflection of how long the "long-term" orientation of a person is, and more specifically, how long the person will argue (signal) that the operational horizon exists. The lower (emotional) layer reflects the non-cognitive layers of relationship evaluation and thus contains that part of the subjective reality that cannot be manipulated. Thus, it is a stabilising element and should be treated as the border between the transactional and the relational. In this sense, the social man of Bagozzi (1975), the relational elements of Sheth and Parvatiyar (1995), and the psychological aspect of marketing (Geyskens, Stenkamp and Kumar 1999) are all positioned in the lower part of the figure. From a theoretical point of view, one could therefore argue that *the emotional layering is what distinguishes a relationship with a long-term orientation from emotionally neutral interaction with a basic situational and calculative, time horizon.*

#### 4 SAMPLE AND MEASURES: WHY IS THE RAW-WOOD TRADE INTERESTING?

Although the bulk of productive Finnish forests (about 70%) are owned by private forest owners, the size of the estates is small (average 30ha). Further, given the fact that the forestry sector is the second largest export earner of a very export-dependent country, the factors related to the supply of raw wood are critical to the Finnish economy. The Finnish raw-wood trade is facing previously unseen challenges in this area, challenges arising from environmental concerns, demographic changes in forest ownership, and even from European Union competition law. Under that law, all price agreements between the forest-owner organisations and the industrial buyers were banned in 1999, thus making selling more of a "risky" endeavour given that prices are no longer guaranteed to be stable, and thus to sell now or later often seems to favour the decision "later". Further, the demographic changes in forest ownership have also reduced forest-owner pressure to sell wood – city dwellers have alternative sources of income and are detached from the traditional cycles of forest harvesting. Harvesting is also becoming more socially sanctioned through the increasing emphasis on green values. All this has resulted in a situation on the raw-wood market that emphasises the perceptual elements of the trade. With this in mind, I selected what is probably the most populous dyad in the Finnish forestry sector as the target of my research, the dyad between private forest owners and big industrial raw-wood buyers. It consists of approximately 400,000 private forest owners and three big forestry companies buying raw-wood.

A random sample of 2500 addresses was picked from the address register of a newspaper targeted especially at forest owners ( $n = 325\ 000$ ). The respondents were asked to reflect on their relationship with the raw-wood buyers, and on their experiences and feelings, via the scales given. The following describes what was done to develop the measures.

The measurement development consisted of four phases, followed by two "mass" mailings.

1. First, all of the original measurement instruments of the original theories (Morgan and Hunt 1994; Rusbult 1980; Bui, Peplau and Hill 1996; Lydon, Pierce and O'Reagan 1997) were combined to form two (one for the Morgan and Hunt (1994) measures and one for the social psychological measures) questionnaire forms.
2. The forms were then tested on a pilot sample of 50 + 50 respondents.
3. The next pilot phase consisted of 130 personal interviews, conducted by students on an intermediate level course of B2B-marketing as an exercise. The interviewers also recorded their own experiences in a five-page interview report.
4. The questionnaire was mailed to 400 respondents. The final instrument consisted of 18 questions reflecting the latent variables.

As the return rates of the pilot mailings were 25% and 28%, the critical issue was to make the measurement device as short and easy to answer as possible. Moreover, to increase the probability of receiving responses, a prize was included in the research design.

From the pilot responses it was clear that 1000 addresses would be enough to acquire the necessary data<sup>1</sup>. The final four-page questionnaire was sent to all of those addresses. After four weeks a reminder was sent to 780 addresses. These two mailings resulted in 260 useable responses, from which all those who had sold wood to the three big companies were selected as the target of this inquiry (n = 230).

## 5 RESULTS

The following table shows the correlations, standard deviations, means and variances of the measures.

**TABLE 1. The basic descriptive information of the measures.**

	N/Missing	Mean	S.D.	Var.	Kurtos.	Skew	Reliab. <sup>2</sup>
Investments	223/4	2.56	1.1	1.2	-0.86	0.27	0.75
Cost	227/0	2.48	0.55	<b>0.31</b>	0.65	-0.93	0.63
Rewards	222/5	2.67	1.19	1.42	-0.37	0.55	0.89
Economic Perf	220/7	2.56	0.95	0.9	-0.3	0.19	0.84
Security	225/2	3.74	0.96	0.92	0.4	0.93	0.78
Co-operation	223/4	2.04	0.89	0.8	-0.12	0.58	0.91
Prop.to Leave	227/0	2.3	0.55	<b>0.31</b>	-0.12	0.4	(0.8)
Acquiescence	227/0	2.64	1.33	1.77	-0.52	0.56	(0.8)
Alternatives	226/1	2.8	1.22	1.48	-1.17	-0.29	(0.8)
Constructivness	219/8	1.35	0.48	<b>0.23</b>	-0.14	0.15	0.58

Apart from the problematic numbers marked in bold, the table gives useable data. Since normalising the data is feasible in a case in which the original metric is not of importance (Hair et al. 1998; Maruyama 1998; Klein 1998), and as this transformation has the potential of dealing with possible heteroscedasticity problems, the data was normalised. Further, because missing values may cause problems in the computations (Klein 1998), the choice was made to impute the missing values (less than 5% of the observations) with the series means. Still further, six observations were removed from the data as outliers. After this, the two-item scales were summated to form the composite scales for estimating the phase-two structural model.

<sup>1</sup> 100–200 responses as recommended by Hair and AI (1998).

<sup>2</sup> Presented as Composite Reliability and computed by hand from the measurement models of the exogenous and the outcome variables (the loading of single item indicators was fixed at 0.8)

The following table shows the covariances (diagonal and below the diagonal) and correlations (above the diagonal) of the summated scales.

**TABLE 2. Associative variation existing in the summated scales.**

	ACQUI	PL	CONF	COOP	SEC	ALT	REW	EPERF	COST	INV
ACQUI	0.83	-0.4**	0.47**	0.67**	0.62**	0.16*	0.69**	0.68**	-0.57**	0.44**
PL	-0.29	0.65	-0.28**	-0.39**	-0.35**	-0.23**	-0.44**	0.47**	0.34**	-0.4**
CONF	0.41	-0.22	0.89	0.47**	0.46**	0.14*	0.45**	0.47**	-0.41**	0.4**
COOP	0.53	-0.28	0.40	0.85	0.57**	0.21**	0.69**	0.65**	-0.59**	0.6**
SEC	0.50	-0.25	0.41	0.48	0.84	0.14*	0.48**	0.48**	-0.57**	0.32**
ALT	0.11	-0.13	0.10	0.15	0.09	0.78	0.21**	0.21**	-0.1	0.26**
REW	0.56	-0.35	0.41	0.52	0.39	0.17	0.93	0.75**	-0.55**	0.51**
EPERF	0.57	-0.36	0.41	0.55	0.42	0.14	0.90	0.95	-0.48**	0.51**
COST	-0.45	0.25	-0.34	-0.48	-0.48	-0.06	-0.40	-0.41	0.81	-0.33**
INV	0.36	-0.31	0.36	0.50	0.28	0.20	0.44	0.46	-0.27	0.89

As the table shows, in the exogenous structure, the correlations between Economic Performance (EPERF) and Relationship Rewards (REW) are higher than desirable. This could be an indication of multicollinearity, but as such the threshold of 0.9 (Klein 1998) is not exceeded.

To gauge the validity and reliability of the measurements the items were first put through a oblique rotated PAF (principal axis factoring) separately for both the exogenous items and the outcome items. These factor analyses reproduced the same structure as the hypothesised loadings would dictate. Thus one can conclude convergent validity existing. To assess construct and discriminant validity separate measurement models for the exogenous and outcome concepts were computed using Lisrel 8.3 software package. The measurement model of the exogenous variables had the fit information of Chi-square 43.8 ( $p = 0.016$ ), rmsea 0.073, GFI 0.94, and Cfi 0.96. Respectively for the outcomes the figures were Chi-square 17.45 ( $p = 0.18$ ), rmsea 0.048, GFI 0.97, and CFI 0.99. Even though the measurement model of the exogenous variables has a chi-square  $p$ -value below the recommended 0.05 the sample size corrected figure ( $\text{chi-square}/d.f$ )  $43.8/26 = 1.68$  is well below the limit of 3 set by Kline (1998, p. 131). All other figures speaking for a good fit, one can conclude measurement validity existing. To asses the construct validity of the ideas developed two structural models were estimated. The following presents the results of the model estimations.

## 6 ESTIMATING THE MODEL

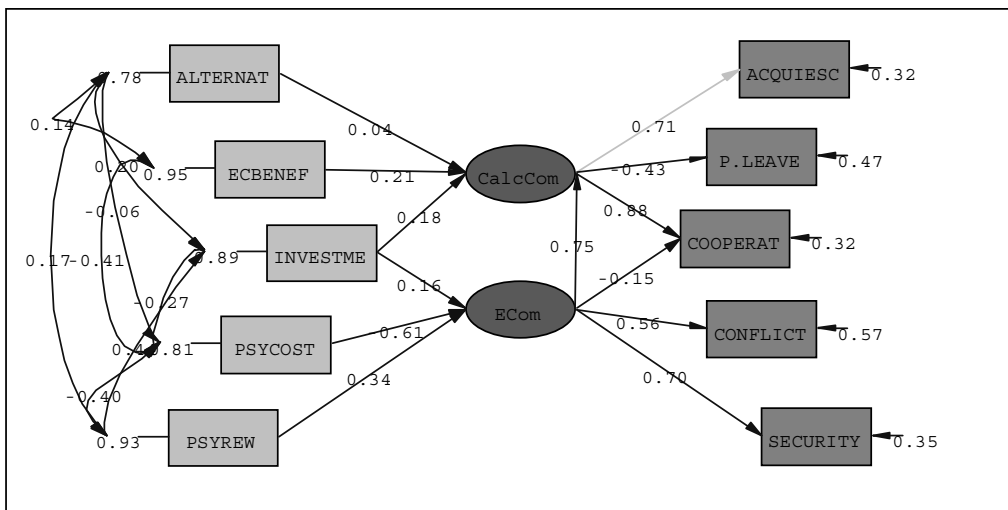
This section continues with a presentation of two different estimated models. The first is the theoretical model developed earlier and estimated from the data. The second is the same model



in a reduced form. As such, the latter model is weaker in its theoretical interpretation, but should be viewed from two directions;

- a) The modified model represents a true model existing in the data, and the non-relevant material has been removed via the modifications.
- b) The modifications arise from problems in the measurement, and as the core aim of the research was to tackle the structural nature of the phenomenon, the modified model best represents this structure. Thus, the idea here is to concentrate on the sequential nature (exo-mediating-outcomes) and layering (emotional-calculative) of the model, and to judge whether this is in line with the theoretical ideas developed earlier. The estimation is done utilising the Lisrel 8.3 software package.

The following figure depicts the theory-driven model.



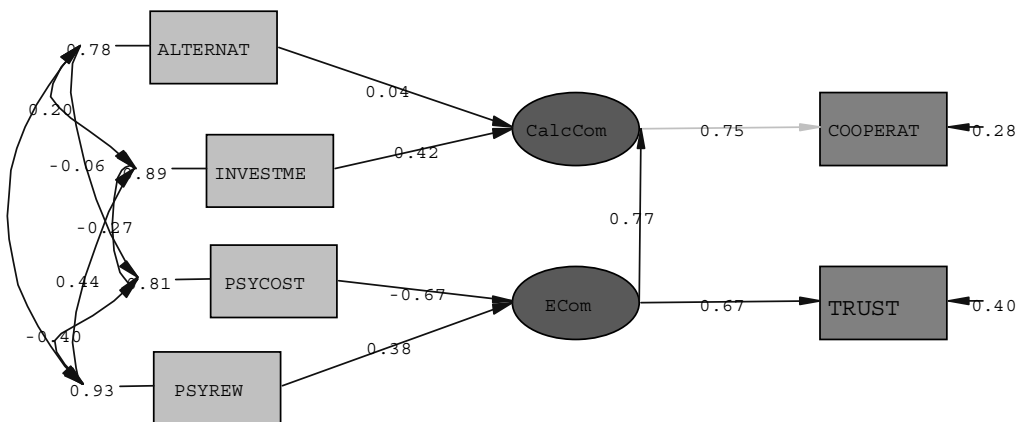
**FIGURE 2. The Theoretically Driven Model (n = 224), d.f. 22, Chi-Square = 37.31 (P = 0.022), RMSEA 0.056, GFI 0.97, NFI 0.97, CFI 0.99.**

As the figure shows, the model is identified and has a good fit even though the significance of the chi-square is below the limit of 0.05. Thus, it seems that the sample size is already approaching the critical point as a sample-size corrected (chi-sq./d.f.) measure gives on acceptable fit ( $37.31/22 = 1.69^3$ ). The model stands as the theory proposed, but there is an

3 Hair et al., (1998) suggest that this figure should be between 1 and 2, while Maruyama (1998) suggests that it should be between 1 and 3.

identification problem related to the estimation process itself – the concept of calculative commitment is perfectly explained. This results in the error variance of Calculative Commitment (CalcCom) going negative. Therefore, as suggested by Hair et. al. (1998), the problem was solved by setting the error variance close to zero. However, as this problem was a minor one, it did not affect the validity of the results.

The next phase was to find out whether a sub-model of the enhanced model would work better. It was also decided to leave the less significant<sup>4</sup> part of the multicollinearity problem out of the estimation. Further, the measurement of Perceived Relational Investments (INVESTME) seem to load on only Calculative Commitment (CalcCom). Also, on the outcome side, the model was reduced to two levels of behavioural intentions. These were the intensity of the mutuality of the conscious level signalling (propensity to signal co-operation) and the degree with which the person evaluates his/her partner as offering a secure relationship. These two behavioural intentions are thus seen to capture the long-term orientation of the relationship. These thus compose a measure of the degree to which the relationships are relational at all. The outcomes were labelled from the background model concepts as being co-operation (the propensity to co-operate in the future) and trust (the degree to which the person involved feel emotionally secure). Thus, this new social psychological explanation of industrial marketing relationships has the following structure:



**FIGURE 3.** The Modified Model ( $n = 224$ ), *d.f.* 3, *Chi-Square* = 3.31 ( $P = 0.35$ ), *RMSEA* 0.021, *GFI* 1.00, *NFI* 0.99, *CFI* 1.00.

<sup>4</sup> Structurally less significant... leaving psychological rewards out would have distorted the whole model, while investments could still be a proxy of the calculative value of the relationship.

Again, the model is identified but also has a significantly better fit (with a chi-square decrease of 34 with 19 d.f. and higher fit-index figures). All of the coefficients are significant. The model-fit measures are so good that one could almost argue that it is over-identified. Therefore it is critical to test this modified model in other settings and with other data later on. However, the simplicity and the intuitive appeal of the model support the core ideas presented in the theoretical argumentation. Perceived costs are still the most influential exogenous concept, with the effect being visible in Calculative Commitment (CalcCom) via the mediating effect of Emotional Commitment (ECom). As such, it provides tentative support for the notion that the emotional layering of the phenomenon could be seen as containing basic holistic evaluations of the relationship. With the emotional content removed, the cognitive dimensions of the exchange would prevail, thus altering the relationship from a relational-oriented to a transactional one.

## 7 DISCUSSION

It seems that changes in the mode of competition has lead to the need to understand how we structure our perceptions. Thus, two different paths of development give accentuated meaning to relational matters. These are the publicity of organisations leading to relational bonding from the target-audience side, and the increasing complexity of production systems leading to network production. The first establishes the societal institutions as quasi-persons and the latter puts critical value on the ("production") efficiency of the social system itself. Thus, the future seems to point to an increasing need to understand the socio-economic exchanges going on in instrumental relationships. This type of modelling is also at the core of discourse on marketing as exchange.

What, then, is the internal logic of relationship perceptions? Given that the flux of perceptual images is a representation of subjective evaluations, the symbols of this flux are an "explicit" indicator of the content of relational adaptation. Thus, the image flow also presents the internal and external signals that get through to the psychological processors. In viewing the model created, it presents itself as a "net" for capturing the flow of perceptual images. The images are structured in a certain way, and arise from certain antecedents while resulting in some other outcomes.

Nevertheless, in the context of the core logic of the model, the exogenous variables define what kind of propensities to co-operate exist in the long term, and also the level of emotional security<sup>5</sup> that exist. Given that these concepts are descriptive of close interaction, they could also be seen as reflectors of the closeness of the dyad.

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<sup>5</sup> Emotional security could also be labeled as trust. It would then resemble the Rempel, Holmes and Zanna (1985) dependability dimension of the interpersonal trust scale.

In terms of the theoretical-background models, the present view of relationship perceptions speaks the same language as the Morgan and Hunt (1994) KMV model, and at the same time is in line with Rusbult's (1980) ideas of Relationship Investments. These models put forward a view of the holistic evaluation of calculative and emotional commitment as a "still photo" of the continuous flow of perceptual images, while the one presented here is also a tool for capturing the psychodynamics of socio-economic settings. It thus captures relationship perceptions at a single point in time and presents the viewer with an idea of what the "fibres" are that tie the dyad members together. This description also points towards the "reasons" why things exist as they do. Two holistic evaluations, the conscious and the emotional, describe how the relationship is perceived .

Therefore, as the model is based on the KMV model (Morgan and Hunt 1994), the Investment Model (Rusbult 1980 and 1983), two-dimensional views of relationship commitment (Lydon, Pierce and O'Regan 1996), the core ideas of social-exchange theory (Thibaut and Kelley 1959), and on classic views of the structure of perceptions (Lewin 1935), symbolic interactionism (Mead 1934) and ideas on marketing as exchange (Bagozzi 1975b), and as it succeeded in surviving this preliminary test, it could be argued that socio-economic exchanges consist of two holistic evaluations. These evaluations happen on the conscious (cognitive) and on the emotional (affective) levels. Further, as Wiselquist, Rusbult, Foster and Agnew (1999) suggest, commitment is a precursor of trust and not vice-versa. Still, as Fletcher, Simpson and Thomas (2000) argue, relationship quality is an outcome (i.e. a behavioural intention) of basic relationship evaluation (here, long-term orientation and trust). However, considering the special nature of socio-economic engagements (in contrast to normal casual interpersonal engagements), one might suppose that cognitive interdependence, which is sometimes considered to be related to close interpersonal engagements (Agnew, Rusbult, van Lange and Langston 1998), should not be an issue here. Thus, the factors mentioned (satisfaction, commitment, intimacy, trust, passion, and love) as the basis of perceptions of relationship quality in close interpersonal relationships appear to present instrumental relationships (socio-economic relationships) as different from close interpersonal engagements. It follows that, while relationships become part of self-conceptions in close interpersonal engagements (Agnew, Rusbult, van Lange and Langston 1998), this is likely not to be the case in instrumental relationships. Thus, while the instrumental engagement might well become a part of self conception the relationships related to this engagement will not.

## 8 LIMITATIONS

This work discusses relationship perceptions through the concept of commitment and its dif-

ferent definitions. The disciplinary discussion of the different conceptualisations of trust, involvement and possible other moderators are discussed only briefly, and not tested at all. Therefore, the view put forward stands only on the stilts that have been discussed and tested.

The concepts discussed embrace a lot of material that is relevant in explaining relational exchanges. However, some alternative ways of framing and defining them may still exist. Those excluded from the models, in particular, need addressing in the future.

A further limitation is that the testing was done on a single relationship using a single measurement instrument, so there is probably some level of method bias (Maruyama 1998, p.89). Therefore, in the future, it would be necessary to devise some sort of multimethod-multitrait test setting to provide the conditions in which to estimate method bias.

## 9 MANAGERIAL IMPLICATIONS

From a relationship managers point of view the results indicate points to concentrate ones relationship management efforts. The psychology of the relationships is condensed around the concepts of Relationship Rewards and Relationship Costs. As can be seen, in fig. 3, especially efforts which reduce perceived relationship costs (i.e emotional burden, threats, perceptions of opportunism, unfair treatment or just complexity of interaction) produce direct benefits concerning trust. The efforts also have a significant effect on the propensity to co-operate. Thus, an increase in Relationship Rewards and/or a decrease in perceived costs are likely to be much more effective in relationship management than trying to separate oneself from others (alternatives were not significant in this study).

The visible (cognitive) processing seems to condense into the concept of Relationship Investments. For the relationship manager this means that all sorts of mutual activities (presentations, contacts, trade shows etc.), to which the relationship manager is able to involve somehow the forest owner, produces relationship investments that have an effect on propensity to co-operate. Simplifying one could describe relationship investments as some sort of "familiarity" with the relational counterpart. Thus, from a relationship manager's point of view, any efforts, which engage the forest owner, produce direct benefits in the willingness of the forest owner to co-operate.

Combining from the above, one can say that the agenda of the relationship manager in this forest sector dyad is very different compared to a transactional (low-involvement) forest owner. So while in mass marketing repeating exposure to a product, and further, differentiating ones offer from others is vital, here familiarity and easiness of approaching the round-wood buyer seems to provide the clues to beneficial *long-term* outcomes.

Putting the same issues the other way around presents relationship dissolution situations

susceptible to mis-management. This is because, if true emotional-level relationships exist, ending a relationship abruptly presents the client with stress beyond conscious processing. This stress is visible as non-trusting behaviours and thus the outcome is likely to be conflict prone (in line with Morgan and Hunt, 1994 and the concept of Functional Conflict). True relationship dissolution (aiming at minimising the conflict) therefore tries to get the customers own agreement on the unfavourable situation. Even though this might be tough for all it provides the customer a possibility to cut short the emotional ambiguity induced by the dissolution. In the long-run this might be beneficial for the company a) by reducing negative word-of-mouth, b) by increasing the propensity by which the ex-customers can be regained. Here just normal methods of after marketing might go a long way. ■

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