

**Understanding Consumers' Relational Behaviour: An Integrated  
Model of Psychological Contracts, Trust and Commitment in the  
Context of Beauty Services for Females**

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## **Attestation of Authorship**

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I hereby declare the this submission is my own work and that, to the best of my knowledge, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or other institution of higher learning, except where due acknowledgement is made in the acknowledgements.

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## **Ethical Approval**

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Ethics approval from AUT University Ethics Committee (AUTEK) was granted on 16 April 2014, for a period of three years commencing 14 April 2017. The Ethics application number was 14/71.

## **Abstract**

Psychological contracts play an important role in relationships between consumers and service providers. Due to their cognitive nature, it is essential to understand how psychological contracts are created and perceived by consumers. Though psychological contracts are widely explored in the context of inter-organizational and interpersonal relationships, studies investigating psychological contracts in the context of consumer-service provider relationships have received limited academic attention. Past studies in this area of research have focused on consumers' perceptions of different marketing strategies offered by a firm as well as individual characteristics that determine the formation of various types of psychological contracts with the firm. However, it is unknown how psychological contracts affect important marketing concepts such as satisfaction, trust, and commitment. This research, therefore, aims to advance the understanding of consumers' relational behaviour with service providers by exploring various types of psychological contracts and incorporating them in the model as the antecedents of satisfaction, trust, and commitment. A cross-sectional survey method is proposed to address two research questions: (1) how two types of psychological contracts (i.e. transactional and relational) influence the formation of a communal psychological contract; and (2) the extent to which psychological contracts affect consumers' satisfaction, trust, and commitment to a service provider. This study is expected to contribute to the marketing literature by exploring the nature of relationships between the customer and service-provider based on psychological contracts as the main determinant of customer satisfaction, trust and commitment.

A quantitative approach is used to bridge this important gap in the literature. Data of this study were collected using the street intercept method and online survey. 305 women living in Auckland completed the survey. Hypotheses were tested by using Hayes (2013) regression based path-analytic procedure. Specifically, an ordinary least squares (OLS) criterion was used as it defines the best fitting line linking independent to dependent variables by providing a linear regression routine that derives the regression constant and regression coefficient (Hayes, 2013).

The results of this study provide a general support of the model and show that consumers' transactional and relational psychological contracts are associated with the formation of a communal psychological contract. Furthermore, each type of psychological contract influences consumers' core relational outcomes in a different but certain way. A transactional psychological contract was found to have a negative effect on the formation of a communal psychological contract which in turn affected satisfaction, trust and commitment to the service provider. A relational psychological contract was found to have a positive impact on the formation of a communal psychological contract and the three core relational outcomes. Finally, a communal psychological contract was found to mediate the relationships between both types of psychological contract (i.e., transactional and relational) and consumers' satisfaction, trust and commitment.

# Chapter 1

## Introduction

Since 2013, shifting social values and technological advances have driven change in the hairdressing and beauty industries. Demand for hairdressing and beauty services is growing in response to a broader structural shift in the economy from goods toward services. The factors influencing the hairdressing and beauty industry include household consumption patterns, increasing consumer expectations and developments in technology ([www.serviceskills.com.au](http://www.serviceskills.com.au)). The ABS Household Expenditure Survey indicates that the average weekly household expenditure on 'personal care' increased from \$17 in 2003-04 to \$24 in 2009-10, representing an increase of 39.9 percent. This contrasts with the decrease in spending on clothing, footwear, household equipment and furniture, which fell from 14 percent in the 1980s to 8 percent in 2011. The development of new technologies is the significant driver of change in the hairdressing and beauty industries and has led to an increase in the sophistication of skills and knowledge of beauty specialists. Taking into account the larger number of salons in each local area, this industry is highly competitive and this will continue as these beauty salons compete for their clients. Furthermore, hairdressing and beauty salon services are facing extreme pressure from the rising demands of consumers. As consumers become better informed and their expectations rise, the level of service is also expected to increase. What is more important, in the hairdressing and beauty services, the success of a small business is directly linked to the quality of its staff ([www.serviceskills.com.au](http://www.serviceskills.com.au)). As a result, it is essential that

beauty specialist develop their knowledge and skills as well as their interpersonal skills. This requirement emphasizes the importance of the relationship marketing phenomenon.

In the past decade, marketing research has given enormous attention to relationship marketing across various exchange contexts (Palmatier et al., 2006). Morgan and Hunt argue that “all marketing activities are directed towards establishing, developing, and maintaining successful relational exchanges” (p. 22). Relationship marketing is not only applicable to institutional markets but is also common in consumer markets (Sheth, 1994). Relationship marketing has been researched in numerous forms, such as channel partnerships between retailers and their suppliers (e.g., Ganesan, 1994), strategic alliances between firms and their competitors (e.g., Heide & John, 1990), and interpersonal exchanges between consumers and their service providers (e.g., Crosby, Evans, & Cowles, 1990). Across all of this research, the construction of theory still remains the main goal of researchers (Henning-thurau, Gwinner & Gremler, 2002). Based on past findings on relationship marketing, most of the key drivers of relationship outcomes are now better identified and understood and lead to better contributions to the academic literature while giving us a better understanding of relationship marketing processes. However, there remains some important issues in relation to the understanding of relationship marketing which will be discussed in the next section.

## **1.1 Problem Statement**

Despite the rapid growth in research on relationship marketing, this area still has several limitations. First, a theoretical understanding of the relational exchange process is somewhat lacking in the marketing literature. As has previously been asserted by marketing scholars, marketing is all about exchange (Bagozzi, 1975; Kotler, 1972). Based on this fundamental phenomenon, the purpose of the exchange is to “connect a customer’s need with a supplier’s resources and offering” (Johnson and Selnes, 2004, p. 2). Commitment, relational norms, and trust behaviour between parties are the core constructs in relational and social exchange theories (Homans, 1961; Thibaut & Kelly, 1959)

and they are important elements in firm-customer relationships (Anderson & Narus, 1990). In addition, global constructs such as satisfaction, trust and commitment are commonly used to characterize the relational exchange (Johnson & Selnes, 2004). Nevertheless, past studies that have examined these constructs capture only the outcome of the exchange; they do not capture the exchange process between two relational parties. The exchange process of the cognitive resources between customer and service provider, and its impact on core relational outcomes, is left unknown.

Second, the term ‘psychological contract’ is widely used by scholars in organizational behaviour literature in order to capture the relationship processes between employees and their organizations (Rousseau, 1989, 1990; Rousseau & Greller, 1994, Rousseau & Tijoriwala, 1998; Jensen, Opland & Ryan, 2010). Moreover, the majority of researchers explore contract violation and its consequences (Dabos and Rousseau, 2004). In the business-to-consumer environment, there is a lack of research on how different types of psychological contract influence the relationships between consumers and their service providers. Past scholars have explored the role of psychological contract violation in the relationships between service providers and consumers (Pavlou & Gefen, 2005), its influence on trust and commitment (Kingshott, 2006; Kingshott & Pecotich, 2007), and the relationship between psychological contract fulfillment and affective commitment (Lovblad & Bantekas, 2010). These studies have been limited to examining two types of psychological contract derived from Rousseau’s (1990) classification of psychological contracts while the mediating role of a communal psychological contract has been largely unexplored.

Third, the mediating role of a communal psychological contract on the relationships between transactional and relational psychological contracts, and satisfaction, trust and commitment has not been tested empirically. Fourth, the methods adopted by earlier relationship marketing researchers have weaknesses due to their reliance on the business-to-business context (Kingshott, 2006; Kingshott & Pecotich, 2007), the online marketplace (Pavlou & Gefen, 2005) or one or two relational outcomes, such as trust and commitment (Kingshott, 2006; Kingshott & Pecotich, 2007;

Lovblad & Bantekas, 2010). Furthermore, the measurement of each type of psychological contract varies considerably across different research contexts. This is because the measurement of contracts may also vary across research contexts and symbolic meaning of different kinds of resources may vary across individuals, situations and contexts (Brinberg & Ganesan, 1993).

Lastly, relationship marketing researchers have typically relied on a sample from only one industry or country, which may not represent the population of consumers with psychological contracts. Despite the growing interest among marketing scholars to explore interpersonal exchanges (e.g. customer and salesperson), research concerning relations between individual consumers and their service providers on the basis of psychological contracts remains scarce.

## **1.2 Aim of the Thesis**

This study introduces the psychological contract construct originated from the organizational behaviour literature in order to explore the exchange process between consumers and their service providers. Specifically, the aim is to explore how different types of psychological contracts influence satisfaction, trust and commitment to the service provider.

A psychological contract is defined as an individual's belief regarding the terms and conditions of reciprocal exchange between the person and organization (Rousseau, 1989). A psychological contract incorporates two different elements. First, it is developed based on social cognition. A psychological contract itself is a relational schema which represents a structured and organized knowledge about patterns of relationships (Baldwin, 1992). From this point, consumers can activate different types of psychological contract depending on their own experience in the social environment. Second, a psychological contract is associated with social exchange. There is a certain mechanism in an individual's mind which regulates how resources between two parties are exchanged. These exchange resources include not only economic resources but also social and psychological resources (McLean Parks & Smith, 1998). Psychological resources include love,

respect, self-esteem, self-efficacy, life satisfaction, social status and so on. Each consumer perceives the relationship with his/her service provider based on his/her own cognitive feelings. According to Rousseau and Greller (1994), in an organizational context, employees create psychological contracts with their potential employers at the very first stage of the recruitment process. It is essential that employers highlight benefits and motivational drivers in order to increase employee's interest in the company. Employees' first positive experience leads to the formation of a positive attitude toward the company and its employees and may influence the employees' future satisfaction, trust and commitment to the company. This is why it is so important to create a friendly and favourable environment for potential employees from the start. Analogously, the relationships between consumers and service providers are similar to the relationships between employees and their employers. In this case, psychological contracts may serve as antecedents of satisfaction, trust, and commitment in the relationships.

Previous studies have found that relationship marketing has an impact on the business performance of the company and are fully mediated by one or more relational constructs, such as trust, commitment, relationship satisfaction, and/or relationship quality (Morgan & Hunt, 1994; Palmatier et al., 2006, Cronin et al., 2000). The existing literature suggests a wide range of antecedents of these relational mediators but there is no concrete agreement on which one is the best in capturing the characteristics of a relational exchange that influences the business performance. For instance, Morgan and Hunt (1994) found trust and commitment to be the main predictors of exchange performance, whereas Sirdeshmukh, Singh and Sabol (2002) consider that trust alone is a critical relational construct in predicting successful relationships. Also, both Gruen, Summers and Acito (2000) and Jap and Ganesan (2000) found that commitment is the best construct in characterizing the relationship performance. Another group of researchers (e.g., De Wulf, Odekerken-Schröder & Iacobucci 2001; Kumar, Scheer & Steenkamp, 1995) suggest that a combination of commitment, trust and relationship satisfaction has the strongest impact on the strength of relationships between two parties and hence enables better understanding of the exchange process.



Past research has investigated the antecedents and consequences of these relational constructs; however, mixed results have been produced and the links between relational constructs and their antecedents as well as outcome variables vary across different settings. Since a psychological contract holds at the individual level and represents implications for an individual's feelings, attitudes and behaviour (Conway & Briner, 2005), it is essential to explore the development of a psychological contract in service relationships. It is speculated that the mechanisms that underlie the relationship between consumers and their service providers may be better understood by incorporating a psychological contract perspective into the relationship marketing field. This study aims to develop and empirically test an integrated model that explains different types of psychological contracts in business-to-consumer relationships and their link to consumers' relational behaviour.

Specifically, the following research questions will be explored in this study:

1. How do different types of psychological contract (i.e., consumers' transactional contracts and relational contracts) influence the formation of consumers' communal psychological contract desired by service providers?
2. To what extent do psychological contracts affect consumers' relational constructs, such as satisfaction, trust, and commitment?

### **1.3 Significance of the Study**

Theoretically, the model depicted in Figure 1 is a major theoretical contribution. The relationships between psychological contracts and satisfaction, trust and commitment, and in particular, the impact of psychological contracts on consumer relational behaviour with the service provider will be empirically tested. This study is expected to contribute to the marketing literature by exploring the nature of relationships between the customer and service-provider based on psychological contracts as the main determinant of customer satisfaction, trust and commitment. This is the first

study which brings in the psychological contract perspective in beauty services research. The research outcomes will particularly benefit the academic community, as a theoretical framework will be created and tested in a new context and additional variables will be incorporated into the conceptual model. In addition, this research will help us understand the role of psychological contracts in sustaining the goal of maintaining profitable consumer-service provider relationships. The potential contribution of this study lies in extending previous work by demonstrating the mediating effects of a communal psychological contract on the relationships between transactional and relational psychological contracts, and customer satisfaction, trust, and commitment to a service provider which deviates from the current marketing literature that focuses on the direct links among constructs of interest. From a theoretical standpoint, this study provides several meaningful insights into understanding the nature of consumer-service provider relationships based on a psychological contract and may further help to build a theoretical foundation to explain these relationships. Furthermore, this study may contribute to a better understanding of the process of how relationship marketing variables influence relational behaviours (Bhattacharya & Bolton, 2000, Palmatier et al., 2006) as well as how customers characterize the status or strength of the exchange process in their minds (Czepiel, 1990). Moreover, in addition to contributing to the relationship marketing literature, this study may also contribute to the psychological contract literature by categorizing different types of psychological contracts according to perceived relational norms or general rules. Given the strong empirical support demonstrated by analyses, the research framework developed in this study can serve as a springboard for future research to examine other consumption behaviours such as consumer buying behaviour and consumer complaint behaviour.

On a practical note, the findings will offer direction to those involved in planning and marketing of beauty salon services, for example, in allocating the right beauty specialist to a particular consumer and the development of communication techniques. Beauty salon managers and specialists will benefit from understanding how consumers form psychological contracts with their service providers, for example, if there is a need to change the way the consumer is treated by a particular

service provider, types of psychological contract and their formation characteristics will support the beauty salon specialist in choosing the right approach to a particular customer. This study will also be helpful in increasing the customer base and attracting new customers. Furthermore, the findings of this study will help marketing managers to consider these three types of psychological contract in creating strategies with the objective of enhancing customer satisfaction, trust and commitment.

The study will also benefit the business practitioners' community as the researcher aims to produce a journal publication based on the research output which will be available to business people. In addition, the benefits of this research for service providers are invaluable. The findings of this study will help service providers better understand the relationships between specialists and clients, and improve quality of services through their staff members.

#### **1.4 Structure of the Thesis**

This thesis consists of six chapters. Chapter one introduces the research by identifying a research gap in the current relationship marketing literature and the relevance and purpose of study. The second chapter includes a literature review about relationship marketing, the nature of a psychological contract and social exchange theory. Based on the literature review, chapter three presents the theoretical framework and hypotheses that this study aims to test. The methodology, including the research instrument, techniques for data collection and analysis, is explained in chapter four. Chapter five incorporates the details of data analyses and results of the hypotheses testing. The summary, interpretation, and findings of the study are discussed in chapter six. Limitations and suggestions for future inquiry and the conclusions are added to this final chapter.

## **Chapter 2**

### **Literature Review**

#### **2.1 Psychological Contracts**

##### *2.1.1. What is a psychological contract?*

In 1960, Argyris defined a psychological contract as an implicit agreement between an employee and his/her employer that gives them both an opportunity to express and satisfy each other's needs. Schein (1965) later emphasized that a psychological contract should be understood from both the individual and organizational perspective. There were no further concrete applications and investigations of this construct until Rousseau (1989, 1990) created a new concept for this construct at the individual level. According to Rousseau (1989), a psychological contract in the context of inter-organisational relationships is based on the reciprocal exchange between an individual and his/her organization which is mainly the individual's belief regarding the terms and conditions of this exchange. A psychological contract emerges when the employee believes that the employer has made a promise for future returns and the employee offers compensation in exchange for the promise (Rousseau, 1989). In other words, the employee perceives what he or she owes to the employer and the employer knows what he or she has to give back (Rousseau & McLean Parks, 1993).

Based on their previous findings, Rousseau and McLean Parks (1993) concluded that a psychological contract has two distinct characteristics. The most important characteristic is that the psychological contract is held at an individual level. As, by definition, a psychological contract is based on an individual's perception, Conway and Briner (2005) proposed that a psychological contract incorporates an individual's feelings, attitudes and behaviour. Past research on this topic has focused on the individual's cognition as a major defining factor of a psychological contract (Roehling, 1996; Pearce, 1993). Second, Rousseau and McLean Parks (1993) concluded that a psychological contract is subjective and perceptual in nature. In general, a psychological contract is a relational schema in nature, which is a cognitive structure "representing regularities in patterns of interpersonal relatedness" (Baldwin, 1992, p. 10). Individuals may have some limitations in information-processing so a relational schema helps consumers direct their perception process and navigate in a social environment (Baldwin, 1992; Macrae & Bodenhausen, 2000). According to Macrae and Bodenhausen (2000), consumers tend to activate categorical thinking when they perceive individuals or objects in terms of their unique combination of attributes and tendencies, and interpret them based on the social category to which they belong. Based on this assertion, a psychological contract acts as relational schema and help consumers evaluate and make judgments on a provided service. Furthermore, each consumer has his/her own experience in his/her communication with a service provider. Thus, different types of psychological contracts are formed depending on what consumers are looking for in the relationships.

### *2.1.2 A psychological contract as a mental model*

A contract is a mental model which helps individuals understand and react to social events accordingly (Rousseau, 1995). Social psychologists argue that information enters our mind as raw data but is interpreted in a structural way (Foa & Foa, 1974). When individuals constantly experience the same decision task, their knowledge about this task becomes structured and organized. From this point, automatic information processing is substituted by systematic processing where decisions are more controlled and rational (Fiske & Taylor, 1984). When a

psychological contract becomes one type of relational schema, it is resistant to change unless new discrepant information becomes salient (Fiske & Taylor, 1984). Individuals rely on these mental models to understand what is expected to happen and how they should interpret the given information (Rousseau, 1995). Thus, psychological contracts help employees reduce uncertainty in their relationships and deal with doubtful situations (Shore & Tetrick, 1994).

In the organizational behaviour literature, psychological contracts begin to develop at the very first stage of pre-employment (Shore & Tetrick, 1994). This implies employees are searching for relevant information during the recruitment and selection process – specifically contract related information. After being employed by the organization, employees continue to look for new information during their interaction with the organization and its employees until their mental schema is fully established. These findings can also be applied to the service marketing context, particularly in terms of understanding the relationships between consumers and service providers. In this context, consumers play the role of employees while the service providers are their potential employers. Consumers start forming psychological contracts when they choose to seek out beauty services. During their search for salon-related information and their selection of beauty specialist processes, they are also seeking contract related information. After choosing the right salon and beauty specialist, consumers continue to look for new information during their communications with the service provider until they are satisfied with the provided services. The information processing continues until consumer's mental schema is fully established.

### *2.1.3 Social Exchange Theory and a psychological contract*

One of the main characteristics of social exchange theory is that all relationships develop with the aim of achieving trusting, loyal, and mutual commitments (Cropanzano & Mitchell, 2005). In order to achieve this goal, parties have to follow certain “rules” of exchange. Rules of exchange form a “normative definition of the situation that forms among or is adopted by the participants in an

exchange relation” (Emerson, 1976, p. 351). Thus, social exchange theory in the organizational behaviour literature is framed by the exchange rules or norms which serve as guidelines of exchange processes. Furthermore, it has previously been found that human relationships are based on cost-benefit analysis and comparison of alternatives (Gouldner, 1960; Michener, 2004). This is particularly relevant to the relationship marketing context because central to the social exchange theory is the notion of reciprocity.

Reciprocity is one of the best known exchange rules. Homans (1961) emphasized the importance of interdependence in social exchange as something has to be given and something returned. This concept is critical in the maintenance of stability and commitment within the relationships between two parties that have certain rights and obligations (Gouldner, 1960). Zeithaml (1988) and Baker et al. (2002) provide support for this view by emphasizing the “give-get” notion of exchange. Scanzoni (1979) also emphasizes the importance of interdependence for maintaining profitable relationships. When both parties are performing valuable services for each other that generate feelings of moral obligation in return for received benefits, these relationships are characterized by interdependence.

Some social psychologists have found that individuals differ in the degree they perceive reciprocity (Clark & Mills, 1979; Murstein, Cerreto, & MacDonald, 1977). Those individuals who are highly exchange oriented are more attentive to details and track obligations carefully. Those individuals who show a low level of exchange orientation are less worried about their obligations to the other party and are less likely to worry if exchanges are not reciprocated. In addition, past studies have extended the research and found that reciprocity can be positive or negative (Perugini & Gallucci, 2001; Uhl-Bien & Maslyn, 2003). Negative reciprocity involves the tendency to return negative treatment for negative treatment whereas positive reciprocity involves the tendency to return positive treatment for positive treatment.

Based on the above discussion, it can be concluded that relational norms of exchange help to organize the social system. Rules and norms of social exchange establish the expected patterns of behaviour within a relationship (Lipset, 1975; Sherif, 1936). These findings and particularly the notion of reciprocity lead to the concept of a psychological contract.

#### *2.1.4 A psychological contract as social exchange*

The social exchange theoretical perspective explains social structure as a process of exchanges between parties based on the expectations that two parties benefit from the relationship by analyzing and comparing the alternatives (Gouldner, 1960; Michener, 2004; Murstein et al., 1977). The main idea of this theory is the notion of reciprocity. This notion of reciprocity emphasizes the interdependence element; however, it is only in recent years that it has been studied empirically in the marketing literature. Recent works on reciprocity have contributed to the development of the concept of a psychological contract. A psychological contract is based on an employee's belief that his/her employer will fulfill a promise of providing future benefits in return for future contributions. Employees therefore expect the employer to perform certain tasks in order to fulfill this promise. Sometimes it takes time for an employer to meet an employee's expectations. Because of this, many employers strive to establish in employees a sense of satisfaction, trust and commitment from an early stage in order to develop long-term profitable relationships. The notion of reciprocity can also be used in relation to the customer-service provider relationship due to its similarities with the employee-employer relationship. The consumer believes that the service provider has made a promise to him /her when paid for the provided services. He/she expects to receive quality service and preferential treatment in return for satisfaction with the service, positive word of mouth and loyalty. As in the employee-employer relationship, it might take time for the service provider to meet the consumer's expectations. Long-term profitable relationships with customers directly or indirectly depend on consumers' beliefs, attitude and behaviour. Once established, these relationships require special knowledge and skills to maintain. However, it is much easier to



maintain established relationships than establishing new ones. This is why the main goal of service providers remains the establishment of consumer satisfaction, trust and commitment.

#### *2.1.5 Types of psychological contracts*

Psychological contracts are characterized by the notion of mutual obligations between employee and employer (Rousseau, 1995). According to Rousseau (1995), there are two major types of psychological contract: transactional and relational. A transactional psychological contract is characterized by employees' low organizational commitment and narrow involvement in the organization (Dabos & Rousseau, 2004). Within a transactional psychological contract, there are specific, economically oriented exchanges between the employee and employer, which happen during a short period of time (Rousseau, 2004). In this type of contract, employees tend to work in accordance with specific job requirements and with what they have been paid for (Rousseau, 2004). By applying the characteristics of a transactional psychological contract to the consumer-service provider relationships context, a consumer may create a psychological contract with the service provider based on pure self-interest to obtain quality services for a fair price without any future promises attached. This type of relationship is characterized by the consumer's specific or occasional needs with a short-term orientation.

Unlike a transactional psychological contract, a relational psychological contract is based on non-economic/socio-emotional exchanges (Rousseau, 1995). In this type of contract, employees are willing to contribute to and support the organization. This may be expressed by working extra hours, helping co-workers or sacrificing one's own interest for the sake of the organization (Rousseau, 2004). The relationships between employees and employers are open-ended and have no time constraints. Trust, respect and loyalty are the main components of these relationships (De Meuse et al., 2001). Thus, a relational psychological contract involves employees' high level of affective commitment and inter-organizational involvement, and mutual support between employees and their employers (Dabos & Rousseau, 2004). In consumer-service provider

relationships, a relational psychological contract may also be applied to the service marketing context. Despite a non-economic interest in the services of the service provider, a consumer may feel a socio-emotional attachment to the particular specialist. The formation of a relational psychological contract can be identified when the consumer begins to refer new customers or spread positive word of mouth. The relationship between the consumer and service provider thus becomes long-term and trusting with future promises attached.

In addition to these two types of psychological contract, relationship marketing scholars (e.g., Goodwin, 1996; Aggarwal, 2004) propose a third type of psychological contract termed a communal psychological contract (Guo, 2010). According to Goodwin (1996), in service relationships, a communal contract incorporates the idea of relationships such as those in friendships and with family members. A communal psychological contract is different from a relational contract in terms of its concern for the other party (Guo, 2010). Mutual obligations are not necessary in a communal psychological contract as one party gives benefits to meet the needs of the other party because of its concern for the welfare of the other party (Mills & Clark, 1994). For instance, consumers and service providers may help each other not because of expecting something in return but for the other's enhanced benefits (Goodwin, 1996).

In summary, this thesis explores how these three types of psychological contract, which are different in terms of how consumers evaluate and react to social interactions with service providers, influence the relational outcomes such as satisfaction, trust and commitment to the service provider.

## **2.2 Satisfaction, Trust and Commitment as Relational Outcomes**

Behavioural researchers in marketing have explored the antecedents and consequences of customer satisfaction at the individual level (Yi, 1990). They have developed a rich body of literature on customer satisfaction in order to help companies understand how to support long-term relationships with their customers. Essentially, marketing scholars have established two ways of defining

customer satisfaction: as an outcome and as a process. For example, according to Westbrook and Reilly (1983), satisfaction is “an emotional response to the experiences provided by and associated with particular products or services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall marketplace” (p. 256). Oliver (1981) defined satisfaction as “the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumers’ prior feelings about the consumption experience” (p. 27). Based on the above definitions, satisfaction is measured as an evaluative process which incorporates different components of customer satisfaction including customer perceptions, evaluations and psychological states.

According to Oliver (1993), transaction-specific customer satisfaction refers to the customer’s immediate evaluative judgment of the most recent transaction with the firm. Unlike this type of satisfaction, overall satisfaction is a cumulative construct which represents the whole consumer summary of the experience with the firm (Czepiel, Rosenberg, & Akerele, 1974). Based on the review of consumer behaviour and service literature, satisfaction plays an important role in predicting behavioural intention (Anderson, Fornell & Lehmann, 1994; Cronin & Taylor, 1992; Zeithaml, Berry & Parasuraman, 1996). Past studies have found that consumers’ first successful experience with a service is the determinant of future interaction intentions. Moreover, it has been found that components, such as people and products, influence the consumer’s overall satisfaction (e.g. Swan & Oliver, 1989; Churchill & Surprenant, 1982). In business-to-customer relationships, satisfaction with the retail store consists of many separate satisfaction evaluations with the salespeople, store environment, and products. Furthermore, the antecedent of customer satisfaction is the evaluation of service attributes and processes (Cronin & Taylor, 1992). Based on the above findings, customer satisfaction is defined not only as the outcome of successful relationships but also as the process of evaluating attributes. Thus, customer satisfaction is created during the process of evaluation, and as with psychological contract formation, it is subjective and developed at the individual level.

According to the key mediating variable (KMV) model proposed by Morgan and Hunt (1994), trust and commitment are central to successful relationship marketing. According to Moorman, Zaltman and Deshpandé (1992), commitment is “an enduring desire to maintain a valued relationship” (p. 316). Commitment has long been regarded as central in exchange relationships. For example, McDonald (1981) described commitment in his study on social exchange and marital interaction as follows: “Clearly, the major differentiation of these exchange relationship types...is the mutual social trust and the resultant commitment on the part of the individuals to establish and maintain exchange relationships” (p. 836). In marketing, Anderson and Weitz (1992) summarized the different definitions of commitment in the marketing literature and defined it as “desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship” (p. 19). Furthermore, future orientation is the main aspect of commitment (Johnson, 1982; Wilson & Mummalaneni, 1990; Halinen, 1996). Previous findings suggest that there is a close relationship between commitment and trust (Morgan & Hunt, 1994). This is because commitment incorporates two elements: the first is the behavioural element, referring to acts, and the second is the attitudinal element, referring to willingness (Miettilä & Möller, 1990; Liljander & Strandvik, 1995). Dwyer, Schurr and Oh (1987) argue that committed parties “have not ceased attending to alternatives, but maintain their awareness of alternatives without constant and frenetic testing” (p. 19). Strandvik and Liljander (1994) assert that as long as a person is satisfied with the current relationship, he or she might not even consider other alternatives. Based on their study, Strandvik and Liljander (1994) differentiate between commitment to an individual and commitment to an organization; that is, the customer can be committed to a specific person in the company, without feeling commitment to the company as a whole. In business-to-consumer relationships, the firm’s relationship-specific investments, available alternatives in the market, subjective norms, customers’ perceived support of the firm, and customers’ identification with the firm have a significant influence on customers’ commitment to the firm (Bansal et al., 2004; Bettencourt, 1997; Brown et al., 2005). Furthermore, empirical studies on interpersonal customer relationships support the notion that service providers’ relationship investments and

available alternatives influence customers' commitment to a service provider (Barksdale et al., 1997).

Trust is an important antecedent of customer commitment (Dwyer, Schurr & Oh, 1987; Moorman, Zaltman & Deshpande, 1992; Morgan & Hunt, 1994). As soon as trust is established in relationships, there is no need to invest time, money and effort in control activities which make the relationships more profitable. When two parties trust each other, a favourable atmosphere is created in the relationship which helps to support long-term interactions. Moorman, Zaltman and Deshpande (1992) defined trust as "a willingness to rely on an exchange partner in whom one has confidence" (p. 82). They emphasize the importance of confidence in the concept of trust. Furthermore, some scholars have found that trust includes confidence in the honesty of a salesperson (e.g. Crosby, Evans & Cowles, 1990). On the other hand, if there is no trust between business partners it becomes difficult to maintain successful relationships. McDonald (1981) points out that "mistrust breeds mistrust and such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct short-term exchanges" (p. 834).

According to Johnson and Selnes (2004), the formation of satisfaction, trust, and commitment corresponds to customers' willingness to engage in exchange relationships and become loyal. While some studies emphasize the importance of satisfaction, trust, and commitment as mediators or outcome variables in the relationships between individual customers and a service organization, this thesis focuses on customer-service provider relationships and incorporates the concept of a 'psychological contract' as the antecedent of these relational outcomes.

### **2.3 Psychological Contracts in Marketing**

As mentioned, the concept of a psychological contract has been widely studied in the organizational behaviour discipline. Among the limited empirical studies in behavioural marketing, there are four main studies which have investigated the role of a psychological contract in business relationships.

The first is the study by Pavlou and Gefen (2005) which explored the role of psychological contract violation in online business-to-consumer marketplaces. Kingshott (2006) and Kingshott and Pecotich (2007) investigated how psychological contracts influence trust and commitment in a business-to-business context (i.e., the motorized vehicle industry). They are the pioneers who applied the psychological contract construct in relationship marketing research. Next, Lovblad and Bantekas (2010) explored the link between relational orientation and the fulfillment of a psychological contract, and affective relationship commitment in a business-to-business context in Sweden. A more recent study by Lövblad, Hyder, and Lönnstedt (2012) developed a model and propositions concerning the impact of a psychological contract on affective relationship commitment. They argue that a psychological contract is a central antecedent to affective commitment in business-to-business relationships, unless an individual has a future time perspective. In summary, the abovementioned studies show the relevance and existence of psychological contracts between buyers and sellers in business-to-business relationships. However, further research is needed to explore the role and scope of a psychological contract in the business-to-consumer context.

The aforementioned discussion has revealed the three different types of psychological contract (i.e., transactional, relational and communal psychological contracts) in both the organizational behaviour and marketing literature. In the business-to-consumer context, the role of these three types of psychological contract expressed in the relational behaviour between two business partners has received very limited empirical attention. While it has been found that psychological contracts influence trust and commitment (Kingshott & Pecotich, 2007), and relational orientation and effective commitment in business-to-consumer relationships (Lovblad & Bantekas, 2010), an empirical investigation of psychological contracts as antecedents of consumer satisfaction, trust and commitment in the business-to-consumer context has yet to be undertaken. Lövblad, Hyder, and Lönnstedt (2012) emphasize the importance of examining psychological contracts in the business-to-consumer context and emphasize their role and scope. In short, past research supports the fact

that psychological contracts play a central role in explaining the presence of affective commitment in business-to-business relationships. Therefore, it is important to explore the role of the different types of psychological contract in order to develop more realistic insights into the dynamics within business-to-consumer relationships.

In view of the existing gaps in the literature and in accordance with the aim of this thesis, different types of psychological contract in business-to-consumer relationships, and their influence on consumers' satisfaction, trust and commitment, will be explored. Apart from the direct impact of psychological contracts on core relational outcomes, the interaction effect of the three types of psychological contract will also be examined.

## **Chapter 3**

### **Theoretical Framework**

The present theoretical framework is constructed upon the incorporation of literature that focuses on both organizational behaviour and business-to-consumer relationships. Business-to-consumer relationships are not always the same as inter-organizational relationships as they always include not only the exchange of social resources but also economic resources. Furthermore, relationships with service providers are more personal and require more attention to details in providing the service. As noted by Rousseau (1995), a psychological contract is an individual's belief regarding a reciprocal exchange between the person and the organization. Based on this assertion, a psychological contract can also explain the relationships between consumers and service providers. Thus, in order to better understand these relationships, the construct of a psychological contract is needed in order to combine both the social and economic perspective of the exchange, incorporating both personal and impersonal aspects.

#### **3.1 Why do Consumers Create Psychological Contracts?**

Shore and Tetrick (1994) argue that employees form psychological contracts with their organizations in order to reduce uncertainty and increase the predictability of the work environment. Even if a formal contract involves certain aspects which help in understanding the implied obligations between two parties, it is impossible to specify every aspect. The development of a



psychological contract helps employees understand what is expected from organizations and themselves.

In the consumer services context, it is hard for consumers to evaluate the service before they actually consume it. At the same time, it is hard for service providers to establish what consumers are going to get in service delivery (Berry, 1995). Accordingly, consumers develop various strategies in order to reduce their risk perception when they engage in the consumption of services. One of the ways to reduce the perceived risks and uncertainty is to engage in relationships with service providers (e.g., Punj & Staelin, 1983). Ongoing interactions with the same service provider help consumers to learn about the service provider and how this service provider can fulfil their needs (Sheth & Parvatiyar, 1995). After several transactions, consumers develop psychological contracts with their service providers regarding what is expected from the service (Guo, 2010).

### **3.2 Who are the Involved Parties in a Psychological Contract?**

The two parties in an organizational behaviour context who participate in a psychological contract are employees and the employer. In the consumer services sector, these parties are consumers and the service providers. According to De wulf et al. (2001), the relationship structure in both organisational and marketing contexts is similar in terms of its valence, intensity, symmetry, and formality. Indeed, previous empirical studies have suggested that management of consumers is similar to management of employees (Bettencourt, 1997). This happens because of the contractual relationships which are required in many services, such as banks, insurance, and health clubs (Czepiel, 1990). Consumers are viewed as members of a particular organization as soon as they start getting services and feeling some sort of connection to the organization. Similarly, Bowen (1986) views consumers as “partial employees” in service contexts (p.378). It is essential to encourage customers to participate in the service delivery process in order to stay competitive in the market place.

### **3.3 The Development of the Conceptual Model**

Previous research has identified the importance of studying psychological contracts, and has shown the link to relationship marketing; however, there is limited empirical research on relations between individual consumers and their service providers on the basis of psychological contracts. This research adds to the literature by adopting social exchange theory to examine the role of psychological contracts, adopted from organizational behavior literature, in the relationships between consumers and service providers. Furthermore, this study attempts to explore the influence of three types of psychological contract on consumers' core relational outcomes (i.e., satisfaction, trust and commitment).

There are two main reasons why a communal psychological contract is expected to mediate the relationships between transactional and relational psychological contracts and satisfaction, trust, and commitment to a service provider. The first reason deals with the characteristics of a communal psychological contract. This contract goes far beyond any economic exchange because of its concern for the welfare of the other party (Goodwin, 1996; Aggarwal, 2004). In communal relationships, benefits are given in order to please the other party without expecting something in return. In service marketing, a communal contract incorporates the idea of family or friendship relationships (Goodwin, 1996). While some scholars have explored the role of a communal psychological contract in relationship marketing (Goodwin, 1996; Aggarwal, 2004), there is a lack of research on the mediating role of communal psychological contracts on the relationships between transactional and relational psychological contracts and satisfaction, trust and commitment in the consumers-service provider relationship context.

The following outlines the theoretical underpinning of communal relationships and highlights the potentially mediating effect of communal psychological contracts on transactional and relational psychological contracts, and core relational outcomes. According to Mills and Clark (1994), it is possible to have communal and exchange relationships with the same other person. In this study, a

transactional psychological contract reflects the concept of exchange relationships because of its economic and short-term orientation. This type of contract may have a negative influence on the formation of a communal psychological contract as well as a consumer's sense of satisfaction, trust and commitment to a service provider. A relational psychological contract is characterized by long-term orientation and emotional attachment (Rousseau, 2004) and also incorporates the characteristics of exchange relationships. Taking into account the characteristics of the contract from past marketing literature (Rousseau, 1990, 2004), a relational psychological contract may positively influence the formation of a communal psychological contract and a consumer's relational outcomes. There is a future possibility that a relational psychological contract will transform into a communal psychological contract. While empirical support for the impact of the three types of psychological contract on core relational outcomes in consumer-service provider relationships is lacking, the influence of psychological contracts on trust and commitment has been found to be significant in business-to-business relationships (Kingshott, 2006; Kingshott & Pecotich, 2007; Lovblad & Bantekas, 2010).

Although the theoretical integration of psychological contracts and satisfaction, trust, and commitment seems to be productive, several issues appear noteworthy. First, the exchange process is relatively lacking in the marketing literature. Most of the studies on marketing relationships have focused on the core relational outcomes, such as satisfaction, trust, and commitment but capture only the outcome of the exchange and do not capture the exchange process between two relational parties. Marketing scholars employ transaction cost theory and power/dependence theory in order to examine inter-organizational relationships. However, these theories may not be perfectly applicable to the business-to-consumer context. The exchange process of cognitive resources between the consumer and service provider still remains under-researched. Second, the term 'psychological contract' is widely used by scholars in the organizational behaviour literature in order to identify the relationships between employees and their organizations (Rousseau, 1989, 1990; Rousseau &

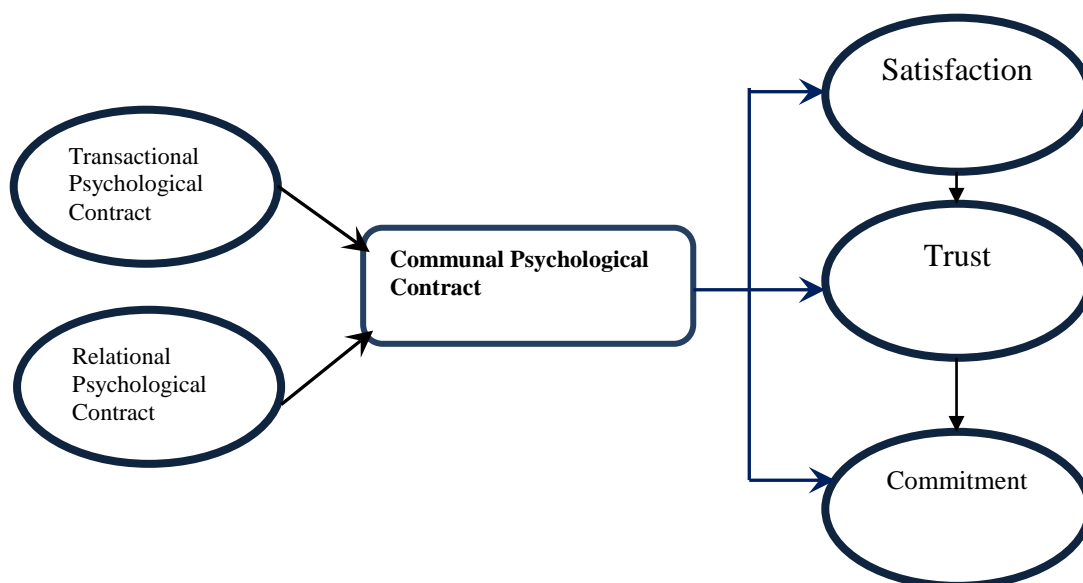
Greller, 1994, Rousseau & Tijoriwala, 1998; Jensen, Opland & Ryan, 2010). However, there is a lack of research on psychological contracts in business-to-consumer settings.

Past scholars have explored the role of psychological contract violation in the relationships with consumers (Pavlou & Gefen, 2005), its influence on trust and commitment (Kingshott, 2006; Kingshott & Pecotich, 2007), and the relationship between psychological contract fulfillment and affective commitment (Lovblad & Bantekas, 2010). However, these studies have been limited to examining two types of psychological contract derived from Rousseau's (1990) classification of psychological contracts while the mediating role of a communal psychological contract has been largely unexplored. Third, the mediating role of a communal psychological contract on the relationships between transactional and relational psychological contracts, and satisfaction, trust and commitment has not been tested empirically.

Fourth, the methods adopted by earlier relationship marketing researchers have weaknesses due to their reliance on the business-to-business context only (Kingshott, 2006; Kingshott & Pecotich, 2007), the online marketplace (Pavlou & Gefen, 2005) or one or two relational outcomes, such as trust and commitment (Kingshott, 2006; Kingshott & Pecotich, 2007; Lovblad & Bantekas, 2010). Furthermore, the measurement of each type of psychological contract varies considerably across different research contexts. This is because the measurement of transactional, relational and communal psychological contracts may also vary across research contexts and the symbolic meaning of different kinds of resources may vary across individuals, situations and contexts (Brinberg & Ganesan, 1993). Lastly, relationship marketing researchers have typically relied on samples from only one industry or country, which may not represent the population of consumers with psychological contracts.

The conceptual framework in Figure 1 depicts the research proposition which seeks to examine how the three types of psychological contract interact with each other, that is, transactional, relational

and communal, and how they influence satisfaction, trust and commitment. In this study, customer satisfaction is defined not only as an outcome of the relationships but also as a process of a consumer's evaluation of service attributes and experiences. It reflects how a consumer evaluates the service provided by a beauty specialist including treatment, communication and service quality. Commitment is defined as a one business partner's confidence in the ongoing relationship with another that is worth maximum effort to maintain and that this relationship will continue indefinitely. In simple terms, in this study, commitment is the consumer's confidence in the continuity of the relationship with the service provider, with both parties expending maximum effort to maintain a valued relationship. Based on the work of Morgan and Hunt (1994), trust is conceptualised as one business partner's confidence in an exchange partner's reliability and integrity. Scholars emphasize the importance of confidence in the conceptualization of trust (Moorman, Zaltman & Deshpandé, 1992; Rotter, 1967). Such qualities as consistency, competency, honesty, fairness, responsibility and help are associated with a partner's reliability and high level of integrity. Furthermore, trust represents both parties' behavioural intention to develop and support a profitable relationship.



**Figure 1 – Conceptual Model**

### **3.4 Hypotheses Development**

In the organizational behaviour literature, psychological contracts are comprised of two major categories: transactional and relational contracts (Rousseau, 1995). Specified obligation and short-term relationship duration are characteristics of a transactional psychological contract (Rousseau, 2004). Money and well-specified services such as haircuts or air travel are likely to be exchanged in a transactional contract (McLean Parks & Smith, 1998). Two parties are driven by pure economic self-interest to increase their own value when they participate in this type of contract. In comparison to a transactional psychological contract, the term of a relational psychological contract is open-ended (Rousseau, 2004). The relational contract involves a full range of exchange resources including tangible (e.g., money and products) and intangible resources (e.g., status, loyalty and affiliation). A relational contract is broader and revolves around trust, respect, and loyalty (De Meuse et al., 2001). Relational contracts also include the exchange of economic resources but exceed these to include other non-economic promissory beliefs. The two types of psychological contract exist on the basis of two reasons proposed by Bendapudi and Berry (1997). The first rationale relates to dependency where consumers maintain a relationship with a service provider because of the perceived costs of switching as opposed to the perceived benefits of staying. That is, this type of relationship is based on the exchange of economic resources where consumers calculate the perceived risk of switching to another service provider. The characteristics of this type of relationship are similar those of a transactional psychological contract. The second reason relates to dedication-based relationships which prove the existence of two types of psychological contract in consumer-service provider relationships. In dedication-based relationships, trust and attitudinal commitment are essential in supporting long-term relationships (Bendapudi & Berry, 1997). This type of contract focuses on the exchange of socio-emotional resources which are similar to a relational contract.

A third type of contract is a communal psychological contract which is called so in study of Guo (2010). . The relationship between consumers and service providers in this type of contract are

similar to those of friendship and family. One party is concerned with the welfare of the other party in order to meet their needs. There is no place for mutual benefits as both parties are taking care of each other's needs without any type of obligation attached.

In consumer-service provider relationships, transactional and relational psychological contracts incorporate the same characteristics but in a business context. A transactional psychological contract is created when the consumer is looking for a service in order to satisfy an occasional need for a quality service at a fair price, while a relational psychological contract is created based not only on money exchange but also trust, motivation and mutual support between two relational parties. Let's consider one example from real life. A woman, who is not a regular visitor of any beauty salon, is invited to a birthday party and wants to have her hair done professionally. She is likely to start looking for a good beauty specialist, in this case a hairdresser, in order to fulfil her desire. The main goal of this woman is to get a quality hairdo at a cheap price. In this situation, the woman is not intending to use the hairdresser on regular basis, she simply wants to satisfy her occasional need – in this case, the need for a professional hairdo for a birthday party. In this way, the main characteristics of the relationship between the woman and hairdresser are specific obligation (money from the client and a quality hairdo from the hairdresser) and short-term duration (the woman will have her hair done only once for a special occasion). Thus, in this case, the woman will probably develop a transactional psychological contract with the hairdresser because of the occasional need for the service. However, there is a possibility that the woman will develop a relational psychological contract with the hairdresser in the future if she likes the way the service was provided to her and decides to start visiting this hairdresser on a regular basis to get her hair done. The relational psychological contract may develop into a communal psychological contract after some time of mutual relationship – whereas the possibility of a transactional psychological contract transforming into a communal psychological contract is very low.

As discussed earlier in this study, transactional and relational psychological contracts incorporate the characteristics of exchange relationships while a communal psychological contract comprises characteristics of communal relationships. In their study, Mills and Clark (1994) identified the fundamental psychological difference between exchange and communal relationships. As previously mentioned, in exchange relationships “receipt of a benefit incurs a debt or obligation to return a comparable benefit”. In communal relationships “each person has a concern for the welfare of the other” (Mills & Clark, 1979, p. 12). In their study, Mills and Clark (1979) claimed that the key difference between exchange and communal relationships is the rule governing the giving and receiving of benefits. Batson (1993) analyzed the study of Mills and Clark (1979) and expressed the view that the norms of giving and receiving benefits in communal relationships are almost the same as norms in exchange relationships but applied more broadly. He criticized the study of Mills and Clark and argued that the difference is in the breadth and etiquette of benefits exchanged. Based on the above discussion, it is hypothesized that:

***H1a.** A transactional psychological contract is negatively associated with the formation of a communal psychological contract*

***H1b.** A relational psychological contract is positively associated with the formation of a communal psychological contract*

### **3.5 Satisfaction, Trust, and Commitment in Consumer-Service Provider Relationships**

In individual versus organizational relationships, customers may form relationships with one particular individual in an organization or with the organization as whole (Palmatier et al., 2006). Previous empirical studies have also found that individuals make stronger, quicker and more confident judgments when they are evaluating another individual rather than evaluating a group that are strongly related to outcomes and behaviours (Hamilton & Sherman, 1996). Based on these findings, this thesis predicts that customers’ evaluation of a service provider will be more strongly linked to relational outcomes, such as satisfaction, trust, and commitment. Doney and Cannon (1997) argue that “the process by which trust develops appears to differ when the target is an



organization...as opposed to an individual salesperson” (p. 45). Moreover, according to Iacobucci and Ostrom (1996), “individual-to-firm relationships are also typically short-term and less intense in comparison to individual-level dyads” (p. 69). At this point, it is important to note that the effect of relational mediators on outcomes is greater when the relational mediator is targeted toward an individual member of the organization, in this case, the service provider. Gambetta (1988) maintains that “trust (or, symmetrically, distrust) (i)s a certain level of subjective probability with which an agent assesses that another agent or group of agents will perform a particular action, both before he can monitor such action and in a context in which it affects his own action” (p. 217). This means that the level of confidence partners have in each other relates to the construct of trust. From this point, it is predicted that psychological contracts influence the level of trust in the service-provider. Furthermore, as it has previously been found that trust and commitment are central constructs in marketing relationships, it is therefore more likely that psychological contracts will also influence these core constructs (Morgan & Hunt, 1994; Wilson, 1995).

A communal psychological contract is the highest stage in consumer-service provider relationships and involves a communality dimension. This type of contract goes far beyond what is required from service delivery and incorporates the concern of one party for the well-being of the other party. In their study, Clark and Mills (1979) found that communal relationships are different from exchange relationships in terms of the response to the received benefit. Receipt of a benefit after a person has been benefited leads to greater attraction in the exchange relationship and decreases attraction in the communal relationship (Clark & Mills, 1979). Furthermore, a request for a benefit from one party in the absence of prior help from another party also decreases attraction in an exchange relationship. Thus, in exchange relationships, receipt of a benefit creates an obligation for the receiver in terms of past and future debts. In contrast, in communal relationships “benefits are given in response to the other’s needs or simply to please the other” (Mills & Clark, 1994, p. 29). Even if the behaviour in communal relationships between both parties is driven by the concern for the welfare of the other individual, it does not mean that these relationships are unselfish. The underlying motivation may

be to satisfy a personal need, such as to be a “good friend” or just simply to make one person feel good about himself/herself. Furthermore, according to Mills and Clark (1994), “it is possible to have both a communal relationship and an exchange relationship with the same other person” (p. 31). Goodwin (1996) argues that communal relationships between customers in service transactions change the nature of the transaction by altering the way in which each party responds to the other. This thesis extends this assertion by suggesting that a communal psychological contract will mediate the relationships between transactional and relational psychological contracts, and has a positive impact on relational outcomes.

Accordingly, it is hypothesized that:

**H2a.** *A communal psychological contract mediates the relationship between a transactional psychological contract and satisfaction*

**H2b.** *A communal psychological contract mediates the relationship between a transactional psychological contract and trust*

**H2c.** *A communal psychological contract mediates the relationship between a transactional psychological contract and commitment*

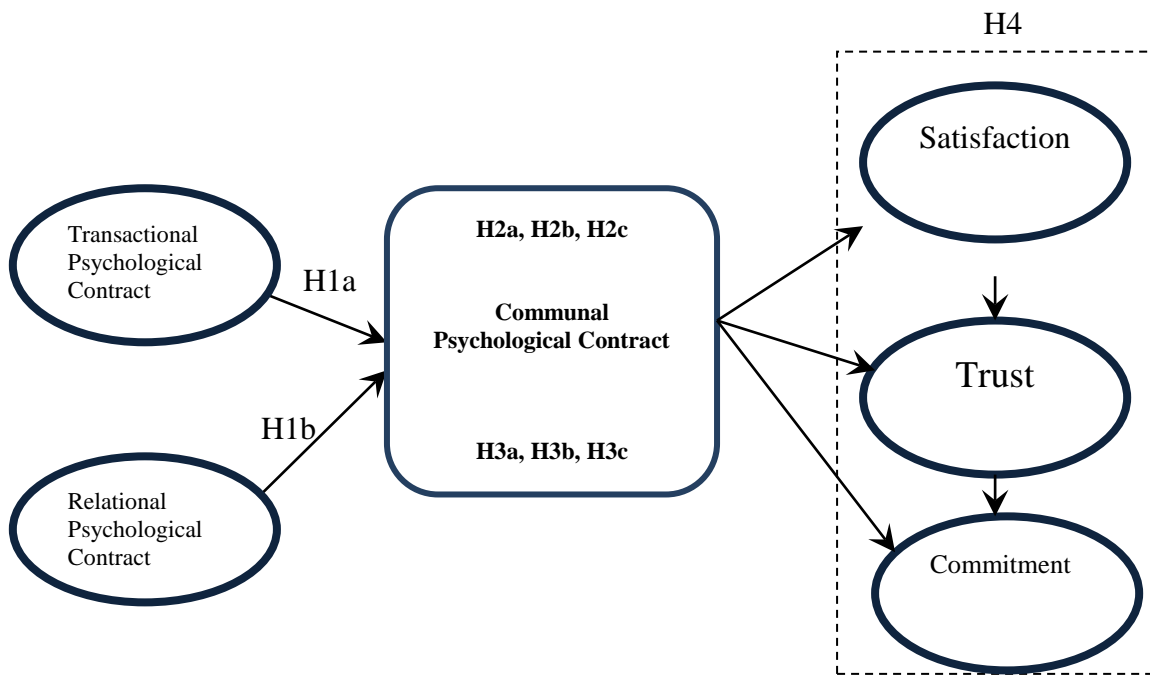
**H3a.** *A communal psychological contract mediates the relationship between a relational psychological contract and satisfaction*

**H3b.** *A communal psychological contract mediates the relationship between a relational psychological contract and trust*

**H3c.** *A communal psychological contract mediates the relationship between a relational psychological contract and commitment*

Finally, it has empirically been found that trust has an influential effect upon commitment (Morgan & Hunt, 1994; Garbarino & Johnson, 1999). Moreover, consumers’ future interaction with a service provider directly or indirectly depends on customer satisfaction. This construct is also essential in predicting consumer behaviour. Thus, this thesis will explore how these constructs interact with each other in consumer-service provider relationships.

**H4:** *Trust mediates the relationships between satisfaction and commitment to a service provider*



**Figure 2 – Hypotheses development**

## **Chapter 4**

### **Methodology**

This section explains the methodology employed to test the conceptual model presented in the previous chapter. The importance of psychological contracts in the relationships with beauty specialists and their impact on the relational outcomes, such as satisfaction, trust and commitment, is also explored. Furthermore, this section explains how each of the constructs in the model was developed, the way in which the online and paper-based questionnaire for data collection was used, the method employed for collecting the data, and the conduction of statistical analyses.

#### **4.1 Measurement of the Variables**

Measures for the constructs of psychological contracts in this research were adopted from previous published work and have proven to be of satisfactory psychometric quality. Measures for relational outcomes, such as satisfaction, trust and commitment were derived from the most cited peer reviewed empirical studies used by other researchers.

##### *4.1.1. Psychological contracts*

The transactional, relational and communal psychological contracts were measured on a five-point Likert-type scale where 5 indicated “strongly agree”, 4 indicated “agree”, 3 indicated “neither agree nor disagree”, 2 indicated “disagree”, and 1 indicated “strongly disagree”. As discussed in the literature review section on psychological contracts, in most of the organizational behaviour

literature it has been shown that employees perceive themselves as indebted to an organization and are motivated by what the organization promises them in return (Rousseau, 1990; McLeans Parks, Kidder, & Gallagher, 1998). This remains the main factor on which measures for the constructs were built. Within these measures, the three types of psychological contracts were identified based on the different obligations the employee or employer expected in exchange. In other words, the measures for each type of psychological contract were based on the continuum of three dimensions of reciprocity adopted from multiple authors (Uhl-Bien & Maslyn, 2003; Shore et al., 2006; Millward & Hopkins, 1998; Guo, 2010) and modified to fit the conceptual model of buyer-seller relationships.

In this study a transactional psychological contract is conceptualized as a contract the consumer holds with his/her service provider. Table 1 shows that the six items for measuring a consumer's transactional psychological contract were derived from the studies of Shore et al. (2006), Uhl-Bien and Maslyn (2003) and Guo (2010). Four items of transactional psychological contract used by Shore et al. (2006) were utilized in this study with some necessary modifications. The item, "I do not care what my organization does for me in the long run, only what it does right now" was modified to, "I do not care what my specialist in this beauty salon does for me in the long run, I only care for what s/he does right now". "I only want to do more for my organization when I see that they will do more for me" was replaced with, "I only want to do more for my specialist in this beauty salon when I see that s/he will do more for me" and "I watch very carefully what I get from my organization, relative to what I contribute" was changed to, "I watch very carefully what I get from my specialist in this beauty salon, relative to what I pay for". Finally, the item, "All I really expect from my organization is that I be paid for my work effort" was modified to, "All I really expect from my specialist in this beauty salon is that I get what I pay for". The study also utilized a further two items of transactional psychological contract used by Uhl-Bien and Maslyn (2003) and Guo (2010) with some necessary modifications. The item, "We expect each other to give back exactly what was given", was replaced with, "My specialist in this beauty salon and I expect each

other to give back exactly what was given”. The item, “The most accurate way to describe my purchase situation with this service firm is to say that I give a fair payment for a fairly good service” was changed to, “The most accurate way to describe my relationship with my specialist in this beauty salon is to say that I give a fair payment for a fairly good service”.

Next, in order to measure consumers’ relational psychological contract, items were derived from the studies of Shore et al. (2006) and Millward and Hopkins (1998). Table 1 summarizes the five items used for measuring this type of psychological contract. Three items of relational psychological contract used by Shore et al. (2006) were used in this study with some modifications. The item, “I don’t mind working hard today – I know I will eventually be rewarded by my organization” was transformed to, “I do not mind investing in the relationship with my specialist in this beauty salon today because I know that I will eventually be rewarded by his/her service”. The item, “There is a lot of give and take in my relationship with my organization”, was changed to, “There is a lot of give and take in my relationship with my specialist in this beauty salon”. The item, “My relationship with my organization is based on mutual trust”, was replaced with, “My relationship with my specialist in this beauty salon is based on mutual trust”. Two items of relational psychological contract used by Millward and Hopkins (1998) were also utilized in this study with some modifications. The item, “I am motivated to contribute 100% to this company in return for future employment benefits” was changed to, “I am motivated to contribute to the promotion of my specialist in this beauty salon (e.g., refer new customers, spread positive word of mouth) in return for future benefits to me”. The item, “I feel this company reciprocates the effort put in by its employees” was modified to, “My specialist in this beauty salon rewards customers who support his/her business”.

Finally, in this study the construct of communal psychological contract is conceptualized as a contract which the consumer holds with his/her service provider. Items for measuring a consumer’s communal psychological contract were derived from the studies of Uhl-Bien and Maslyn (2003),

Millward and Hopkins (1998) and Shore et al., (2006). Table 1 summarizes the six items used for measuring this type of contract. The first item was drawn from the scale proposed by Shore et al. (2006). The item, “I try to look out for the best interest of the organization because I can rely on my organization to take care of me” was simplified to “My specialist in this beauty salon would do something for me without any strings attached”. The next three items of measurement used in this study were proposed by Uhl-Bien and Maslyn (2003). The item, “I am more concerned that my manager gets what he/she needs than I am about satisfying my own interests” was modified to, “I am more concerned that my specialist in this beauty salon gets what s/he needs than I am about satisfying my own interests”. The item, “If necessary, I would place my manager’s needs above my own” was changed to, “If necessary, I would place my specialist’s needs in this beauty salon above my own”. The item, “If necessary, my manager would place my needs above his/her own” was replaced by “If necessary, my specialist in this beauty salon would place my needs above his/her own”. One item was derived from the study of Millward and Hopkins (1998). The item, “My job means more to me than just a means of paying the bills” was simplified to, “The relationship between my specialist in this beauty salon and me is beyond any economic exchange”. The final item was drawn from the scale proposed by Uhl-Bien and Maslyn (2003). The item, “If one of us saw that the other needed something we would do it for the other without being asked” was modified to, “If I saw that my specialist in this beauty salon needed something, I would do it for him/her without being asked”.

**Table 1 – Psychological Contracts – Adapted Items**

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**Transactional psychological contract**

**Original items**

**Modified items**

I do not care what my organization does for me in the long run, only what it does right now (Shore et al., 2006).

*I do not care what my specialist in this beauty salon does for me in the long run, I only care for what s/he does right now.*

We expect each other to give back exactly what was given (Uhl-Bien & Maslyn, 2003).

*My specialist in this beauty salon and I expect each other to give back exactly what was given.*

I only want to do more for my organization when I see that they will do more for me (Shore et al., 2006).

*I only want to do more for my specialist in this beauty salon when I see that s/he will do more for me.*

I watch very carefully what I get from my organization, relative to what I contribute (Shore et al., 2006).

*I watch very carefully what I get from my specialist in this beauty salon, relative to what I pay for.*

All I really expect from my organization is that I be paid for my work effort (Shore et al., 2006).

*All I really expect from my specialist in this beauty salon is that I get what I pay for.*

The most accurate way to describe my purchase situation with this service firm is to say that I give a fair payment for a fairly good service (Guo, 2010)

*The most accurate way to describe my relationships with my specialist in this beauty salon is to say that I give a fair payment for a fairly good service.*

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**Relational psychological contract**

**Original items**

**Modified items**

I don't mind working hard today – I know I will eventually be rewarded by my organization (Shore et al., 2006).

*I do not mind investing in the relationship with my specialist in this beauty salon today because I know that I will eventually be rewarded by his/her service*

I am motivated to contribute 100% to this company in return for future employment benefits (Millward & Hopkins, 1998).

*I am motivated to contribute to the promotion of my specialist in this beauty salon (e.g., refer new customers, spread positive word of mouth) in return for future benefits to me.*

I feel this company reciprocates the effort put in by its employees (Millward & Hopkins, 1998).

*My specialist in this beauty salon rewards customers who support his/her business.*

There is a lot of give and take in my relationship with my organization (Shore et al., 2006).

*There is a lot of give and take in my relationship with my specialist in this beauty salon.*



My relationship with my organization is based on mutual trust (Shore et al., 2006). *My relationship with my specialist in this beauty salon is based on mutual trust.*

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### Communal psychological contract

#### Original items

#### Modified items

I try to look out for the best interest of the organization because I can rely on my organization to take care of me (Shore et al., 2006).

*My specialist in this beauty salon would do something for me without any strings attached.*

I am more concerned that my manager gets what he/she needs than I am about satisfying my own interests (Uhl-Bien & Maslyn, 2003).

*I am more concerned that my specialist in this beauty salon gets what s/he needs than I am about satisfying my own interests.*

If necessary, I would place my manager's needs above my own (Uhl-Bien & Maslyn, 2003).

*If necessary, I would place my specialist's needs in this beauty salon above my own.*

If necessary, my manager would place my needs above his/her own (Uhl-Bien & Maslyn, 2003).

*If necessary, my specialist in this beauty salon would place my needs above his/her own.*

My job means more to me than just a means of paying the bills (Millward & Hopkins, 1998).

*The relationship between my specialist in this beauty salon and me is beyond any economic exchange.*

If one of us saw that the other needed something we would do it for the other without being asked (Uhl-Bien & Maslyn, 2003).

*If I saw that my specialist in this beauty salon needed something, I would do it for him/her without being asked.*

#### 4.1.2. Satisfaction

In order to measure the overall level of satisfaction the client has with the service of his/her beauty specialist, five item scales measuring satisfaction were adopted from the work of Ping et al. (1993) and modified to fit the conceptual model. All items were measured on a five-point Likert-type scale that indicated the satisfaction level of the respondent, ranging from “strongly disagree” to “strongly agree”. As can be seen in Table 2, the first item, “All in all, my bank is fair with me” was modified to, “All in all, my specialist in this beauty salon is fair with me”. The second item, “Overall, my bank is a good bank to do business with” was replaced by, “Overall, my specialist in this beauty salon is a good specialist to do business with”. The third item, “In general, I am pretty satisfied with my relationship with my bank” was changed to, “In general, I am pretty satisfied with my relationship with my specialist in this beauty salon”. The fourth item, “Overall, my bank treats me very fairly” was changed to, “Overall, my specialist in this beauty salon treats me very fairly” and the fifth item, “All in all, my relationship with my bank is very satisfactory” was replaced by, “All in all, my relationship with my specialist in this beauty salon is very satisfactory”.

**Table 2 – Satisfaction – Adapted Items**

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<b>Satisfaction level</b>	
<b>Original items</b>	<b>Modified items</b>
All in all, my bank is fair with me.	<i>All in all, my specialist in this beauty salon is fair with me.</i>
Overall, my bank is a good bank to do business with.	<i>Overall, my specialist in this beauty salon is a good specialist to do business with.</i>
In general, I am pretty satisfied with my relationship with my bank.	<i>In general, I am pretty satisfied with my relationship with my specialist in this beauty salon.</i>
Overall, my bank treats me very fairly.	<i>Overall, my specialist in this beauty salon treats me very fairly.</i>
All in all, my relationship with my bank is very satisfactory.	<i>All in all, my relationship with my specialist in this beauty salon is very satisfactory.</i>

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#### *4.1.3. Trust*

In order to measure the level of respondents' trust in their beauty specialist, trust was measured using a seven-point Likert-type scale ranging from 7 which indicated "Strongly agree" to 1 which indicated "Strongly disagree". The measurement scales were adopted from the works of Morgan and Hunt (1994) and Hennig-Thurau et al. (2002). The first and fourth items were derived from the trust scale of Hennig-Thurau et al. (2002). The second, third and fourth items were drawn from the study of Morgan and Hunt (1994). The scale items used to measure this construct included an introductory statement, for example, "My specialist in this beauty salon..." and the following scales: "...can be trusted completely", "...can be counted on to do what is right", "...is someone that I have great confidence in", "...can be relied upon", and the last reverse coded item, as "...cannot be trusted at times".

#### *4.1.4. Commitment*

Similarly, in order to measure the level of respondents' commitment to the service provided by their beauty specialist, measurement scales were adopted from the work of Morgan and Hunt (1994) and Hennig-Thurau et al. (2002). All items were anchored on a seven-point Likert-type scale indicating the extent to which the respondents agreed or disagreed with each of the statements, ranging from "strongly agree" to "strongly disagree". The first, fourth and fifth items to measure commitment were taken from the scale of Morgan and Hunt (1994). The second and third items were drawn from the study of Hennig-Thurau et al. (2002). Beginning with an introductory statement, for example, "The relationship I have with my specialist in this beauty salon...", the scale items used to measure this construct included: "...is something I am very committed to", "...is very important to me", "...is something I really care about", "...deserves my maximum effort to maintain" and "...is something I intend to maintain indefinitely".

The complete measurement details are provided in Appendix 1.

## **4.2 Development of the Research Instrument**

The measures discussed above were used to develop the research instrument – a questionnaire. Both hardcopy and online versions of the questionnaire were developed. The online questionnaire was created and launched using the SurveyMonkey website ([www.surveymonkey.com](http://www.surveymonkey.com)), which is the world's most popular tool for online surveys, enabling the researcher to set up research instruments. The complete questionnaire is presented in Appendix 1. The questionnaire included five sections. Firstly, the respondents were asked to think about the beauty salon that they visit most often for various services, such as haircutting, hair dressing/styling, make up, facials, waxing, manicure, pedicure, and so on and then recall their experiences with their most favourite beauty specialist. Then, the questions on different types of psychological contracts were asked, in order to encourage respondents to think about the relationships they hold with their beauty specialist. Following this this, respondents were requested to indicate their level of satisfaction with the service of the beauty specialist from “strongly agree” to “strongly disagree” on a five-point Likert-type scale. Respondents were then asked to indicate to what extent they agreed or disagreed with the statements on trust and commitment. Overall 10 statements on a seven-point Likert-type scale were generated in order to find out the level of trust and commitment to the service of the beauty specialist.

## **4.3 Face Validity of the Instrument**

It was important to implement the face validity of the instrument. Although all measurement scales were adopted from previous published works, they were subjected to reduction and some unavoidable variations. Therefore, to determine that all items were organized in a way that suited to the context of study, a face validity test of the questionnaire was conducted. In order to check all items for their understandability and accuracy of meaning, the questionnaire was presented to two marketing Professors and three graduate students from the marketing discipline. It was agreed that each scale clearly measured the construct it intended to assess. Then, 20 questionnaires were given to women of different ages – 10 paper-based questionnaires and 10 online questionnaires. All

respondents mentioned that the questionnaire was clear and all questions were concise, easy to follow and understand.

#### **4.4 Sample and Data Collection Method**

Given the aim of the study, the specific group selected for this research was a purposive sample of women aged from 20 to 65 who had been using the services of beauty salons for the past two months. According to Bowen's (1990) three service firm classifications, Group 1 consists of those services directed at people and characterized by high customer contact and high customization (e.g., financial consulting, medical care, travel agency, and beauty / hair care services) and therefore constitute the best context for relationship formation between customer and service provider. As the aim of this study is to explore consumers' relational behaviour with service providers, Group 1 services were included in this research, specifically beauty salons and hairdressing services. All respondents were required to speak English fluently as it was critical that they had a clear understanding of each question.

A total of 500 printed questionnaires were distributed to the respondents near beauty salons and hairdressing services in Auckland City, specifically 15 beauty salons and hairdressing services on Queen Street. A prepaid envelope was given to these respondents. The primary researcher recruited all respondents for the paper-based questionnaires. The respondents were recruited in 20 days between the 16th of May and the 10th of June 2014 using the street intercept method. The primary researcher approached a potential respondent (woman), introduced herself and explained the nature of the research. Then, she asked whether the potential participant was at least 20 years old. If the potential candidate qualified for this age criteria she was then asked if she would kindly agree to participate in the research. On the agreement of the participant, she was then presented with an information sheet and consent form. Once the potential participant gave her consent to participate, she was then given a choice of filling in the questionnaire on the spot and returning it to the researcher or taking it with her and sending it back later in a provided postage-paid envelope. In this way a total of 250 completed questionnaires were obtained.

In order to make the process of completing the online survey easier and more comfortable for the respondents, the online survey was created by using the services of SurveyMonkey ([www.surveymonkey.com](http://www.surveymonkey.com)). Both the participant information sheet and the paper-based questionnaire included a link to the online survey on the first page. Potential participants simply clicked on the link and completed the questionnaire online by using their laptops, tablets, smart phones, and so on. When potential participants confirmed to the primary researcher that they did not have spare time to complete the paper-based questionnaire, the online option proved the best solution for them. The link to the online questionnaire was open for two months (May and June) and 64 questionnaires were completed during this time. Overall, a total of 303 usable questionnaires (including online survey responses) were obtained.

#### **4.5 Statistical Analysis for Validation of the Instrument**

The statistical analysis used to measure the adequacy of the research instrument is discussed in this section.

##### *4.5.1 Reliability*

Reliability should be assessed once the conceptual model and its measurement have been established (Hair et al., 1992). Representing item-to-total correlation, Cronbach's alpha (Cronbach, 1951) was employed as a common measure for internal consistency (Hair et al., 1992) in this study. The alpha coefficient cut-off point was at the value of 0.70 (Nunnally, 1978).

##### *4.5.2 Validity*

Test validity was conducted to ensure that the instrument items were able measure the constructs they were intended to assess. Every instrument developed for empirical research should pass a face validity, or a content validity test. In this case, the validity test was led by a group of academic specialists in marketing and consumer behaviour in order to evaluate the efficacy of the measuring instrument. Taking into account the modification of some of the items, and the particular context of this study, a validity test was essential.

Each scale and construct configuration was then evaluated using exploratory factor analysis (EFA) (Spector, 1992). SPSS 20 software was used for such assessments.

## **4.6 Chapter Summary**

The implication and measurement of the constructs considered in this study were discussed in this chapter. The need for reliability and face validity was also explained.

## **Chapter 5**

### **Data Analysis and Results**

This chapter contains information about the statistical analyses that were conducted to test the conceptual model proposed in chapter three. The data collection process started on the 21st of May 2014 and ended on the 10th of June 2014. The sample characteristics are presented in the next section prior to discussing the reliability and validity of the data. Finally, the chapter incorporates the results of the hypothesized relationships between the variables including mediating tests.

#### **5.1 Sample Characteristics**

Table 3 details the profile of respondents. All respondents were women living in Auckland, aged from 20 to 65 who had been using the services of beauty salons for the past two months or more. Approximately 82 percent of respondents were aged from 20 to 25. Most of them had an undergraduate degree and were engaged in the retail trade industry.



**Table 3: Respondents' profile**

<b>Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Age</b>		
20-25	248	81.8
26-30	39	12.9
31-35	9	3.0
36-40	2	.7
41-45	0	0
46-50	0	0
51-55	1	.3
56-60	0	0
61-65	0	0
65 and above	1	.3
<b>Education</b>		
High School	22	7.3
Trade Certificate	10	3.3
Undergraduate degree	219	72.3
Postgraduate degree	47	15.5
<b>Relationship status</b>		
Single	204	67.3
Married	26	8.6
Divorced	18	5.9
De-facto	1	.3
Other	39	12.9
<b>Employment status</b>		
Yes	177	58.4
No	109	36.0

**Industry**

Forestry and mining	0	0
Construction	4	1.3
Accommodation and food services	38	12.5
Financial and insurance services	9	3.0
Public administration and safety	1	.3
Manufacturing	3	1.0
Wholesale trade	2	.7
Transport, postal, and warehousing	6	2.0
Rental, hiring, and real estate	1	.3
Education and training	13	4.3
Electricity, gas, water, and waste services	1	.3
Retail trade	45	14.9
Information media and telecommunications	6	2.0
Professional, scientific, and technical services; and administrative and support services	6	2.0
Health care and social assistance	7	2.3
Arts, recreation, and other services	6	2.0
Other	31	10.2

## **5.2 Reliability and Validity Analyses**

Reliability tests were conducted for all the constructs. By using a traditional correlation matrix or correlations among variables as the basic data input, correlations amongst the items of each scale were tested (Hair et al., 1992).

Item-to-total correlations were used to remove the scale items that were not strongly associated and therefore performed weakly in maintaining the internal consistency of the construct. Thus, items with item-to-total correlation values below 0.30 were dropped from the construct (Spector, 1992). Cronbach alpha was also used to assess the reliability of each scale. As seen in Table 4, Cronbach alpha for all the constructs met the cut-off point of 0.70.

## **5.3 Exploratory Factor Analysis (EFA) for Validity Testing**

Factor analysis is a technique used to identify a smaller number of factors underlying a large number of observed variables (Gaur & Gaur, 2009). Exploratory Factor Analysis (EFA) was conducted using SPSS 20 to evaluate the validity of the scales by investigating the underlying dimensions that could have generated high correlations among specific variables. In order to test the convergent and discriminant validity of the measures, all the items of each scale were analyzed together. The scales' factors were extracted using Maximum Likelihood Estimation with Promax rotation. According to Hair et al. (1992), factor loadings represent the correlation between the original items and the factors of a particular construct whereas squared factor loadings indicate the percentage of the variance in an original variable that is explained by a factor. In Maximum Likelihood Analysis, factors must have an Eigen value greater than 1 to be regarded as significant. A minimum loading of 0.40 must be reached for an item to be loading on that factor. To maximize the scale validity, it is also essential to identify and disregard cross-loading items that are loading in two or more factors. The analysis for each of the scales is discussed in the following paragraphs.

**Table 4: Reliability Analysis Results for Measurement Scales in the Main Study**

Scale	Items	Mean	Std Deviation	Items to total correlation	Cronbach Alpha
Transactional PC	Tran3	3.11	.918	.397	.719
	Tran4	3.59	.912	.560	
	Tran5	3.61	.963	.577	
	Tran6	3.55	.964	.499	
Relational PC	Rel1	3.37	.932	.448	.747
	Rel2	3.50	.983	.569	
	Rel3	3.15	.988	.572	
	Rel4	3.09	.920	.578	
Communal PC	Com1	3.31	.961	.628	.883
	Com2	2.86	1.005	.620	
	Com3	2.78	1.071	.752	
	Com4	3.09	1.027	.680	
	Com5	2.98	1.075	.743	
	Com6	3.05	1.089	.739	
Satisfaction	Sat1	3.99	.771	.800	.932
	Sat2	3.98	.819	.825	
	Sat3	4.00	.794	.813	
	Sat4	4.07	.748	.849	
	Sat5	3.99	.821	.813	
Trust	Tru1	5.31	1.350	.847	.945
	Tru2	5.28	1.270	.886	
	Tru3	5.26	1.372	.880	
	Tru4	5.28	1.301	.863	
Commitment	Commit1	4.37	1.449	.783	.932
	Commit2	4.39	1.476	.875	
	Commit3	4.32	1.566	.872	
	Commit4	4.10	1.672	.769	
	Commit5	4.27	1.627	.817	

In Principal Component Analysis, only the factors having Eigen values greater than 1 are considered significant (Hair et al., 1992). In this study, a minimum value of 0.40 was used to indicate the loading of any factor. Exploratory Factor Analysis helped in verifying if there were any items that were cross loading and hence were causing a lowering of scale validity. All the items of each scale loaded on a single dimension as conceptualized, indicating the convergent and discriminant validity of each scale. The following section gives the factor analysis details for each variable.

**Transactional psychological contract:** EFA results showed that a transactional psychological contract was explained by a single factor. All the four items loaded on this factor and the loading on these factors ranged from 0.47 to 0.72. The reliability indicated by the Cronbach alpha for this scale was 0.72 and the variance explained by the factor was 40.30 percent.

**Relational psychological contract:** EFA results showed that a relational psychological contract was explained by a single factor. All the four items loaded on this factor and the loading on this factor ranged from 0.48 to 0.75. The reliability indicated by the Cronbach alpha value for this scale was 0.75 and the variance explained by the factor was 43.28 percent.

**Communal psychological contract:** EFA results showed that a communal psychological contract was explained by a single factor. All the six items loaded on this factor and the loading on this factor ranged from 0.67 to 0.80. The reliability indicated by the Cronbach alpha value for this scale was 0.88 and the variance explained by the factor was 56.04 percent.

**Satisfaction:** EFA results showed that satisfaction was explained by a single factor. All the five items loaded on this factor and the loading on this factor ranged from 0.84 to 0.90. The reliability indicated by the Cronbach alpha value for this scale was 0.93 and the variance explained by the factor was 73.41 percent.

**Trust:** EFA results showed that trust was explained by a single factor. All the four items loaded on this factor and the loading on this factor ranged from 0.88 to 0.92. The reliability indicated by the Cronbach alpha value for this scale was 0.95 and the variance explained by the factor was 81.38 percent.

**Commitment:** EFA results showed that commitment was explained by a single factor. All the five items loaded on this factor and the loading on this factor ranged from 0.79 to 0.93. The reliability indicated by the Cronbach alpha value for this scale was 0.93 and the variance explained by the factor was 74.06 percent.

## 5.4 Hypotheses Testing

This section presents the testing of relationships amongst the different constructs. To test the hypotheses including the direct effect of transactional and relational psychological contracts on satisfaction, trust and commitment, as well as the mediating effect of a communal psychological contact on the relationships between these constructs, Hayes (2013) regression based path-analytic procedure was used. Specifically, an ordinary least squares (OLS) criterion was used as it defines the best fitting line linking independent to dependent variables by providing a linear regression routine that derives the regression constant and regression coefficient (Hayes, 2013).

In order to assess the mediating effect between the dependent and independent variables (Hair et al., 1992), and the mediating role of the anticipated variables in the model, the SPSS version of PROCESS was used. PROCESS is a software for path analysis-based mediation analysis as well as being integrated in the form of a conditional process model. The software generates conditional indirect effects in conditional process models with single or multiple mediators as well as estimating unstandardized model coefficients, standard errors, *t* and *p*-values, and confidence intervals using OLS regression (Hayes, 2013).

The first step in assessing multicollinearity is to examine the pair-wise correlations between independent variables. The presence of high correlations (generally those of 0.60 and above) is the first indication of substantial collinearity (Hair et al., 1992). However, a lack of any high correlation values does not automatically ensure a lack of collinearity (Hair et al., 1992). Table 5 provides the means, standard deviations and pair-wise correlations among the variables using SPSS 13.0. Generally, if correlations exhibit high values, an assessment of multicollinearity using variance inflation factor (VIF) is required. VIF indicates the degree to which each independent variable is explained by other independent variables. As suggested by Hair et al. (1998), a VIF cut-off threshold level of 10 was used as an indicator of multicollinearity. None of the correlations except for trust, as reported in Table 5, were greater than 0.60 and all the VIF values ranged from 1.201 to 1.854. Thus, multicollinearity was not of any concern in this study.

**Table 5: Correlations Among Latent Variables for Examining Discriminant Validity**

<b>Variables</b>	<b>Mean</b>	<b>Std deviation</b>	<b>TPC</b>	<b>RPC</b>	<b>CPC</b>	<b>SAT</b>	<b>Commit</b>	<b>Tru</b>	
<b>TPC</b>	3.313	0.490	<b>1</b>						
<b>RPC</b>	3.278	0.716	.020	<b>1</b>					
<b>CPC</b>	3.014	0.820	-.144*	.632**	<b>1</b>				
<b>SAT</b>	4.010	0.701	-.038	.389**	.340**	<b>1</b>			
<b>Commit</b>	4.290	1.384	-.156**	.506**	.574**	.419**	<b>1</b>		
<b>Tru</b>	5.279	1.228	-.095	.426**	.380**	.728**	.590**	<b>1</b>	
<b>UB</b>			.446**	.397**	.186*	.496**	.245**	.581**	<b>1</b>

\*\* Correlations are significant at the 0.01 level

\* Correlations are significant at the 0.05 level

TPC = Transactional psychological contract, RPC = Relational psychological contract, CPC = Communal psychological contract, SAT = Satisfaction,

Commit = Commitment and Tru = Trust



## 5.5 Results

This section shows the results of each of the models where the hypotheses were tested. *PROCESS Model Number 6 (multilevel sequential mediating model)* was used to test a dependent ( $Y$ ), independent ( $X$ ), and mediating ( $M$ ). Each table represents the mediating analysis for variables. The tables indicate the variables involved in the model and sample size, and the main mediating analysis that comprises a summary of the regression coefficients including the  $\beta$ -value and the associated standard errors (which were adjusted for heteroscedasticity). Each  $\beta$  was compared to zero using a *t-test*, and the confidence interval for  $\beta$  was also generated. The mediating effect was delivered by a significant or non-significant interaction effect, which was interpreted by examining the simple slopes that showed the results of regressions. Lastly, the figure for each model shows the relationships between all the variables as well as the coefficient, standard error, and significance among them.

### 5.5.1. Direct Effect of Transactional and Relational psychological Contracts on a Communal Psychological Contract

First, the direct effects of transactional and relational psychological contracts on a communal psychological contract were tested in order to validate hypotheses H1a and H1b. As shown in Table 6, the transactional psychological contract ( $\beta = -.26, p \leq 0.001$ ) had a significant negative association with the formation of the communal psychological contract while the relational psychological contract ( $\beta = .73, p \leq 0.001$ ) had a significant positive association with the formation of the communal psychological contract. Therefore, both hypotheses H1a and H1b were supported by the data.

### 5.5.2. Mediating Effect of a Communal Psychological Contract on the Relationship between a Transactional Psychological Contract and Relational Outcomes

Firstly, the mediation effect of the communal psychological contract on the transactional psychological contract and relational outcome variables (namely, satisfaction, trust and commitment) were tested in order to validate hypotheses H2a, H2b, H2c. As can be seen from Table 6,  $R^2$  for this mediation model was .16. The transactional psychological contract ( $\beta = -.03, p \leq$

0.687) had no direct effect on satisfaction. In addition, the existence of zero value between bias corrected bootstrapped lower limit of confidence interval (Boot LLCI) and bias corrected bootstrapped upper limit of confidence interval (Boot ULCI) indicated that the transactional psychological contract had no indirect effect on satisfaction. The normal theory test (also known as the Sobel test) results further confirmed the non-significance of the mediating effect of the communal psychological contract on the transactional psychological contract and satisfaction ( $\beta = -.03$ ,  $SE = .02$ ,  $p = .069$ ,  $Z = -1.82$ ). Accordingly, hypothesis H2a was not supported by the data.

Secondly, to validate hypothesis H2b, the mediating effect of the communal psychological contract on the relationship between the transactional psychological contract and trust was tested. As shown in Table 6,  $R^2$  for this mediation model was .20. Results showed that in the presence of the mediating variable of the communal psychological contract, the transactional psychological contract ( $\beta = -.20$ ,  $p = 0.133$ ) did not affect trust, confirming its full mediation. Further, the absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above stated results. Normal theory test results also confirmed the communal psychological contract's full mediation of the relationship between the transactional psychological contract and trust ( $\beta = -.06$ ,  $SE = .03$ ,  $p = 0.051$ ,  $Z = -1.95$ ). Thus, hypothesis H2b was supported by the data.

Next, in order to validate hypothesis H2c, the mediating effect of the communal psychological contract on the relationship between the transactional psychological contract and commitment was tested. As can be seen from Table 6,  $R^2$  for this mediation model was .29. Results showed that the transactional psychological contract ( $\beta = -.30$ ,  $p = 0.024$ ) had a small significant negative effect on commitment in the presence of the mediating variable of the communal psychological contract, confirming its partial mediation effect. Further, the absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above stated mediation effect of the communal psychological contract. Normal theory test results also confirmed the mediating effect of the communal psychological contract on the relationships between the transactional psychological

contract and commitment ( $\beta = -.18$ ,  $SE = .06$ ,  $p \leq 0.002$ ,  $Z = -3.12$ ). Thus, hypothesis H2c was supported by the data.

Next, to validate hypothesis H3a, the mediating effect of the communal psychological contract on the relationship between the relational psychological contract and satisfaction was tested. As shown in Table 6,  $R^2$  for this mediation was .16. Results showed that the relational psychological contract ( $\beta = .29$ ,  $p = 0.000$ ) had a significant positive effect on satisfaction even in the presence of the communal psychological contract, indicating only a partial mediation effect. Further, the absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above stated results. In addition, normal theory test results also confirmed the mediating effect of the communal psychological contract on the relationship between the relational psychological contract and satisfaction ( $\beta = .10$ ,  $SE = .04$ ,  $p \leq 0.030$ ,  $Z = 2.17$ ). Thus, hypothesis H3a was supported by the data.

Next, in order to validate hypothesis H3b, the mediating effect of the communal psychological contract on the relationship between the relational psychological contract and trust was tested. As Table 6 shows,  $R^2$  for this mediation model was .20. Results showed that the relational psychological contract ( $\beta = .56$ ,  $p = 0.000$ ) had a significant positive effect on trust even in the presence of the communal psychological contract. This showed that the communal psychological contract partially mediated the relationships. Further, the absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above stated results. The normal theory test results also confirmed that the communal psychological contract mediated the relationship between the relational psychological contract and trust ( $\beta = .18$ ,  $SE = .08$ ,  $p \leq 0.018$ ,  $Z = 2.37$ ). Thus, hypothesis H3b was supported by the data.

Similarly, to validate hypothesis H3c, the mediating effect of the communal psychological contract on the relationship between the relational psychological contract and commitment was tested. As can be seen from Table 6,  $R^2$  for this mediation model was .29. Similar to the results for hypotheses H3a and H3b, results for validating hypothesis H3c showed that the relational psychological

contract ( $\beta = .50, p = 0.000$ ) had a significant positive effect on commitment even in the presence of the communal psychological contract, indicating only a partial mediation effect. Further, the absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above stated results. The normal theory test results also confirmed that the communal psychological contract mediated the relationship between the relational psychological contract and trust ( $\beta = .49, SE = .08, p \leq 0.000, Z = 5.95$ ). Thus, hypothesis H3c was supported by the data.

**Table 6: Results for Direct Effect Hypotheses H1a and H1b and Mediation Hypotheses H2a, H2b, H2c, H3a, H3b, and H3c**

IV ↓	DV: CPC	DV: SAT	DV: Tru	DV: Commit
<b>RPC</b>	.73***(.05)	.29***(.07)	.56***(.12)	.50***(.11)
<b>TPC</b>	-.26***(.07)	-.03 <sup>NS</sup> (.08)	-.20 <sup>NS</sup> (.13)	-.30*(.02)
<b>CPC</b>		.13*(.06)	.25*(.10)	.67***(.10)
<b>R<sup>2</sup></b>	.43	.17	.21	.38
<b>F</b>	112.88***	20.50***	26.37***	59.95***

*For Mediation Hypothesis H2a:*

Total Effect of TPC on Satisfaction:  $-.07^{\text{NS}}(.08)$ ,  $R^2 = .16$ ,  $F = 27.97^{***}$

Direct Effect of TPC on Satisfaction:  $-.03^{\text{NS}}(.08)$

Indirect Effect of TPC on Satisfaction:

	Effect	Boot SE	BootLLCI	BootULCI
TPC → CPC → SAT:	-.03	.02	-.10	-.00

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = -.03(.02)$ ,  $Z = -1.82$ ,  $p = .069$

*For Mediation Hypothesis H2b:*

Total Effect of TPC on Trust:  $-.26^*(.13)$ ,  $R^2 = .20$ ,  $F = 36.06^{***}$

Direct Effect of TPC on Trust:  $-.20^{\text{NS}}(.13)$

Indirect Effect of TPC on Trust:

	Effect	Boot SE	BootLLCI	BootULCI
TPC → CPC → Tru:	-.06	.03	-.15	-.01

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = -.06(.03)$ ,  $Z = -1.95$ ,  $p = .051$

*For Mediation Hypothesis H2c:*

Total Effect of TPC on Commitment:  $-.47^{**}(.14)$ ,  $R^2 = .29$ ,  $F = 60.09^{***}$

Direct Effect of TPC on Commitment:  $-.30^*(.02)$

Indirect Effect of TPC on Commitment:

	Effect	Boot SE	BootLLCI	BootULCI
TPC → CPC → Commit:	-.18	.06	-.31	-.07

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = -.18(.06)$ ,  $Z = -3.12$ ,  $p = .002$

*For Mediation Hypothesis H3a*

Total Effect of RPC on Satisfaction:  $.39^{***}(.05)$ ,  $R^2 = .16$ ,  $F = 28.00^{***}$

Direct Effect of RPC on Satisfaction:  $.30^{***}(.07)$

Indirect effect RPC on Satisfaction:

	Effect	Boot SE	BootLLCI	BootULCI
RPC → CPC → SAT:	.10	.05	.00	.19

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = .10(.04)$ ,  $Z = 2.17$ ,  $p = .030$

*For Mediation Hypothesis H3b*

Total Effect of RPC on Trust:  $.74^{***}(.09)$ ,  $R^2 = .20$ ,  $F = 36.06^{***}$

Direct Effect of RPC on Trust:  $.56^{***}(.12)$

Indirect Effect of RPC on Trust:

	Effect	Boot SE	BootLLCI	BootULCI
RPC → CPC → Tru:	.18	.08	.04	.35

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = .18(.08)$ ,  $Z = 2.37$ ,  $p = .018$

*For Mediation Hypothesis H3c*

Total Effect of RPC on Commitment:  $.99^{***}(.10)$ ,  $R^2 = .29$ ,  $F = 60.09^{***}$

Direct Effect of RPC on Commitment:  $.50^{***}(.12)$

Indirect Effect of RPC on Commitment:

	Effect	Boot SE	BootLLCI	BootULCI
RPC → CPC → Commit:	.49	.09	.33	.68

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = .49(.08)$ ,  $Z = 5.95$ ,  $p = .000$

Note: \*\*\*  $p < .000$ , \*\*  $p < .01$ , \*  $p < .05$

Number of bootstrap samples for bias corrected bootstrap confidence intervals: 1000

Level of confidence for all confidence intervals in output: 95.00

RPC = Relational Psychological Contract

TPC = Transactional Psychological Contract

CPC = Communal Psychological Contract

SAT = Satisfaction

Tru = Trust

Commit = Commitment

Finally, in order to validate hypothesis H4, the mediating effect of trust on the relationship between satisfaction and commitment was tested. As shown in Table 7,  $R^2$  for this mediation model was .18. Results showed that in the presence of the mediation variable, trust, satisfaction ( $\beta = -.04$ ,  $p = 0.782$ ) did not affect commitment, confirming its full mediation. Further, the absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above stated results. Normal theory test results also confirmed trust's full mediation of the relationship between satisfaction and commitment ( $\beta = .86$ ,  $SE = .11$ ,  $p = 0.000$ ,  $Z = 7.91$ ). Thus, hypothesis H4 was supported by the data.

**Table 7: Results for Mediation Hypothesis H4**

<b>IV ↓</b>	<b>DV: Tru</b>	<b>DV: Commit</b>
<b>SAT</b>	1.28*** (.07)	-.04 <sup>NS</sup> (.14)
<b>Tru</b>		.68*** (.08)
<b>R<sup>2</sup></b>	.53	.34
<b>F</b>	337.00***	78.27***

Total Effect of Satisfaction on Commitment: .83\*\*\* (.10),  $R^2 = .18$ ,  $F = 63.36$ \*\*\*

Direct Effect of Satisfaction on Commitment: -.04<sup>NS</sup> (.14)

Indirect effect of Satisfaction on Commitment:

	Effect	Boot SE	BootLLCI	BootULCI
SAT → Tru → Commit:	.86	.11	.66	1.07

Normal Theory Tests (Söbel Test) for specific indirect effect:  $\beta = .86$  (.11),  $Z = 7.91$ ,  $p = .000$

Note: \*\*\*  $p < .000$ , \*\*  $p < .01$ , \*  $p < .05$

Number of bootstrap samples for bias corrected bootstrap confidence intervals: 1000

Level of confidence for all confidence intervals in output: 95.00

SAT = Satisfaction

Tru = Trust

Commit = Commitment



### 5.5.3. Multi-level mediation

Since the model presented in Figure 2 includes multi-level sequential mediation paths (e.g., the relationship between a relational psychological contract and commitment is first mediated by a communal psychological contract and then by trust), path analysis-based multi-level mediation analysis was conducted. The results presented in Table 8 validate the following paths as conceptualised in the model:

Relational psychological contract → Communal psychological contract → Satisfaction → Trust → Commitment

Relational psychological contract → Satisfaction → Trust → Commitment

Relational psychological contract → Trust → Commitment

Transactional psychological contract → Communal psychological contract → Satisfaction → Commitment

Transactional psychological contract → Communal psychological contract → Satisfaction → Trust → Commitment

The absence of a zero value between bias corrected Boot LLCI and bias corrected Boot ULCI confirmed the above mentioned multi-level mediation paths.

**Table 8: Results for Multi-level Sequential Mediation Paths**

IV ↓	DV: CPC	DV: SAT	DV: Tru	DV: Commit
RPC	.73*** (.05)	.29*** (.07)	.23* (.09)	.26* (.11)
TPC	-.26*** (.07)	-.03 <sup>NS</sup> (.08)	-.16 <sup>NS</sup> (.10)	-.20* (.12)
CPC		.13* (.06)	.10 <sup>NS</sup> (.08)	.56*** (.09)
SAT			1.14*** (.07)	-.17 <sup>NS</sup> (.12)
Tru				.52*** (.07)
R <sup>2</sup>	.43	.17	.56	.51
F	112.88***	20.50***	94.76***	60.29***

Total Effect of RPC on Commitment: .98\*\*\* (.10), R<sup>2</sup> = .28, F = 58.88\*\*\*

Direct Effect of RPC on Commitment: .26\* (.11)

Indirect effects:

	Effect	Boot SE	BootLLCI	BootULCI
RPC → CPC → SAT → Tru → Commit:	.06	.03	.00	.13
RPC → SAT → Tru → Commit:	.17	.05	.08	.28
RPC → Tru → Commit:	.12	.05	.02	.23

Total Effect of TPC on Commitment: -.47\*\* (.14), R<sup>2</sup> = .28, F = 58.88\*\*\*

Direct Effect of TPC on Commitment: -.20<sup>NS</sup> (.12)

Indirect effects:

	Effect	Boot SE	BootLLCI	BootULCI
TPC → CPC → SAT → Commit:	.00	.00	.00	.03
TPC → CPC → SAT → Tru → Commit:	-.02	.01	-.06	-.00

Note: \*\*\* p<.000, \*\* p<.01, \* p<.05

Number of bootstrap samples for bias corrected bootstrap confidence intervals: 1000

Level of confidence for all confidence intervals in output: 95.00

- RPC = Relational Psychological Contract
- TPC = Transactional Psychological Contract
- CPC = Communal Psychological Contract
- SAT = Satisfaction
- Tru = Trust
- Commit = Commitment

## 5.6 Summary: Results and Additional Findings

Table 9 provides a summary of the hypotheses results and relevant additional findings.

**Table 9 - Summary of Results from Hypotheses Testing**

Hypotheses	Supported or Rejected	Additional Findings
<u><i>Direct Effect of Transactional and Relational Psychological Contracts on a Communal Psychological Contract</i></u>		
H1a: Transactional psychological contract	Supported	
H1b: Relational psychological contract	Supported	
<u><i>Mediating Effect of a Communal Psychological Contract on the Relationship between a Transactional Psychological Contract and Relational Outcomes</i></u>		
H2a: (Transactional PC – Satisfaction)	Rejected	A transactional psychological contract has neither a direct nor indirect effect on satisfaction
H2b: (Transactional PC – Trust via CPC)	Supported	
H2c: (Transactional PC – Commitment via CPC)	Supported	
<u><i>Mediating Effect of a Communal Psychological Contract (CPC) on the Relationship between a Relational Psychological Contract and Relational Outcomes</i></u>		
H3a: (Relational PC – Satisfaction via CPC)	Supported	
H3b: (Relational PC – Trust via CPC)	Supported	
H3c: (Relational PC – Commitment via CPC)	Supported	
<u><i>Mediating Effect of Trust on the Relationship between Satisfaction and Commitment</i></u>		
H4: (Satisfaction – Commitment via Trust)	Supported	

## **5.7 Chapter Summary**

This chapter disclosed the details of the data analysis, procedures, and results of the study as well as other relevant findings. Accordingly, all hypotheses were supported except for one. The following chapter presents the interpretation of the results, their implications and the conclusions.

## **Chapter 6**

### **Summary and Conclusions**

This thesis contributes to the marketing literature by exploring the influence of psychological contracts on customer relational behaviours desired by a service provider in the context of beauty services for females. Also, prompted by the lack of research that has explored the role of psychological contracts in business-to-consumer relationships, especially in relationships between a consumer and service provider, this study has investigated the extent to which psychological contracts affect consumers' satisfaction, trust, and commitment.

Based on the findings, this thesis contributes to relationship marketing and psychological contract literature. Because of lack of research on the exchange processes in marketing, the study has investigated how psychological resources are exchanged in consumer-service provider relationships by analysing how three different types of psychological contract interact with each other. Satisfaction, trust, and commitment, as main constructs in marketing relationships, were chosen in order to find out how psychological contracts affect these important relationship outcomes. This thesis has endeavoured to address this gap. The role psychological contracts play in consumer-service provider relationships and their impact on satisfaction, trust and commitment in the context of beauty services for females have not been explored in previous relationship marketing studies.

This thesis's theoretical framework was developed based on in-depth analysis of prior research. The direct relationships between three types of psychological contracts as antecedents of customer satisfaction, trust and commitment are depicted in Figure 1. The conceptual model was developed and operationalized by using existing validated scales, which in some cases were adjusted according to the requirements of the context. After the creation of scales for measuring the variables, the data collection process was conducted, the model was tested, and the analysis and results were provided in the previous chapter.

The main findings are summarized and discussed in the following section. Implications of the results are then presented followed by limitations and future research directions.

## **6.1. Major Research Findings**

This section discusses the results of the hypothesized relationships established in the theoretical framework.

### *6.1.1. Types of psychological contracts*

Results of the data analysis showed that in consumer-service provider relationships, consumers hold three different types of psychological contract with the service provider. The results showed that a transactional psychological contract is governed by simultaneous reciprocation where the expectation of consumers of a provided service is very well specified. Both parties expect each other to give back exactly what was given and the relationship's orientation is very short. Consumers also expect a service from the service provider which is equal to its price. As opposed to a transactional contract, a relational contract is long-term oriented and governed by the norm of reciprocity. In this type of contract, consumers are willing to accept uncertainty in the relationship while seeing the possibility of a future relationship. Consumers do not immediately consider the investment in the relationship with the service provider because they know they will be rewarded by his/her service later. A third type of psychological contract is a communal psychological contract which refers to the concern of both parties for each other's needs. Within the communal

psychological contract, both parties place the needs of one another above their own. Consumers and service providers try to accommodate the needs of each other without waiting for benefits in return.

It was also found that transactional and relational contracts contribute to the creation of a communal psychological contract. As previously mentioned, a communal psychological contract is the highest stage in the consumer-service provider relationship, and has a mix of transactional and relational contract characteristics. These findings are therefore in contrast to the organizational behaviour literature. According to Rousseau (1995), this contradiction is because psychological contracts exist only in two major categories: transactional and relational. Moreover, this thesis has revealed a new dimension in the study of psychological contracts as none of the researchers in service marketing settings have found the link between transactional and relational contracts, and a communal psychological contract. Furthermore, the mediating role of a communal psychological contract on the relationships between transactional and relational psychological contracts, and customer satisfaction, trust, and commitment to a service provider has not previously been explored. As proposed earlier, a transactional psychological contract is negatively associated with the formation of a communal psychological contract while a relational psychological contract has a positive impact on the formation of a communal psychological contract. In parallel to the previous research paper of Clark and Mills (1979), these findings support the possibility that exchange relationships are different from communal relationships in terms of their response to received benefits. For example, a consumer's perception of a psychological contract depends on the type of benefit that the consumer is expecting to receive from the service provider. Furthermore, the findings in this thesis support and extend the previous research conducted on personal relationships that have found that it is possible to have both communal and exchange relationships with one individual (Mills and Clark, 1994).

Overall, the results support the view that consumers hold psychological contracts with their service providers which are important antecedents of relational outcomes. Specifically, transactional and

relational psychological contracts were found to have a direct effect on a communal psychological contract but in a negative and positive way respectively.

#### *6.1.2. The mediating role of communal psychological contract in relationships between transactional psychological contract and relational outcomes*

The mediating role of a communal psychological contract on the different relationships integrated into the conceptual model was evident. All except one of the hypothesized mediating relationships were contingent upon a communal psychological contract. In addition, trust was found to mediate the relationships between satisfaction and commitment to a service provider.

A communal psychological contract was found to have a mediating effect on the relationships between transactional and relational psychological contracts, and consumer satisfaction, trust and commitment. However, hypothesis H2a was not supported by the data which showed that a consumer's transactional psychological contract has neither a direct nor indirect effect on satisfaction with the service provider. As discussed earlier, a transactional psychological contract is driven by money, consumer's pure self-interest in getting a quality service for a fair price and a very short-term orientation. This study found that this contract does not lead to customer satisfaction. In this type of contract, consumers are only interested in the exchange of economic resources based on their occasional need for the service; therefore they can participate in a relationship even without being satisfied with the quality of service. Also, it was found that a communal psychological contract mediates the relationship between a transactional psychological contract and trust, but in a negative way. This means that consumers' transactional psychological contracts, which incorporate specific, economically oriented exchanges, do not contribute to the creation of trust among consumers. Because of their short-term orientation, these relationships are not intended to include trust. Those consumers who are in transactional psychological contracts with the service provider engage in relationships only for cost-effective reasons, such as the enhanced costs of switching to another service provider (Bendapudi & Berry, 1997).



A communal psychological contract was found to have a significant negative mediating effect on the relationship between a transactional psychological contract and commitment. In line with previous research conducted in business settings (Orlando et al., 2009), a transactional psychological contract was found to be negatively related to commitment.

### *6.1.3. The mediating role of a communal psychological contract in the relationship between a relational psychological contract and relational outcomes*

The positive mediating effect of a communal psychological contract on the relationship between a relational psychological contract and satisfaction, trust, and commitment was revealed in this study. Satisfaction, trust, and commitment are central constructs in marketing relationships (Anderson, Fornell, & Lehmann, 1994; Morgan & Hunt, 1994; Garbarino & Johnson, 1999) that refer to consumers' willingness to engage in exchange relationships and become loyal. These three fundamental relational outcomes incorporate the individual's global evaluation of knowledge and experiences with the partner and influence the continuity of the relationship (Garbarino & Johnson, 1999). These constructs were also found to take place in the relationships between consumer and service provider in this study.

In comparison to a transactional psychological contract, a relational psychological contract is derived from non-economic/socio-emotional exchanges. As discussed earlier, this relationship are open-ended in terms of duration without specified requirements between two parties. Additionally, this type of contract is characterized by employees' willingness to contribute to and support the organization. Moreover, trust, respect and loyalty are the main components in these relationships (De Meuse et al., 2001). Most importantly, a relational psychological contract incorporates an employee's high affective commitment, organizational involvement, and the mutual support between two parties (Dabos & Rousseau, 2004). Similar to the organizational behaviour literature on relational psychological contracts, this study found that consumers involved in a relational

psychological contract develop satisfaction, trust and commitment to a service provider. They are willing to contribute to the promotion of the service provider, for example, refer new customers or spread positive word of mouth. In addition to this, according to the findings, a relational psychological contract leads to customer satisfaction, trust and commitment through the development of a communal psychological contract. When consumers are in a relational psychological contract with their service provider, they are gradually moving to the creation of a communal psychological contract. Most importantly, this kind of progress leads to customer satisfaction, trust and commitment because of consumers' concern for the needs of a service provider and the ability to place his or her needs above their own. Thus, this study has revealed that a relational psychological contract has a positive impact on the main relational outcomes but only through the development of a communal psychological contract in business-to-consumer relationships.

This study has also proved the role of trust in marketing relationships. In parallel to previous research findings on relationship marketing (Morgan & Hunt, 1994; Garbarino & Johnson, 1999), trust was found to mediate the relationship between satisfaction and commitment to the service provider. It is possible the result reflects the commitment-trust theory of Morgan and Hunt (1994). This theory proposes the importance of commitment and trust in successful relationship marketing. However, it can be applied in this situation as consumers' different types of psychological contracts influence satisfaction, trust and commitment in certain ways (Garbarino & Johnson, 1999).

## **6.2 Implications**

This study is one of the first to address an emerging issue that has significant implications for marketing academics and practitioners.

An integrated model was developed in order to empirically test how consumers' psychological contracts are formed in consumer-service provider relationships and how these contracts affect the

core relational outcomes. The results of this study may contribute to the marketing literature in the following ways.

For academics, the findings provide several important contributions to the emerging psychological contracts literature in the business context. This study endeavoured to construct a theory on relationship marketing, especially in the business-to-consumer context. As previously mentioned, because of the lack of research on psychological contracts in the business-to-consumer context, this area still needs to be explored. Furthermore, this study attempted to find out how psychological resources are exchanged in marketing relationships in terms of personal interactions. In order to understand the relationships between consumers and their service providers, the construct of psychological contracts was adopted from the organizational behaviour literature. This construct represents a mental model which incorporates a structured knowledge about the patterns of relationships and depends on cues from the social environment. It also serves as a perceived agreement between two parties. In short, a psychological contract is a link between individual cognition and resource exchange. In parallel with these concepts, this study developed and tested a model of consumers' psychological contract with a service provider based on resource exchange and social cognition theories. In this model, psychological contracts interact with each other by sharing psychological resources, and antecede the three core relational outcomes. Furthermore, this study found that a transactional psychological contract is negatively related to the formation of a communal psychological contract and the following sense of satisfaction, trust and commitment to the service provider. This contract includes specific economically-oriented exchanges which have a negative effect on a consumer's relational behaviour. On the other hand, a relational psychological contract, that is an open-ended non-economic agreement between two parties with a long-term orientation, positively influences the formation of a communal psychological contract and relational outcomes. In summary, it was found that transactional and relational psychological contracts influence the three core relational outcomes through the formation of a communal psychological contract with the service provider. Thus, this thesis revealed a new dimension in the study of

psychological contracts in business-to-consumer relationships. Second, this study brought a resource exchange perspective in examining the relationship processes between relational drivers and outcomes. As previously mentioned, psychological constructs, such as satisfaction, trust and commitment, are commonly used to characterize the exchange outcome (Johnson & Selnes, 2004). Psychological contracts, which incorporate the norms and rules regulating the exchange process, were used as drivers of the exchange in this study. When consumers activate certain types of psychological contract, the norms and rules regulating the resource exchange process become salient for consumers. From this new perspective, psychological contracts are a perceived exchange mechanism which regulates how resources are exchanged between a consumer and service provider. Core relational constructs represent the result of the exchanges which affect a consumer's relational behaviour. Third, this study extended previous work by demonstrating the mediating effects of a communal psychological contract on the relationships between transactional and relational psychological contracts, and customer satisfaction, trust, and commitment to service a provider. This deviates from the current marketing literature that focuses on the direct links among constructs of interest. From a theoretical standpoint, this study contributed to a better understanding of the process of how relationship marketing variables influence relational behaviour (Bhattacharya & Bolton, 2000, Palmatier et al., 2006) as well as how consumers characterize the status or strength of the exchange process in their minds (Czepiel, 1990). Fourth, this study also contributed to the psychological contract literature by categorizing different types of psychological contracts through perceived relational norms and general rules. Furthermore, from a theoretical standpoint, based on the strong empirical support demonstrated by analyses, the research framework developed in this study would be useful in examining other consumption behaviours such as consumer buying behaviour and consumer complaint behaviour. Consumer buying and complaint behaviours can be influenced by a certain type of psychological contract created in the mind.

This study also brings a new perspective, a resource exchange perspective, in examining key drivers of relationship outcomes as well as the relationship process between these drivers and outcomes.

From this new perspective, various marketing strategies could be developed in a consumer-service relationship in order to allocate resources and make marketing offerings to consumers. A psychological contract is a mechanism regulating how resources are exchanged between consumers and service providers. Consumers engage in different types of psychological contracts to exchange resources with the service provider. In a transactional psychological contract, resource exchange is driven by money and pure self-interest in satisfying the occasional need for a service. This type of contract negatively influences the formation of a communal psychological contract and has a negative impact on a consumer's satisfaction, trust and commitment. In a relational psychological contract, resources are exchanged based not only on money exchange but also trust, motivation and mutual support. This type of contract positively influences the formation of a communal psychological contract and a consumer's satisfaction trust and commitment. Finally, the findings of this study could contribute to the academic literature through its examination of the antecedents of customer satisfaction, trust and commitment in business-to-consumer types of relationship.

For marketing managers of service providers, there are several implications that occur from this study. First, the concept of a psychological contract developed in this study provides a deeper understanding of different types of relationships consumers may develop with their service providers. Three types of psychological contract differ in terms of their relational norms that consumers perceive in each type of contract. These relational norms regulate the resource exchange process in each type of contract. A transactional psychological contract, with its negative impact on relational outcomes through a communal psychological contract, is driven by simultaneous reciprocation. Each party expects from the other a very well-specified exchange of resources. If the service provider offers a good quality of service for a fairly good price, the consumer will stay in the relationship with the service provider.

Unlike a transactional psychological contract, a relational psychological contract is also driven by the norm of reciprocity but with a long-term perspective. In this type of relationship, both parties

are willing to accept uncertainty in the contract terms. Consumers are not willing to immediately invest in a relationship with the service provider because they know they will be rewarded by his or her business later. Consumers stay in this type of contract because of an emotional attachment and a future relationship perspective.

A third type of psychological contract is the communal psychological contract, which was found to mediate the relationships between transactional and relational psychological contracts, and core relational outcomes. This type of contract is driven by the desire to care for the needs of one another. Within a communal psychological contract, each party places the other party's needs above his/her own. The consumer and service provider will do something for each other in order to please each other without being asked. This relationship is a combination of transactional and relational psychological contract characteristics and far from any economic exchange.

Second, the findings of this study may help marketing managers of service providers to create strategies in relation to consumers' type of psychological contract. For example, if the service provider is planning to emphasise the quality of service and the price, it is more likely that consumers will form a transactional psychological contract with the service provider. In contrast, if the service provider is planning to provide emotional and social support to consumers who like to be heard and make suggestions, it is more likely that consumers will form a relational psychological contract with the service provider. In addition, if the service provider is willing to build a strong equity in consumers who value the service because of its fair price, the emotional, physical, and social support of the service provider, the desire to immediately prioritize the needs of consumers, and the ability to sacrifice his/her own interests for the sake of customers' needs, his or her consumers will be more likely to build both relational and communal psychological contracts. In short, in order to create the type of relationship a service provider desires, the marketing managers of service providers should carefully design a marketing strategy which is congruent with the characteristics of a psychological contract. Finally, the influence of psychological contracts on

satisfaction, trust and commitment informs marketing managers that the type of psychological contract shapes the relationship formation process with the service provider. Therefore, marketing managers should be able to more quickly recognize the type of psychological contract the consumers are maintaining with a service provider in order to take steps in developing customer satisfaction, trust and commitment. For example, if marketing managers identify that the relationship is based on a transactional psychological contract, then it is important to test the possibility of converting this type of contract into a relational psychological contract. If the possibility exists, marketing managers should apply a marketing strategy that enhances the development of consumer relational and consumer communal psychological contracts with a service provider. Once a relational psychological contract is established, different types of marketing strategies should be applied to assist the consumer in creating a communal psychological contract. All these steps are needed in order to build core relational outcomes that influence consumer relational behaviour with the service provider. Thus, psychological contracts, acting as antecedents of satisfaction, trust and commitment, are essential for keeping customers satisfied and loyal.

Overall, psychological contracts are an important research topic to help understand consumer relational behaviour (Lövsblad, Hyder, & Lönnstedt, 2012). This study articulated the formation process of three types of psychological contracts with the service provider and their interaction with each other. The potential contribution of this study lies in extending previous work by demonstrating the mediating effects of a communal psychological contract on the relationships between transactional and relational psychological contracts, and customer satisfaction, trust, and commitment to a service provider. This deviates from the current marketing literature that focuses on the direct links among constructs of interest. This study provides several meaningful insights on the nature of consumer-service provider relationships based on psychological contracts and may further help marketing managers allocate marketing resources, make marketing offerings and create marketing strategies. Based on the findings of this study relating to the three types of psychological

contract, marketing managers could allocate marketing resources based on three major strategic investment categories, such as service quality, customer relationship management and brand equity (Rust et al., 2004). Specifically, a marketing strategy with a certain type of resource allocation may activate a psychological contract that is congruent with the type of resources offered in the strategy. Marketers could consider these types of psychological contract in creating strategies with the objective of enhancing customer satisfaction, trust and commitment.

### **6.3 Limitations**

The limitations of this research are acknowledged. First, as this thesis collected data from only one service category, the beauty salon, the generalizability of the present findings is limited to one service context. Also, the data collection process was conducted among women living in Auckland so generalizability of the findings to other cities deserves attention.

Second, even though the sample size was sufficient, it was limited to female participants. Today men are also engaged in the perception of beauty (Barthel, 1992) and the popularity of beauty salons among male consumers is growing around the world. Thus, it is likely that not only female but also male consumers develop psychological contracts with service providers.

Third, this study did not test how exchange resources, such as service quality, personal recognition and preferential treatment, are exchanged between two parties during the exchange process and how they influence the formation of each type of psychological contract. Furthermore, consequent consumer behaviours within psychological contracts were not explored in this study – for example, how psychological contracts influence consumer loyalty and the intention to remain with a service provider, or what is the impact of consumers' word-of-mouth recommendations on consumers' compliance and consequent behaviour.



## **6.4 Directions for Future Research**

As pointed out in the previous section, future research could include other cities, not only in New Zealand but also around the world, in order to find out how psychological contracts are formed among women of other countries. There may be cultural characteristics that influence the formation of psychological contracts among consumers of different nationalities. Based on Bowen's (1990) service firm classifications, this thesis explored group 1 services that consist of those services directed at people and characterized by high customer contact and high customization (e.g., financial consulting, medical care, travel agency, and beauty/hair care services). As this study explored relationship formation in beauty/hair services only, it would be interesting to explore how consumers' psychological contracts are formed in other services too.

Given the changes in individuals' perceptions about the beauty of men, it would also be relevant to assess how psychological contracts are formed among male consumers and how each type of psychological contract influences their satisfaction, trust and commitment. A comparative study could be conducted among female and male consumers by collecting the data separately and comparing the results in order to trace the differences in female and male perceptions of psychological contracts.

This study explored how three types of psychological contract affect consumers' satisfaction, trust and commitment to a service provider. The study of other dimensions of customer satisfaction, trust and commitment (e.g., cognitive, affective and social) is essential to further understand the dynamics of relational outcomes. Finally, more research is needed in order to explore how psychological contracts influence consequent consumer behaviour. For example, future study may explore the impact of each type of psychological contract on consumer behavioural loyalty, and the influence of psychological contracts on a consumer's intention to remain with a service provider.

## 6.5 Conclusions

Drawing from the current literature on psychological contracts, this thesis investigated the direct effect of transactional, relational and communal psychological contracts on core marketing relational outcomes in the form of satisfaction, trust and commitment.

Recognizing the importance of consumers' psychological contracts in the business-to-consumer context, this study focused on core marketing relational outcomes, such as satisfaction, trust and commitment, as well as on different types of psychological contracts, such as transactional, relational and communal, as antecedents of these core relational constructs. In line with previous conceptual and empirical research, psychological contracts were found to have a significant effect on consumer relational behaviour.

The results of the analysis supported all the hypothesized effects of psychological contracts on satisfaction, trust, and commitment except transactional psychological contract that has neither a direct nor indirect effect on satisfaction. A transactional psychological contract was found to have a negative effect on the formation of a communal psychological contract whereas a relational psychological contract was positively associated with the formation of a communal psychological contract. Additionally, a communal psychological contract was found to negatively mediate the relationships between a transactional psychological contract and trust, and commitment. Interestingly, a transactional psychological contract was found to have no direct or indirect effect on a consumer's satisfaction with a service provider. A relational psychological contract was found to have a positive effect on a consumer's satisfaction, trust and commitment through the mediating effect of a communal psychological contract.

Together the findings of this study point out the importance of exploring consumers' psychological contracts in the business-to-consumer context, especially in terms of the relationships between consumers and their service providers. While a psychological contract is a relatively new construct

in marketing relationships, psychological contract marketing scholars and practitioners seek to further understand this evolving topic. Within this study, psychological contracts, as important antecedents of consumer relational behaviours, and their impact on core marketing relational outcomes were examined. This thesis is expected to provide valuable insights for both marketing scholars and practitioners.

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# Participant Information Sheet

## Survey

**Date Information Sheet Produced: 28<sup>th</sup> April 2014**

### **Project Title**

*Understanding Consumers' Relational Behaviour: An Integrated Model of Psychological Contracts, Trust and Commitment in the Context of Beauty Services for Females.*

### **An Invitation**

Hello, my name is Yekaterina Kucherenko and I am a Master of Business student at AUT University. I am conducting research to understand the relational behaviour of female consumers of beauty services. I would like to invite you to participate in this research. Data collected will be used only for the purpose stated below. All information collected will be kept anonymous and confidential. You may withdraw your participation at any point during completion of the following questionnaire.

### **What is the purpose of this research?**

The purpose of this research is to understand how different types of psychological contracts influence female consumers' relational behaviour with their beauty service provider. A psychological contract represents a set of mutual beliefs, perceptions, and informal obligations between a customer and service-provider. Basically, it's all about how a customer is treated by a service-provider and what the customer puts into this relationship. Information provided by you will be used to understand the role played by psychological contracts in the relationships between consumer and service provider, and to uncover the factors that may be useful for better understanding of consumers' relational behaviour. I am conducting this research for my Masters of Business Thesis. Therefore, data collected will be used for the development of my thesis and completion of my degree.

### **How was I identified and why am I being invited to participate in this research?**

You are identified because you are a woman who appears to be of at least 20 years age and uses the services of beauty specialists. Since you have confirmed to me that you are at least 20 years old, I am inviting you to participate in this research.

### **What will happen in this research?**

All you have to do is to complete a questionnaire by responding to the questions. You will not be asked to provide any identifying information, the questionnaire is anonymous. The completion of the questionnaire should take approximately 20 minutes. You may complete this now or take it away to complete it at a later time, and return it using the postage-paid envelope provided. Or you can take it away and follow the link for an online survey which is provided at the end of this information sheet and complete it online.

### **What are the discomforts and risks?**

Some women don't feel comfortable in expressing their opinions on certain aspects of relationships such as loyalty and commitment. Therefore, there may be minor discomfort involved in the completion of this questionnaire as you will be asked questions about your commitment and loyalty to the service provider; however, feeling discomfort this is extremely unlikely.

### **What are the benefits?**

The research outcomes will particularly benefit the academic and business communities by helping them understand the role of psychological contracts in consumer-service provider relationships and uncover how personality traits can impact on these relationships. In addition, the benefits of this research for service providers are invaluable.

You will not be paid for participating in the research, however to show appreciation for your efforts, you are provided the option of entering the draw for one of three \$50 Westfield vouchers. The winner will be randomly chosen among the interested participants of this research. All entries to the draw are provided on a sheet not connected to the questionnaire and will be stored separately; so at no stage will your anonymity be compromised. The draw will take place in August after the collection of all questionnaires. The prize draw will be made by the primary researcher's supervisor in his office at AUT University, and the winner will be contacted immediately.

### **How will my privacy be protected?**

All survey participants will be anonymous. If you wish to participate in the draw, you will need to supply a means to contact you – e.g. email or phone number. These will not be disclosed, and you will not be asked for your name. The sheet with your contact details will be separated from the rest of the questionnaire by an independent third party and the two will not be linked. The research report will provide summary percentages and total numbers of responses (not linked to any individuals) and all data will be stored with the primary supervisor in a locked cabinet and on a password protected computer.

### **What are the costs of participating in this research?**

There are no costs to you other than your time to fill out this questionnaire.

### **What opportunity do I have to consider this invitation?**

You can take as much time as you need to decide if you wish to participate in the research. You have the choice of either completing the questionnaire when provided with it and returning it in person, or you can take it with you and complete later at a convenient time and mail it back to me in the postage paid envelope provided within the next two weeks. Alternatively, you can follow this link if you prefer to complete it online: <https://www.surveymonkey.com/s/psychologicalcontracts>

### **How do I agree to participate in this research?**

By filling out the questionnaire you give consent to partake in the research.

### **Will I learn about the outcomes of this research?**

A synopsis of the results will be available at the following link once the data is analyzed: <https://www.dropbox.com/s/5jlzrt06mwko4l7/Psychological%20contracts%20Research%20Findings%20Synopsis.docx>. This will be available from 1st of February 2015.

### **What do I do if I have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the project supervisor, Sonjaya Gaur at [sgaur@aut.ac.nz](mailto:sgaur@aut.ac.nz) or 09 921 9999 extn. 5465  
Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTEK, Kate O'Connor, [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz), 921 9999 ext 6038

### **Whom do I contact for further information about this research?**

Researcher contact details: Yekaterina Kucherenko, [kucherenko.yekaterina@gmail.com](mailto:kucherenko.yekaterina@gmail.com), ph: 0221904 198.  
Project Supervisor contact details: Sonjaya Gaur, [sgaur@aut.ac.nz](mailto:sgaur@aut.ac.nz)

Approved by the Auckland University of Technology Ethics Committee on 16 April 2014 AUTEK Reference number 14/71

# Consent Form

**Project title: *Understanding Consumers’ Relational Behaviour: An Integrated Model of Psychological Contracts, Trust and Commitment in the Context of Beauty Services for Females***

**Project Supervisor: *Dr Sonjaya Gaur***

**Researcher: *Yekaterina Kucherenko***

- I have read and understood the information provided about this research project in the Information Sheet dated 28/04/2014.
- I have had an opportunity to ask questions and to have them answered.
- I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- I agree to take part in this research.
- I wish to receive a copy of the report from the research (please tick one): Yes  No

Participant’s signature:

.....

Participant’s name:

.....

Participant’s Contact Details (if appropriate):

.....  
 .....  
 .....

Date:

***Approved by the Auckland University of Technology Ethics Committee on 16 April 2014 AUTEK Reference number 14/71***

***Note: The Participant should retain a copy of this form***

## Research Questionnaire

*Understanding Consumers' Relational Behavior: An Integrated Model of Psychological Contracts, Trust and Commitment in the Context of Beauty Services for Females*



It would be appreciated if you try and answer the following questions. Please answer each of these questions as accurately and to the best of your ability as possible.

**By completing this questionnaire you are indicating your consent to participate in this research.**

Please fill out the questionnaire independently, without consulting anyone.

If you would prefer to fill this online then please follow the link: <https://www.surveymonkey.com/s/psychologicalcontracts>

Please think about the beauty salon that you visit most often for various services such as haircutting, hair dressing/styling, make up, facials, waxing, manicure, pedicure, etc. Now recall your experiences with your favourite beauty specialist (e.g. stylist, visagist or hairdresser) in this salon to answer the following questions.

<b>Section 1 – Thoughts about your service provider</b>	Strongly disagree 1	Disagree 2	Neither agree nor disagree 3	Agree 4	Strongly agree 5
1. I do not care what my specialist in this beauty salon does for me in the long run, I only care for what s/he does right now	1	2	3	4	5
2. My specialist in this beauty salon and I expect each other to give back exactly what was given	1	2	3	4	5
3. I only want to do more for my specialist in this beauty salon when I see that s/he will do more for me	1	2	3	4	5
4. I watch very carefully what I get from my specialist in this beauty salon, relative to what I pay for	1	2	3	4	5
5. All I really expect from my specialist in this beauty salon is that I get what I pay for	1	2	3	4	5
6. The most accurate way to describe my relationships with my specialist in this beauty salon is to say that I give a fair payment for a fairly good service	1	2	3	4	5
7. I do not mind investing in the relationship with my specialist in this beauty salon today because I know that I will eventually be rewarded by his/her service	1	2	3	4	5
8. I am motivated to contribute to the promotion of my specialist in this beauty salon (e.g., refer new customers, spread	1	2	3	4	5

positive word of mouth) in return for future benefits to me					
9. My specialist in this beauty salon rewards customers who support his/her business	1	2	3	4	5
10. There is a lot of give and take in my relationship with my specialist in this beauty salon	1	2	3	4	5
11. My relationship with my specialist in this beauty salon is based on mutual trust	1	2	3	4	5
12. My specialist in this beauty salon would do something for me without any strings attached	1	2	3	4	5
13. I am more concerned that my specialist in this beauty salon gets what s/he needs than I am about satisfying my own interests	1	2	3	4	5
14. If necessary, I would place my specialist's needs in this beauty salon above my own	1	2	3	4	5
15. If necessary, my specialist in this beauty salon would place my needs above his/her own	1	2	3	4	5
16. The relationship between my specialist in this beauty salon and me is beyond any economic exchange	1	2	3	4	5
17. If I saw that my specialist in this beauty salon needed something, I would do it for him/her without being asked	1	2	3	4	5

<b>Section 2 – Satisfaction</b>	Strongly disagree 1	Disagree 2	Neither agree nor disagree 3	Agree 4	Strongly agree 5
18. All in all, my specialist in this beauty salon is fair with me	1	2	3	4	5
19. Overall, my specialist in this beauty salon is a good specialist to do business with	1	2	3	4	5
20. In general, I am pretty satisfied with my relationship with my specialist in this beauty salon	1	2	3	4	5
21. Overall, my specialist in this beauty salon treats me very fairly	1	2	3	4	5
22. All in all, my relationship with my specialist in this beauty salon is very satisfactory	1	2	3	4	5

<b>Section 3 – Trust</b>	Strongly disagree 1	2	3	Neither agree nor disagree 4	5	6	Strongly agree 7
<i>My specialist in this beauty salon:</i>							
1. can be trusted completely	1	2	3	4	5	6	7

2. can be counted on to do what is right	1	2	3	4	5	6	7
3. is someone that I have great confidence in	1	2	3	4	5	6	7
4. can be relied upon	1	2	3	4	5	6	7
5. cannot be trusted at times	1	2	3	4	5	6	7

<b>Section 4 – Commitment</b>							
<i>The relationship I have with my specialist in this beauty salon:</i>	Strongly disagree			Neither agree nor disagree			Strongly agree
	1	2	3	4	5	6	7
1. is something I am very committed to	1	2	3	4	5	6	7
2. is very important to me	1	2	3	4	5	6	7
3. is something I really care about	1	2	3	4	5	6	7
4. deserves my maximum effort to maintain	1	2	3	4	5	6	7
5. is something I intend to maintain indefinitely	1	2	3	4	5	6	7

### Section 5

For the purpose of statistical classification, you will now be asked a few questions about your demographic characteristics. Answers to these questions will not require personally identifying information. It is understood that you might not feel comfortable answering some of these questions, please answer those you are comfortable with.

1. What is your average monthly expenditure (in NZD) on the services obtained in beauty salons? \_\_\_\_\_
2. Which age group do you belong to?

- |                                  |                                       |
|----------------------------------|---------------------------------------|
| <input type="checkbox"/> 20 – 25 | <input type="checkbox"/> 46 – 50      |
| <input type="checkbox"/> 26 – 30 | <input type="checkbox"/> 51 – 55      |
| <input type="checkbox"/> 31 – 35 | <input type="checkbox"/> 56 – 60      |
| <input type="checkbox"/> 36 – 40 | <input type="checkbox"/> 61 – 65      |
| <input type="checkbox"/> 41 – 45 | <input type="checkbox"/> 65 and above |

3. What is the highest level of your education? (tick one)

- High School
- Trade certificate
- Undergraduate degree (completed or in progress)
- Postgraduate degree (completed or in progress)
- Other \_\_\_\_\_

4. What is your relationship status?

- Single
- Married
- De-facto

- Divorced
- Other\_\_\_\_\_

5. Are you employed?

Yes

No

6. If yes, what industry are you currently employed with?

Forestry and mining

Construction

Accommodation and food services

Financial and insurance services

Public administration and safety

Manufacturing

Wholesale trade

Transport, postal, and warehousing

Rental, hiring, and real estate

Education and training

Electricity, gas, water, and waste services

Retail trade

Information media and telecommunications

Professional, scientific, and technical services; and administrative and support services

Health care and social assistance

Arts, recreation, and other services

Other\_\_\_\_\_

Thank you very much for taking the time to complete this questionnaire and be part of this research project. As stated in the information sheet, as a token of appreciation for your time and effort, you may enter a draw for one of three \$50 Westfield vouchers. Please note that this entry into the draw will be kept separate from your answers to the questionnaire.

If you would like to enter this draw, please indicate below a means by which you may be contacted if you win. The draw will take place in August after the collection of all questionnaires. The prize draw will be made by the primary researcher's supervisor in his office at AUT University.

My email \_\_\_\_\_

My phone number (\_\_\_\_) \_\_\_\_\_