

Relationship Commitment in Self-financed Higher Education

Helen Wong (Corresponding author)

Hong Kong Community College, Hong Kong Polytechnic University

Hong Kong

E-mail: cchelen@hkcc-polyu.edu.hk

Raymond Wong

School of Accountancy, The Chinese University of Hong Kong

Hong Kong

E-mail: raykh Wong@baf.msmail.cuhk.edu.hk

Received: February 6, 2012

Accepted: February 20, 2012

Published: April 1, 2012

doi:10.5539/ijbm.v7n7p15

URL: <http://dx.doi.org/10.5539/ijbm.v7n7p15>

Abstract

Building on the well-established relationship marketing concepts, this research investigates the key determinants of relationship commitment in self-financed higher education. The findings indicate that relationship benefits, relationship termination costs, and shared values have positive influence on relationship commitment. Among these three determinants, the construct of relationship benefits is found to be the most important factor affecting relationship commitment. The research contributes new and useful insights to the management of self-financed higher education in building relationship with students and resources allocation.

Keywords: Relationship marketing, Relationship commitment, Relationship benefits, Relationship termination costs, Shared values, Higher education

1. Introduction

As times have changed, and are changing, several governments have attempted to reorganize the education sector by introducing a stronger element of business enterprise (Douglas et al., 2008). Business practices have been introduced in the education sector, and changes have taken place in the education environment in the past few decades (Naude and Ivy, 1999).

Like business organizations offering services to customers, educational institutions also provide services to students. Education is considered as a service industry by educational institutions, and more emphasis is being placed on meeting the needs of the customers, that is, the students (DeShields Jr et al., 2005). The significant decrease in government funding, increase in education costs and rapid expansion of populations of educated persons have forced educational institutions to think of ways to survive in today's competitive educational market (Kotler and Fox, 1995). The changing nature of the education sector is encouraging education management to apply business practices used in profit-making business contexts (DeShields Jr et al., 2005). Marketplace dynamics are forcing educational institutions to review their strategies and use a more customer-oriented approach to deliver their services (Kotler and Fox, 1995). Without students, educational institutions cannot have customers to receive classes and other services and their tuition fee revenue will drop (DeShields Jr et al., 2005).

Research from relationship perspective in the education sector has been minimal (Hennig-Thurau et al., 2001). It seems that only a few studies have been conducted in the public education context and almost none in self-financed education. Relationship marketing is important in business, but it is not clear whether the same applies in self-financed education. To fill this gap, this research investigates whether relationship marketing concepts are applicable to self-financed higher education. According to marketing concepts, having long-term relationships with students may provide competitive advantages to educational institutions because students provide a stable source of income to the institutions and they recommend their institutions to friends and

relatives (Nguyen and LeBlanc, 2001). Students are the direct users of education, and students also consider themselves as customers of education (Finney and Finney, 2010). It is worthwhile to investigate the key determinants of relationship commitment because this can help better resource allocation in self-financed higher education.

2. Literature Review

2.1 Relationship Marketing

In the present era of demanding customers and intense competition, relationship marketing has drawn attention from practitioners and academics (Sheth and Parvatiyar, 1995). Relationship marketing is considered as “establishing, developing and maintaining successful relational exchanges” (Morgan and Hunt, 1994, p. 22). “Relationship marketing is an integrated effort to identify, maintain and build a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time” (Shani and Chalasani, 1992, p. 44).

Education is people-based, involves a lengthy and formal relationship between education providers and students, and requires high level of customization in service delivery (Mazzard and Soutar, 1999). Educational institutions are considered as service organizations (Joseph and Joseph, 1997; Kotler and Fox, 1995), building relationships with students is important.

2.2 Relationship Benefits

Providing benefits and value to customers is the means to encourage them to stay in their relationship with a particular company (Berry, 1983; Bitner, 1995; Kotler and Armstrong, 2004). The ability to provide superior benefits and value to customers is a prerequisite when establishing relationships with customers (Ravald and Gronroos, 1996). The relationship marketing theory suggests that in the competitive global marketplace, partner selection may be a key element in competitive strategy (Morgan and Hunt, 1994). Morgan and Hunt (1994) considered relationship benefits as the quality of services and goods relative to other suppliers. Relationship benefits are the superior benefits provided to customers, which are highly valued by customers. Students are customers of education and expect to get benefits in the relationship (Finney and Finney, 2010).

2.3 Relationship Termination Costs

A common assumption in relationship marketing is that termination has switching costs and seeking an alternate relationship leads to dependence (Heide and John, 1988; Jackson, 1985). “Termination costs” and “switching costs” are often interchangeable terms in research studies. Though Morgan and Hunt (1994) considered switching costs to be of an economic nature only, switching costs may also comprise psychological and emotional costs (Sharma and Patterson, 2000).

Adidam et al. (2004) defined relationship termination costs as the perception of net losses (financial, emotional, or time) that may result from dissolution of the relationship. In their public education study, the perceived costs to a business student include both economic and non-economic sides of switching costs; costs might include the loss of friendships or loss of credits on switching to another educational institution. The losses cannot be made good by an alternate supplier.

2.4 Shared Values

“Shared values” is a shared code or a shared paradigm that facilitates a common understanding or perception of collective goals and actions (Tsai and Ghoshal, 1998). Shared values are defined as “the extent to which partners have beliefs in common about what behaviors, goals and policies are important or unimportant, appropriate or inappropriate, and right or wrong” (Morgan and Hunt, 1994, p. 25). It means two parties having similar perceptions can enhance their communications and avoid misunderstanding.

Holdford and White (1997) found that pharmacy students who shared the same goals, ideals and codes of conduct with their public schools were more likely to commit to a relationship with the school.

2.5 Trust

A trustworthy party is one that is considered reliable and has high level of integrity and associated qualities of competence, consistence, fairness, honesty, responsibility, helpfulness and benevolence. Morgan and Hunt (1994) used reliability and integrity together to define and conceptualize trust. Morgan and Hunt (1994, p. 23) defined trust as “when one party has confidence in an exchange partner’s reliability and integrity”.

In public education, Adidam et al. (2004) conceptualized trust as confidence in an exchange partner’s reliability and integrity basing on personal experiences individual student has had with his/her education institution.

2.6 Relationship Commitment

The building of relationship commitment is very important because the level of commitment determines relationship strength and the intention of the parties to remain in the relationship (Hocutt, 1998). Relationship commitment is defined as “an exchange partner believing that an ongoing relationship with the other is so important as to warrant maximum efforts at maintaining it, that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely” (Morgan and Hunt, 1994, p. 23). Relationship commitment entails a desire to develop a stable relationship and confidence in the stability of the relationship (Anderson and Weitz, 1992).

This research adopts Moorman et al.'s (1992) concept of relationship commitment as an enduring desire to maintain a valued relationship, and investigates the key determinants of relationship commitment in self-financed higher education.

3. Research Framework and Hypotheses

Figure 1 outlined the research model used in this research. The conceptual framework was based on concepts and findings from relationship marketing literature. The model was modified from the studies of Morgan and Hunt (1994), Adidam et al. (2004), and Holdford and White (1997), sought to illustrate the relationship between the factors: relationship benefits, relationship termination costs, shared values, and trust, and relationship commitment.

3.1 Research Hypotheses

Relationship benefits generate positive impact on relationship outcomes, such as, continuation of a relationship (Gwinner et al., 1998; Patterson and Smith, 2001), site commitment (Park and Kim, 2003), commitment to the service business (Hennig-Thurau et al., 2002), exporter's commitment to importers in exporter-importer relationships (Obadia, 2010), commitment in online retailing context (Mukherjee and Nath, 2007), and satisfaction in retail banking (Dimitriadis, 2010; Molina et al., 2007). Therefore, it was proposed the same in self-financed higher education:

Hypothesis H1: Students' perception of relationship benefits has a significant positive impact on relationship commitment.

Dwyer et al. (1987) suggested that anticipation of high switching costs by customers generates commitment to an ongoing relationship. Besides the economic side of switching costs, they also consider socio-psychological costs, such as worry and loss of reputation, which contribute to the commitment. Switching costs affect customers' commitment in the financial services industry (Yanamandram and White, 2010). In industrial marketing and distribution channels, extant literature suggests that the relationship may continue to exist because of the high switching costs perceived by the buyer (Porter, 1980; Ping, 1994). Findings of Vasudevan et al. (2006), Burnham et al. (2003), and Patterson and Smith (2001) suggest that relational switching cost that involves psychological and emotional discomfort due to breaking of bonds and loss of identity is positively associated with commitment. Therefore, it was proposed the same in self-financed higher education:

Hypothesis H2: Students' perception of relationship termination costs has a significant positive impact on relationship commitment.

Shared values have been found to have positive impact on relationship commitment (Morgan and Hunt, 1994). The parties share similar beliefs in behaviors, goals and policies. Similar perspectives, including shared language and shared narratives are important for sustaining ongoing relationships (Chua, 2002; Nahapiet and Ghoshal, 1998). Therefore, it was proposed that:

Hypothesis H3: Students' perception of shared values has a significant positive impact on relationship commitment.

Trust enhances commitment to a relationship by reducing transaction costs in an exchange relationship, reducing risk perceptions associated with the partner, and increasing confidence that short term inequities can be resolved in the long run. Trust has been found to be a factor affecting commitment in many previous studies (Spake and Megehee, 2010; Nusair and Li, 2010; Cassab and MacLachlan, 2009; Cater and Zabkar, 2009; Morgan and Hunt, 1994). Therefore, it was proposed that:

Hypothesis H4: Students' trust in the education institution has a significant positive impact on relationship commitment.

3.2 Research Design and Methodology

A quantitative research study using questionnaire was adopted to examine the key factors affecting relationship commitment. 480 copies of questionnaire were distributed to current self-financed higher education students in one of the largest education provider.

3.3 Data Collection and Measurement Instrument

A total of 444 valid questionnaire copies were collected which provided a response rate of approximately 92.5% out of the 480 copies sent out.

Relationship commitment was measured with three items, and trust was measured with four items, adopted from Holdford and White (1997), a previous study in public education. Four items of relationship benefits and three items of shared values were adopted from previous studies in public education (Adidam et al., 2004; Holdford and White, 1997). Questions for measuring relationship termination costs were adopted from Sharma and Patterson (2000). The 7-point Likert-type scales were anchored by 1 (strongly disagree) and 7 (strongly agree) for all questions.

The content and construct validity of each variable had already been evaluated by the original authors, therefore, it is reasonable to assume that the content and construct validity of the multidimensional-item scales should accurately represent the variables concerned.

3.4 Samples and Sampling Technique

For the purpose of this research, a self-financed higher education institution was identified from the list of higher education institutions available on the website of Education Bureau of the HKSAR Government. Enrolment of students in this institution accounted for approximate 11% of the total number of self-financed associate degree and higher diploma students in 21 higher educational institutions in Hong Kong. This institution was approached and it agreed to allow the researcher to administer the questionnaire survey to associated degree and higher diploma students at the campus. Convenience sampling technique was used to approach the students because students are the direct customers of the education institutions.

4. Data Analysis

The collected data were statistically analyzed using descriptive analysis, confirmatory factor analysis, and structural equation model. Initially, the data were screened to check for mistakes in keying in the data in order to remove future outliers.

4.1 Confirmatory Factor Analysis

Confirmatory factor analysis was performed for all variables: relationship benefits, relationship termination costs, shared values, trust, and relationship commitment. Cronbach's alpha was used to test internal validity, the Cronbach's alpha coefficient greater than 0.7 is considered as satisfactory (Bryman, 2008).

4.2 Structural Equation Model

Structural Equation Model was used to test the positive association of hypotheses H1 to H4, and calculate the variance of relationship commitment explained by the factors in the research model.

5. Results

5.1 Characteristics of the Sample

A total of 444 valid responses were collected. 60.4% of the respondents were female. 98.2% of the respondents were in the age range of 18 to 25. 40.1% of the respondents were associate degree students and 59.9% were higher diploma students. Almost half of the respondents were studying business courses. 49.3% of the respondents were from business division, 23.9% were from science and technology division, and 26.8% were from communication and social science division.

5.2 Reliability and Validity Testing

Reliability and validity were assessed to ensure the information is trustworthy. Cronbach's alpha was used to measure consistency among the items in each variable of the questionnaire, and a value of 0.7 or above is considered as acceptable and having internal consistency (Shin et al., 2000). The variables of this research had Cronbach's alpha values from 0.785 to 0.877 (Table 1) were therefore acceptable.

The covariance matrix produced values ranging from 0.229 to 0.795 for each pair of construct, which are lower than the recommended level of 1.0 (Koerner, 2000) (Table 2). The result suggests that the constructs are statistically distinct within the CFA model, and provides evidence of discriminant validity.

5.3 Hypothesis Testing

Hypothesis H1 and H2 are supported by empirical evidence. Relationship benefits and relationship termination costs show strong influence on relationship commitment, as indicated by high to moderate standardized coefficients 0.563 and 0.371 respectively. Shared values construct has a small direct effect on relationship commitment (standardized coefficient 0.116), Hypothesis H3 is supported. However, hypothesis H4 should be rejected, the standardized coefficient of -0.038 suggests that trust has non-significant influence statistically on relationship commitment in self-financed higher education. It can therefore be concluded that hypotheses H1, H2 and H3 are strongly supported with empirical evidence in the research model (Table 3). The factors together explain 71.7% of the relationship commitment ($R^2 = 0.717$).

6. Discussion

This research is one of the earliest attempts to study relationship commitment in self-financed higher education environment.

6.1 Theoretical Contributions

The results of this research support the direct effects of relationship benefits, relationship termination costs, and shared values on relationship commitment in self-financed higher education which is consistent with most of previous research studies' results in business context. However, unlike the common finding in most relationship marketing literature that trust is a determinant of relationship commitment, the direct effect of trust on relationship commitment is found to be insignificant in this research. The rejection of predictive effect from trust on relationship commitment in self-financed higher education environment provides a new angle to the application of relationship marketing concepts in education settings.

Most previous studies related to relationship marketing concepts were conducted in U.S. and Europe; little attention has been paid to Asian countries, particularly Hong Kong. This research verifies applicability of relationship marketing concepts in Hong Kong.

6.2 Managerial Implications

With the findings of this research, education providers can gain a better understanding of factors affecting relationship commitment, and therefore can plan to nurture them. Firstly, the construct of relationship benefits is the most influential determinant of relationship commitment in the self-financed higher education. Relationship benefits include education quality, internship opportunities, placements, professional seminars, and company visits etc. (Adidam et al., 2004). Education providers have to improve these perceived relationship benefits continuously in order to raise relationship commitment of students.

Secondly, the construct of relationship termination costs is the next influential factor. This provides signals to education providers that students' perceived costs, both economic and non-economic, are important consideration in building relationship commitment in self-financed higher education. Education providers have to increase the relationship termination costs in order to raise students' relationship commitment with the education institution.

Thirdly, the construct of shared values is also a determinant of relationship commitment in the self-financed higher education industry. The more the staff and students have similar values on education issues, such as learning behavior, assessments and work-load, the more the students will be committed to the relationship with the educational institution (Adidam et al., 2004). Although the influence of shared values on relationship commitment is not as strong as that of relationship benefits and relationship termination costs, self-financed education providers still have to raise the perceived shared values between students and education institution in order to increase relationship commitment of students.

6.3 Limitations

Firstly, due to time constraints, a cross-sectional study was conducted, which was unable to take the actual behavior of respondents into account.

Secondly, measurement scales used were adopted from previous studies. As the features of self-financed higher education context may be different from features of other contexts, the adopted scales might not be as effective as scales tailor-made for a particular context. Constructs that capture contextual characteristics have not been discussed in this research. The characteristics of higher education may affect the findings of the research.

Thirdly, some previous literature showed that relationship commitment affects loyalty in most business context which was not studied in this research.

Finally, some constructs that were thought to affect relationship commitment in previous literature were not included in this research. Only 71.7% of variance of relationship commitment is explained by relationship benefits, relationship termination costs and shared values, implying that there should be other factors affecting relationship commitment.

6.4 Future Research

Firstly, future research can consider developing measurement scales for education in eastern environment. This may help education institutions' managements make better decisions.

Secondly, future research can consider conducting a longitudinal study to trace the changing preferences and behaviors of students (customers). The use of multiple time frames allows researchers to track behavioral intentions of students (customers) over time.

Thirdly, future research can consider adding constructs that capture contextual characteristics. This is important because of the rapid expansion of education in most parts of the world. The current results show that 71.7% of variance of relationship commitment is explained by three major factors. Obviously, there are some unexplained portions which have not been captured in this research. The non-captured portions may be related to contextual characteristics.

Fourth, future research can consider investigating the effect of relationship commitment on student loyalty in self-financed higher education environment.

References

- Adidam P. T., Bingi R.P., and Sindhav B. (2004). Building relationships between business schools and students: an empirical investigation into student retention. *Journal of College Teaching & Learning*, Vol. 1, No. 11, pp.37-48.
- Anderson E., and Weitz B.A. (1992). The use of pledges to build and sustain commitment in distribution channels. *Journal of Marketing Research*, Vol. 29, No. 1, pp.18-34. <http://dx.doi.org/10.2307/3172490>
- Berry L.L. (1983). Relationship marketing. In Berry L.L., Shostack G.L., and Upah G.D. (Eds). *Emerging Perspectives on Services Marketing*, pp.25-28.
- Bitner M.J. (1995). Building service relationships: its all about promises. *Journal of Academy of Marketing Science*, Vol. 23, No. 4, pp.246-251.
- Bryman A. (2008). *Social Research Methods*. Oxford University Press, Oxford.
- Burnham T.A., Frels J.K., and Mahajan V. (2003). Consumer switching costs: a typology, antecedents, and consequences. *Journal of Academy of Marketing Science*, Vol. 31, No. 2, pp.109-126. <http://dx.doi.org/10.1177/0092070302250897>
- Cassab H., and MacLachlan D.L. (2009). A consumer-based view of multi-channel service. *Journal of Service Management*, Vol. 20, No. 1, pp.52-75. <http://dx.doi.org/10.1108/09564230910936850>
- Cater B., and Zabkar V. (2009). Antecedents and consequences of commitment in marketing research services: the client's perspective. *Industrial Marketing Management*, Vol. 38, pp.785-797.
- Chua A. (2002). The influence of social interaction on knowledge creation. *Journal of Intellectual Capital*, Vol. 3, pp.375-392.
- DeShields Jr. O.W., Kara A., and Kaynak E. (2005). Determinants of business student satisfaction and retention in higher education: applying Herzberg's two-factor theory. *International Journal of Educational Management*, Vol. 19, No. 2, pp.128-139.
- Dimitriadis S. (2010). Testing perceived relational benefits as satisfaction and behavioral outcomes drivers. *International Journal of Bank Marketing*, Vol. 28, No. 4, pp.297-313. <http://dx.doi.org/10.1108/02652321011054981>
- Douglas J., McClelland R., and Davies J. (2008). The development of a conceptual model of student satisfaction with their experience in higher education. *Quality Assurance in Education*, Vol. 16, No.1, pp.19-35.
- Dwyer R.F., Schurr P.H., and Oh S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, Vol. 51, April, pp.11-25. <http://dx.doi.org/10.2307/1251126>
- Finney T.G., and Finney R.Z. (2010). Are students their universities' customers? An exploratory study. *Education and Training*, Vol. 52, No. 4, pp.276-291.

- Gwinner K.P., Gremler D.D., and Bitner M.J. (1998). Relational benefits in services industries: the customer's perspective. *Journal of Academy of Marketing Science*, Vol. 26, pp.101-114. <http://dx.doi.org/10.1177/0092070398262002>
- Heide J.B., and John G. (1988). The role of dependence balancing in safeguarding transaction-specific assets in conventional channels. *Journal of Marketing*, Vol. 52, No. 1, pp.20-35. <http://dx.doi.org/10.2307/1251683>
- Hennig-Thurau T., Gwinner K.P., and Gremler D.D. (2002). Understand relationship marketing outcomes: an integration of relational benefits and relationship quality. *Journal of Services Research*, Vol. 4, No. 3, pp.230-247. <http://dx.doi.org/10.1177/1094670502004003006>
- Hennig-Thurau T., Langer M.F., and Hansen U. (2001). Modeling and managing student loyalty. *Journal of Services Research*, Vol. 3, No. 4, pp.331-344. <http://dx.doi.org/10.1177/109467050134006>
- Hocutt M.A. (1998). Relationship dissolution model: antecedents of relationship commitment and the likelihood of dissolving a relationship. *International Journal of Service Industry Management*, Vol. 9, No. 2, pp.189-200. <http://dx.doi.org/10.1108/09564239810210541>
- Holdford D., and White S. (1997). Testing commitment-trust theory in relationships between pharmacy schools and students. *American Journal of Pharmaceutical Education*, Vol. 61, Fall, pp.249-256.
- Jackson B.B. (1985). Build customer relationships that last. *Harvard Business Review*, Nov/Dec.
- Joseph and Joseph. (1997). Employers' perceptions of service quality in higher education. *Journal of Marketing for Higher Education*, Vol. 8, No. 2, pp.1-13. http://dx.doi.org/10.1300/J050v08n02_01
- Joseph and Joseph. (1997). Service quality in education: a student perspective. *Quality Assurance in Education*, Vol. 5, No. 1, pp.15-21. <http://dx.doi.org/10.1108/09684889710156549>
- Koerner M.M. (2000). The conceptual domain of service quality for inpatient nursing services. *Journal of Business Research*, Vol. 48, pp.267-283. [http://dx.doi.org/10.1016/S0148-2963\(98\)00092-7](http://dx.doi.org/10.1016/S0148-2963(98)00092-7)
- Kotler P., and Armstrong G. (2004). *Principles of Marketing*, (10th ed.). Upper Saddle River, NJ: Prentice Hall.
- Kotler P., and Fox F.A. (1995). *Strategic Marketing for Educational Institutions*. Englewood Cliffs, NJ: Prentice Hall.
- Mazzard T., and Soutar G.N. (1999). Sustainable competitive advantage for educational institutions: a suggested model. *The International Journal of Educational Management*, Vol. 13, No. 6, pp.287-300.
- Molina A., Martin-Consuegra D., and Esteban A. (2007). Relational benefits and customer satisfaction in retail banking. *International Journal of Bank Marketing*, Vol. 25, No. 4, pp.253-271.
- Moorman C., Zaltman G., and Deshpande R. (1992). Relationships between providers and users of marketing research: the dynamics of trust within and between organizations. *Journal of Marketing Research*, Vol. 29, No. 3, pp.314-329. <http://dx.doi.org/10.2307/3172742>
- Morgan R., and Hunt S. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, Vol. 58, pp.20-38. <http://dx.doi.org/10.2307/1252308>
- Mukherjee A., and Nath P. (2007). Role of electronic trust in online retailing: a re-examination of the commitment-trust theory. *European Journal of Marketing*, Vol. 41, No. 9/10, pp.1173-1202.
- Naphapiet J., and Ghoshal S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, Vol. 23, No. 2, pp.242-266.
- Naude P., and Ivy J. (1999). The marketing strategies of universities in the United Kingdom. *The International Journal of Educational Management*, Vol. 13, No. 3, pp.126-134. <http://dx.doi.org/10.1108/09513549910269485>
- Nguyen N., and LeBlanc G. (2001). Image and reputation of higher education institutions in students' retention decisions. *The International Journal of Educational Management*, Vol. 15, No. 6, pp.303-311. <http://dx.doi.org/10.1108/EUM0000000005909>
- Nusair K., Hua N., and Li X. (2010). A conceptual framework of relationship commitment: e-travel agencies. *Journal of Hospitality and Tourism Technology*, Vol. 1, No. 2, pp.106-120. <http://dx.doi.org/10.1108/17579881011065029>
- Obadia C. (2010). Benefits-based drivers of exporters' attitudinal commitment toward their foreign distributors: a longitudinal study. *International Marketing Review*, Vol. 27, No. 6, pp.606-629. <http://dx.doi.org/10.1108/02651331011088254>

Park C.H., and Kim Y.G. (2003). Identifying key factors affecting consumer purchase behavior in an online shopping context. *International Journal of Retail and Distribution Management*, Vol. 31, No. 1, pp.16-29. <http://dx.doi.org/10.1108/09590550310457818>

Patterson P.G., and Smith T. (2001). Relationship benefits in service industries: a replication in Southeast Asian context. *Journal of Services Marketing*, Vol. 15, No. 6, pp.425-443. <http://dx.doi.org/10.1108/EUM0000000006098>

Ping R.A. Jr. (1994). Does satisfaction moderate the association between alternative attractiveness and exit intention in a marketing channel. *Journal of Academy of Marketing Science*, Vol. 22, Fall, pp.364-371. <http://dx.doi.org/10.1177/0092070394224005>

Porter M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Free Press, New York, NY.

Shani D., and Chalasani S. (1992). Exploiting niches using relationship marketing. *The Journal of Services Marketing*, Vol. 6, No. 4, pp.43-52. <http://dx.doi.org/10.1108/EUM0000000002532>

Sharma N., and Patterson P.G. (2000). Switching costs, alternative attractiveness and experience as moderators of relationship commitment in professional, consumer services. *International Journal of Service Industry Management*, Vol. 11, No. 5, pp.470-490. <http://dx.doi.org/10.1108/09564230010360182>

Sheth J.N., and Parvatiyar A. (1995). Relationship marketing in consumer markets: antecedents and consequences. *Journal of Academy of Marketing Science*, Vol. 23, No. 4, pp.255-271. <http://dx.doi.org/10.1177/009207039502300405>

Shin H., Collier D.A., and Wilson D.D. (2000). Supply management orientation and supplier/buyer performance. *Journal of Operations Management*, Vol. 18, No. 3, pp.317-333. [http://dx.doi.org/10.1016/S0272-6963\(99\)00031-5](http://dx.doi.org/10.1016/S0272-6963(99)00031-5)

Spake D.F., and Megehee C.M. (2010). Consumer sociability and service provider expertise influence on service relationship success. *Journal of Services Marketing*, Vol. 24, No. 4, pp.314-324. <http://dx.doi.org/10.1108/08876041011053024>

Tsai W., and Ghoshal S. (1998). Social capital and value creation: the role of intrafirm networks. *Academy of Management Journal*, Vol. 41, No. 4, pp.464-476. <http://dx.doi.org/10.2307/257085>

Vasudevan H., Gaur S.S., and Shinde R.K. (2006). Relational switching costs, satisfaction and commitment: a study in the Indian manufacturing context. *Asia Pacific Journal of Marketing and Logistics*, Vol. 18, No. 4, pp.342-353. <http://dx.doi.org/10.1108/08876041011053024>

Yanamandram V., and White L. (2010). Are inertia and calculative commitment distinct constructs? An empirical study in the financial services sector. *International Journal of Bank Marketing*, Vol. 28, No. 7, pp.569-584. <http://dx.doi.org/10.1108/02652321011085202>

Table 1. Construct and Confirmatory Factor Analysis results

Construct	Composite Reliability	AVE	Cronbach's alpha
Relationship Benefits	0.804	0.625	0.785
Relationship Termination Costs	0.863	0.643	0.858
Shared Values	0.859	0.777	0.855
Trust	0.873	0.722	0.871
Relationship Commitment	0.880	0.805	0.877

Note: All estimates were significant ($p < 0.001$), AVE = average variance extracted

Table 2. Covariance matrixes of the six constructs in the Confirmatory Factor Analysis model

		RB	RTC	SV	TR
RTC	Estimate	0.458			
	S.E.	0.046			
	Estimate + S.E. *2	0.550			
SV	Estimate	0.314	0.475		
	S.E.	0.051	0.044		
	Estimate + S.E. *2	0.416	0.563		
TR	Estimate	0.119	0.398	0.670	
	S.E.	0.055	0.047	0.034	
	Estimate + S.E. *2	0.229	0.492	0.738	
RC	Estimate	0.735	0.655	0.432	0.248
	S.E.	0.030	0.034	0.046	0.051
	Estimate + S.E. *2	0.795	0.723	0.524	0.350

Table 3. Testing of the Hypotheses

Hypothesis	Construct Relationship	Standard Path Coefficient	t-value	Direct Effect	Hypothesis Supported
H1	RB→RC	0.563***	10.291	0.563	Yes
H2	RTC→RC	0.371**	6.939	0.371	Yes
H3	SV→RC	0.116*	1.960	0.116	Yes
H4	TR→RC	-0.038	-0.722	-0.038	No

* indicates significant at $p < .05$ level;

** indicates significant at $p < .01$ level;

*** indicates significant at $p < .001$ level.

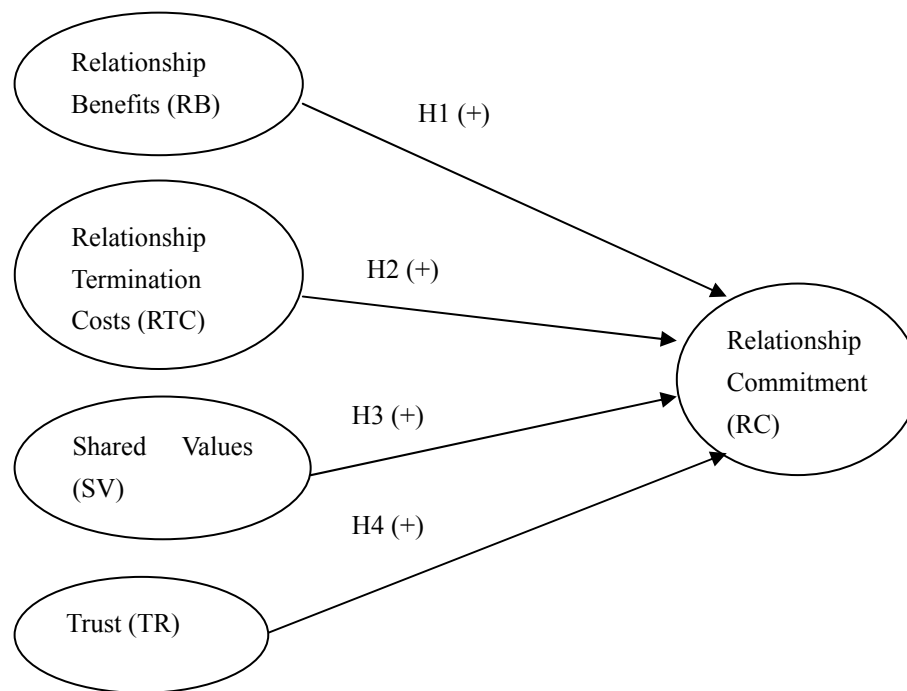


Figure 1.