THE IMPORTANCE OF SOCIAL BONDS FOR COMMUNICATION AND TRUST IN MARKETING RELATIONSHIPS IN PROFESSIONAL SERVICES

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Received: 16. 1. 2007 Preliminary communication
Accepted: 5. 12. 2007 UDC 339.138

This paper examines trust, communication and social bonds in marketing relationships in professional services in a business-to-business market. The context of our empirical research is the marketing research industry in Slovenia. The results show that social bonds in the examined context are present to a low extent. The analysis revealed two groups of companies on the basis of developed social bonds. The first group (‘strictly business’ relationships) consists of 62.7% of companies, which have a lower level of social bonds between individuals than 37.3% of companies that belong to the second group (‘business friends’ relationships). Analysis also revealed that social bonds positively influence openness of communication and trust.

1. INTRODUCTION

Providers of professional services on business-to-business markets comprise a significant segment of the economy; however, there is a lack of published research regarding marketing in the professional services context (Day and Barksdale, 2003). Due to increased competition and more sophisticated and informed clients, it has become very important for service providers to understand key factors that influence the development of close client-supplier relationships (Boughton et al., 1996).

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Interpersonal relationships and human factors play an important role in professional services. Therefore, management of interpersonal relationships is important for the development of a marketing relationship (Halinen, 1997). However, there is not much published research on social bonds between employees in two organizations (e.g. Bolton et al., 2003; Halinen, 1997; Haytko, 2004; Murry and Heide, 1998; Rodriguez and Wilson, 2002; Swan et al., 2001). Bolton et al. (2003) point out that business customers discriminate between aspects of service attributable to the service agent and to the company. While a service agent can create goodwill for the organisation, the other aspects of service delivery are attributable to the company. This is in line with the findings of Dwyer et al. (1987) about social and economics resources having different effects on relationships. This paper aims to extend the body of knowledge relating to professional services marketing by presenting results from a study that researched relationships between marketing research providers and their clients. The primary research objectives were to examine social bonds in relationships between professional service providers and their clients and determine their importance for openness of communication and trust in the provider. The context of this study is the marketing research industry in Slovenia.

2. CONCEPTUAL FRAMEWORK

Social bonds are defined as ‘the degree of mutual personal friendship and liking shared by the buyer and seller’ (Wilson, 1995, p. 339). Perry et al. (2002, p. 76) define social bonds as ‘investments of time and energy that produce positive interpersonal relationships between the partners’. In the context of business services, social bonds refer to the human side of the business service, including personal contacts, liking and trust (Thunman, 1992). Social bonds include familiarity, friendship and personal confidence that are built through the exchange process (Rodriguez and Wilson, 2002). They are developed through social interaction and individuals can develop strong personal relationships that can bond the relationship between two firms (Wilson, 1995). Some authors (McCall, 1970; Perry et al., 2002; Wilson and Mummalaneni, 1986) include attachment, commitment, trustworthiness, conflict, benevolence and equity as social bonds. This study follows Wilson’s (1995) definition and limits the concept of social bonds to friendship and liking between boundary personnel at the buyer’s and seller’s firms.

Haytko (2004) and Swan et al. (2001) propose three categories of interpersonal relationships. According to Haytko (2004), interpersonal relationships can be categorised as ‘strictly business’, ‘business friends’ and
'personal'. In ‘strictly business’ relationships, the focus is on the project; there is no personal interaction or communication, no self-disclosure and no knowledge base about the other person. In ‘business friends’ relationships, there is some self-disclosure, little outside of work interaction and a limited knowledge base. On the other hand, in ‘personal’ relationships, there is highly intimate self-disclosure, significant outside of work interaction and a fully developed knowledge base (Haytko, 2004). Swan et al.’s (2001) ‘business acquaintance’ relationship is similar to Haytko’s (2004) ‘strictly business’ relationship. It is characterised by low intimacy, low sharing of casual conversation and leisure activities. There is a narrow exchange of benefits and business information, limited mutual self-disclosure and there is no tension between economic and friendship norms. On the other hand, ‘commercial friends’ are similar to ‘personal’ relationships. This type of relationship is characterised by high intimacy, high sharing of casual conversation and leisure activities. There is a broad exchange of benefits and business information, frequent mutual self-disclosure and tension between economic and friendship norms (Swan et al., 2001). The intermediate type is ‘customer co-worker’ relationship that is similar to Haytko’s (2004) ‘business friends’. Both classifications, therefore, include three categories, where one extreme is a strictly business relationship, the other extreme is a relationship including personal friendship, while the third type is a relationship with mutual inclination that remains on the business level.

Communication can be defined as the formal and informal sharing of meaningful and timely information between two companies (Anderson and Narus, 1990). This definition stresses the efficacy of information exchange more than the quantity of communication and refers to past communication. A similar construct is information exchange that Cannon and Perreault (1999, p. 441) define as “expectations of open sharing of information that can be useful to both parties”. Moorman et al. (1992), in the context of marketing relationships between research agencies and their clients, name a similar construct as perceived quality of interaction that in marketing research services refers to the sharing of complete and accurate information about their research needs and research background and it also includes the freedom to disagree. This study adopts the definition of Anderson and Narus (1990) and understands communication as the sharing of meaningful and timely information between companies.

Trust is an essential relationship model-building block and it has often been defined as a belief that one relationship partner will act in the best interest of the other (Wilson, 1995). Based on a meta-analysis of studies about trust,
Geyskens et al. (1998, p. 225) pointed out that most studies in marketing build on interpersonal research and define trust as ‘the extent to which a firm believes that its exchange partner is honest and/or benevolent’ or some variant thereof. This study adopts the definition of Moorman et al. (1992) who studied trust in relationships between suppliers and buyers of marketing research services. According to Moorman et al. (1992, p. 82), trust is ‘a willingness to rely on an exchange partner in whom one has confidence’. An important aspect of their definition is the concept of trust as a belief, feeling or expectation about an exchange partner which can be judged from the partner’s expertise, reliability and intentions. Moorman et al.’s (1992) definition, similar to those of Doney and Cannon (1997) and Morgan and Hunt (1994), reflects two components of trust: credibility and benevolence. Credibility reflects a buyer’s belief that the supplier has sufficient expertise to perform the job effectively and reliably. Benevolence reflects the extent of the buyer’s belief that the seller’s intentions and motives are beneficial to the buyer even when new conditions arise for which a commitment was not made (Ganesan, 1994).

3. DEVELOPMENT OF THE HYPOTHESES

Wetzels et al. (2000) point out that in business-to-business markets, social contacts between buyer’s and seller’s personnel are the most important source of information. Communication is a key to getting to know the other firm. The extent to which this knowledge develops is related to the perceived levels of the main characteristics of personal relationships. In relationships that were termed ‘personal’ and characterised with higher reciprocity (in self-disclosure and action) and higher levels of intimacy in the relationship, communication was more open. The opposite was true with relationships termed ‘strictly business’ (Haytko, 2004). Therefore, we propose the following hypothesis:

\[
H1: \text{Social bonds positively influence openness of communication.}
\]

Montgomery (1998) proposes that unconditional trust comes to the forefront in a relationship as it develops, and the friendship role takes over from the economic agent role. Similarly, results of Haytko’s (2004) study reveal higher trust in more personal relationships. Mavondo and Rodrigo (2001) and Rodriguez and Wilson (2002) found a positive influence of social bonds on trust. Håkansson and Snehota (1995) also point out the importance of social bonds between individuals for mutual trust and trust in interaction. Accordingly, we propose:

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H2: \text{Social bonds positively influence trust.}
\]
4. RESEARCH DESIGN

4.1. Measure development and data gathering

Variables for this research were operationalised on the basis of operationalisations from past research, with some modifications and developments based on nine in-depth interviews with clients of marketing research providers conducted in the exploratory phase in November 2004 - January 2005. Trust was measured on a combined scale of scales proposed by Moorman et al. (1992), Doney and Cannon (1997) and Gounaris and Venetis (2002), which were adapted to the context of this research. Communication was measured using adapted scales for communication developed by Anderson and Weitz (1992), Anderson and Narus (1990), Morgan and Hunt (1994) and scales for information exchange developed by Cannon and Perreault (1999) and Heide and Miner (1992). A scale for social bonds, developed by Mavondo and Rodrigo (2001), was also adapted to the context of this research. For all scales, respondents were asked to express their agreement with a given statement using a seven-point Likert-type scale (from 1 – not at all true, to 7 – completely true). One variable for trust and one for social bonds that had a negative direction were reversely scored in the further analysis. After a scale refinement in line with five expert opinions, the questionnaire was tested on 10 members of the population.

The context of this study is the marketing research industry in Slovenia. The context of the marketing research was chosen because it provides a good representation of professional services and includes a wide continuum of marketing relationships from transactions to partnerships, therefore providing the desired variability of relationships (Tellefsen and Thomas, 2005).

Data were gathered from managers who are responsible for marketing research in each of the client firms. In order to ensure variability in the marketing relationships included in the survey, the respondents evaluated their relationship with the agency that carried out their most recent research project, like in the Moorman et al. (1992) research. They were instructed to answer questions about the specific relationship and to keep in mind not only the last research, but also the entire relationship they had experienced with that provider. The sample framework included 230 companies that were clients of marketing research agencies. Data collection started in March 2005 and by the end of July 2005, 150 telephone interviews had been completed with a response rate of 65.2%.
4.2. Sample characteristics

The majority of companies that responded to the questionnaire were providers of business services (24.7%), followed by manufacturing (23.3%) and trade companies (22%). The rest were providers of services for consumers (12.7%), services for both companies and consumers (11.3%), while 6% came from other industries. A total of 40.7% of the companies had up to 50 employees; there was 24.7% of companies with 101-500 employees and 21.3% of companies with more than 501 employees, while there were fewer companies with 51-100 employees (13.3%). The average duration of a relationship is 4.4 years. We also examined what the value share is of projects done by this provider among all research projects carried out with outside suppliers of the marketing research. The average value share of research projects conducted by the studied agency is 76.1%. This means that the majority of respondents had described their relationship with their most important provider of marketing research.

4.3. Data analysis

The set of items for each construct was initially examined using exploratory factor analysis to identify items not belonging to the specified domain. Items with a loading of less than 0.50 and/or cross-loadings greater than 0.35 were discarded. Exploratory factor analysis revealed three components; on the first, five variables of trust loaded (Cronbach α is 0.85), on the second, five variables of social bonds (Cronbach α is 0.76) and on the third, five variables of communication (Cronbach α is 0.77). The summated variables were then used in the further analysis.

To present the results of clients’ social bonds, commitment and trust univariate statistical analyses of variables (the calculation of arithmetic means and standard deviations) were performed. To test the proposed hypotheses, we first did a clustering analysis on five variables of social bonds. Hierarchical clustering revealed two groups that were later confirmed with K-means clustering. A calculation of Ward’s criterion function showed that a classification in two groups (the change in Euclidian distance from the classification in one to the classification in two groups is 274.67) is better than a classification in three groups (the change in Euclidian distance from the classification in two to the classification in three groups is 93.97). Independent samples of t-tests were then performed on these two groups, with the measuring variables for communication and trust being dependent variables and cluster membership being an independent variable. In addition, simple regression
analyses were run on summated variables of social bonds, communication and trust to gain a further insight into the relationships between the constructs and to reject or confirm the proposed hypotheses. Data were analysed using the SPSS 14.0 statistical package.

5. RESULTS

5.1. Social bonds

Respondents, on average, indicated a low level of social bonds in relationships with the research agency (Table 1). The average values for the proposed statements were all below the centre of the scale, meaning the respondents were, on average, less than neutral about them.

They expressed the highest agreement with the statement that it takes less time to get certain information and favours from the contact person due to having a good relationship (mean 3.85), followed by talking openly as friends (mean 3.57). On average, they expressed the lowest agreement with the statement that they know the contact person’s life outside of work (mean 1.84).

Table 1 also presents the results of the cluster analysis. We see that firms can be divided in two groups. Clients in the first and bigger group (94 firms) have less developed social bonds with their research providers than the sample average and clients in the second and smaller group (56 firms). The first group can be described as having ‘strictly business’ relationships (Haytko, 2004) as we can see there is no personal interaction or communication, no self-disclosure and no knowledge base about the other person. On the other hand, the second group can be described as having ‘business friends’ relationships (Haytko, 2004) since there are some self-disclosure, some outside of work interaction and a limited knowledge base. The category ‘personal’ relationship was not revealed in our research.
Table 1. Descriptive statistics for variables measuring social bonds and final cluster centres (computed on standardised variables)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Descriptive statistics</th>
<th>Cluster centres</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Dev.</td>
</tr>
<tr>
<td>Our contact person and I often meet at social gatherings outside work (socb1).</td>
<td>2.10</td>
<td>1.61</td>
</tr>
<tr>
<td>Our contact person and I are able to talk openly as friends (socb2).</td>
<td>3.57</td>
<td>1.98</td>
</tr>
<tr>
<td>We talk only about business matters (R) (socb3).</td>
<td>3.07</td>
<td>1.86</td>
</tr>
<tr>
<td>I know his/her life outside of work (socb4).</td>
<td>1.84</td>
<td>1.28</td>
</tr>
<tr>
<td>Due to a good relationship, it takes less time to get certain information and favours from the contact person (socb5)</td>
<td>3.85</td>
<td>2.03</td>
</tr>
</tbody>
</table>

Notes: Variable socb3 was reversely coded. The results pertain to the reversely scored item.

5.2. Openness of communication

Respondents, on average, expressed higher agreement with statements measuring openness of communication than with those measuring social bonds (Table 2). For all the measured variables of openness of communication, the mean scores are above 4 which means that the respondents have, on average, more than a neutral attitude to the statements. They expressed the greatest agreement with the statement that they openly express dissatisfaction if it comes to it (mean 6.41; standard deviation 0.94), followed by providing all relevant information regarding the research project to this agency (mean 5.89; standard deviation 1.59) and that this agency notifies them when unexpected problems arise during the research project (mean 5.68; standard deviation 1.52). Differences in openness of communication due to a level of social bonds are shown in Table 2. The results show that in the first group of companies, where social bonds are significantly lower, three variables measuring openness of communication are also significantly lower ($p < 0.01$) than in the group of companies with more developed social bonds. This indicates that social bonds positively influence openness of communication. For two statements (‘we openly express our dissatisfaction if it comes to it’ and ‘this agency shares relevant cost information with us’), there are no statistically significant differences between the two groups. The reason could be that these are elements of communication that are a part of the business culture and therefore not under the influence of social bonds.
Table 2: Differences in openness of communication due to the level of social bonds

<table>
<thead>
<tr>
<th>Variable</th>
<th>Lower level of social bonds</th>
<th>Higher level of social bonds</th>
<th>t-test</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>This agency shares relevant cost information with us</td>
<td>4.79</td>
<td>5.02</td>
<td>-0.74</td>
<td>0.46</td>
</tr>
<tr>
<td>(comm1)</td>
<td>1.91</td>
<td>1.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This agency keeps us updated about the course of research</td>
<td>4.61</td>
<td>5.79</td>
<td>-4.69</td>
<td>0.00</td>
</tr>
<tr>
<td>(comm2)</td>
<td>2.00</td>
<td>1.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This agency notifies us when unexpected problems</td>
<td>5.43</td>
<td>6.11</td>
<td>-3.04</td>
<td>0.00</td>
</tr>
<tr>
<td>arise during our research project (comm3)</td>
<td>1.70</td>
<td>1.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We openly express our dissatisfaction if it comes to it</td>
<td>6.34</td>
<td>6.52</td>
<td>-1.11</td>
<td>0.27</td>
</tr>
<tr>
<td>(comm4)</td>
<td>1.05</td>
<td>0.71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We provide all relevant information regarding the</td>
<td>5.63</td>
<td>6.32</td>
<td>-3.02</td>
<td>0.00</td>
</tr>
<tr>
<td>research project to this agency (comm5)</td>
<td>1.81</td>
<td>0.99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Equal variances are assumed at comm1 and comm4, while at comm2, comm3 and comm5 equal variances are not assumed.

A linear regression was then performed on the summated variables to determine the effect of social bonds on the openness of communication. First, correlation analysis revealed a weak positive correlation between social bonds and openness of communication (Pearson’s correlation coefficient is 0.36, \( p < 0.001 \)). The determination coefficient shows that social bonds can account for 13.2% of the variation in openness of communication. Overall, the model (openness of communication = 23.18 + 0.33 * social bonds) results in a significantly good prediction of the outcome variable (F-test = 22.52, \( p < 0.001 \)). Research hypothesis H1 is therefore supported.

5.3. Trust

Respondents, on average, expressed even higher agreement with statements measuring trust (Table 3). Respondents, on average, trust the most that the agency will execute research with methodological rigour (mean 6.32; standard deviation 0.99), that it will plan research with expertise (mean 6.05; standard deviation 1.03) and that it will provide them with credible information (mean
Respondents indicated somewhat less agreement with the statements that they would be willing to let the researcher make important decisions without their involvement (mean 5.56; standard deviation 1.28) and that they trust the researcher would do the job correctly if not monitored (mean 5.61; standard deviation 1.23). One possible explanation here could be that the clients are not completely convinced of the providers’ benevolence. Differences in trust due to the level of social bonds are shown in Table 3.

**Table 3: Differences in trust due to the level of social bonds**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Lower level of social bonds</th>
<th>Higher level of social bonds</th>
<th>t-test</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can let my researcher make important research decisions without my involvement (trust1)</td>
<td>5.31 1.32</td>
<td>5.96 1.11</td>
<td>-3.10</td>
<td>0.00</td>
</tr>
<tr>
<td>I would be willing to trust my researcher to get the job done right without monitoring (trust2).</td>
<td>5.41 1.31</td>
<td>5.95 1.03</td>
<td>-2.76</td>
<td>0.01</td>
</tr>
<tr>
<td>I cannot trust that the agency will execute research with methodological rigour (R) (trust4).</td>
<td>6.26 0.93</td>
<td>6.43 1.09</td>
<td>-1.04</td>
<td>0.30</td>
</tr>
<tr>
<td>We believe in the information that this agency provides us with (trust5).</td>
<td>5.71 1.07</td>
<td>6.09 0.92</td>
<td>-2.19</td>
<td>0.03</td>
</tr>
</tbody>
</table>

Notes: Variable trust4 was reversely coded. The results pertain to the reversely scored item. Equal variances are assumed at trust1, trust3, trust4, and trust5, while at trust2 equal variances are not assumed.

The results show statistically significant differences in four out of five variables measuring trust. Those with a higher level of social bonds, on average, expressed greater agreement with the statements measuring trust than firms with a lower level of social bonds ($p < 0.05$). There are no statistically significant differences between the two groups regarding the fourth variable that measures trust in methodological rigour at research execution. The reason could be that...
all research agencies execute research with methodological rigour and there are no significant differences among them based on the level of social bonds.

The correlation between social bonds and trust (Pearson’s correlation coefficient is 0.31, \( p < 0.001 \)) is weak. The determination coefficient shows that social bonds can account for 9.9% of the variation in trust. The model (trust = \( 26.21 + 0.22 \times \text{trust} \)) results in a significantly good prediction of calculative commitment (F-test = 16.22, \( p < 0.001 \)). Research hypothesis H2 can therefore be supported.

6. CONCLUSIONS AND IMPLICATIONS

The purpose of this paper was to extend the body of knowledge relating to professional services marketing by presenting the results from a study that researched the importance of social bonds for openness of communication and trust in relationships between professional service providers and their clients on the business-to-business market in Slovenia. First, social bonds, openness of communication and trust were examined and then the relationships between social bonds, on the one hand, and openness of communication and trust, on the other, were tested. The results show that social bonds in the examined context of Slovenia are present to a low extent. The analysis revealed two groups of companies on the basis of developed social bonds. The first group consists of 62.7% of the companies, which have, on average, less social bonds with their research provider than 37.3% of the companies that belong to the second group and express a relatively higher level of social bonds with their research provider. The first group of companies can be described as employees having strictly business relationships, while in the second group, business friendships were developed. The results did not reveal a third group of companies where employees would have developed personal relationships. The results are in line with the findings from the in-depth interviews with clients, where employees at client companies pointed out that business comes first and that they very rarely share personal information.

Clients, on average, indicated relatively high levels of communication openness in the examined relationships. For three out of the five examined variables measuring communication, differences were found between the two groups, while two variables of communication were independent of the level of social bonds in the relationship. Regression analysis revealed that social bonds positively influence openness of communication. Regarding trust, clients believe their examined research provider is credible (has sufficient expertise to perform the job effectively and reliably) and benevolent (the provider’s
intentions and motives are beneficial to the client). For four out of the five variables of trust, statistically significant differences were found between the two groups, where in the group with a higher level of social bonds, trust in the provider was also significantly higher. Regression analysis also revealed that social bonds positively influence trust in the provider. Both proposed hypotheses are therefore supported. However, a word of wisdom is in place here. Although social bonds positively influence openness of communication and trust, their influence is relatively weak and social bonds represent only one of the factors influencing these two constructs. Nevertheless, interpersonal relationships and human factors play an important role in professional services, and the management of interpersonal relationships is important for the development of a marketing relationship (Halinen, 1997).

While this study gives answers to our questions, it also opens new questions and possibilities for future research. One of the limitations of this study is that it investigates only one side of the relationship. It would be interesting to examine what role social bonds play on the other side of the die. Do clients get special treatment if the employees working in the relationship are business friends? Next, we found that although social bonds positively influence openness of communication and trust, a substantial proportion of variance in communication and trust remains unexplained. Therefore, it would be valuable to examine what the other antecedents are to trust and communication since trust, especially, plays a key role in continuing the relationship.

REFERENCES


VAŽNOST SOCIJALNIH VEZA ZA KOMUNIKACIJU I POVJERENJE U MARKETINŠKE ODNOSE U PROFESIONALNIM USLUGAMA

Sažetak

Ovaj rad istražuje povjerenje, komunikaciju i socijalne veze u marketinškim odnosima industrije profesionalnih usluga, i to na segmentu poslovne potrošnje. Empirijsko se istraživanje odnosi na slovensku industriju marketinškog istraživanja. Njegovi rezultati pokazuju da su socijalne veze u proučavanom kontekstu prisutne tek u maloj mjeri. Analiza otkriva dvije grupe poduzeća prema razvijenosti socijalnih veza. Prva grupa (koju karakterizira „čisti poslovni“ odnos) sastoji se od 62,7% kompanija, koje imaju nižu razinu socijalnih veza između pojedinaca, za razliku od 37,3% kompanija koje pripadaju drugoj grupi (za koju je karakterističan odnos „poslovnog prijateljstva“). Analiza također otkriva da socijalne veze pozitivno utječu na otvorenost komunikacije i povjerenje.