

Chapter 1

Trust and Long-Term Satisfaction within Asymmetric Business Relationships: A Study of Kuwaiti Telecommunications Sector

Khurram Sharif
Qatar University, Qatar

ABSTRACT

This paper explores the nature of trust and satisfaction existing between service providers (large organizations) and a network of 47 distributors (small organizations) within the Kuwaiti telecommunications sector. Data was collected using a questionnaire based survey involving a convenience sample of 209 respondents representing 47 distributor outlets. The results show that the Kuwaiti telecommunications sector asymmetric relationship network was largely driven by cognitive input of trust, that is, technical competency was favored over affective input. Furthermore, there was a significant relationship between cognitive input and Long-term Satisfaction Disposition (LSD) and control input (i.e. use of power) and LSD. This indicates that trust, although favored, was not a condition for establishing long-term satisfaction within asymmetric business relationships. Finally, the influence of wasta (i.e. favoritism) and control input on trust are found to be insignificant.

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INTRODUCTION

B-to-B Relationships and Trust

Within b-to-b exchanges trust is pivotal in managing the relationship network particularly where long-term relationship is envisaged. Within this futuristic exchange orientation, trust facilitates and encourages relationship actors to:

1. Co-operate to preserve and protect relationship investment (Williamson, 1993).
2. Extract and realize benefits (both monetary and social) by staying with the partner over a long period (Luhmann, 1995).

Within this long-term relational context (as depicted in point (ii) above); trust acts as a reagent that transforms exchanges (Zeithaml et al., 2006). This 'shift' is also captured by Johnson and Selnes (2004) who brand trust as a catalyst that initiates a relationship transformation from formal to informal and from short to long term.

Fundamentally the research focused on b-to-b relationships which have been going on for three or more years and analyzed the status of distributor's LSD based on variables such as shared profitability, care, openness, making concessions, and mutual agreements on future goals (cf. Kwon & Suh, 2004; Fynes et al., 2005). Hence a modular approach, based on four inputs of trust and their impact on LSD, was utilized to chart the behavior of distributors (i.e. small organization with less than 50 employees) towards service providers (large organization with more than 500 employees).

B-to-B Relationships within Culturally and Socially Distinct Market

Kuwait has a different social and cultural set-up and hence business and corporate norms that may

be different from North American and Western European markets (Hofstede, 1983). Selection of Kuwait as a study market should offer a current Arab perspective of relational factors that may impact trust and satisfaction. Furthermore the concept of trust as a competitive tool within b-to-b exchanges is relatively new to a number of organizations within Middle East. In this dynamic and emerging business environment it would be timely and useful to conduct this research in order to offer long-term b-to-b trust and satisfaction views that are representative of asymmetric business relationships. This may also provide a relational insight for large and small organizations contemplating establishing business interests in the Gulf Cooperation Council (GCC). GCC is a political, economic and cultural union of six countries which include Kingdom of Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Oman and Bahrain. Especially a time-relevant view of b-to-b relationships is useful that is based on the present situation (i.e. now) rather than historic data (i.e. was). Furthermore due to tremendous pace of economic growth within the GCC region over the last decade many foreign organizations have entered this market. This may have changed the 'relationship environment' and hence may have altered the norms that dictated the business activities and practices. This research will try to capture some of the relationship changes that may have taken place from the trust perspective.

Additionally by evaluating cognitive, affective, favoritist and control inputs of trust, the research assessed the role multi-dimensional conceptualization of trust played in creation and establishment of long-term satisfaction. Hence by analyzing both rational and behavioral aspects of trust and linking these to long-term satisfaction provided an evaluation of how trust impacts long-term satisfaction disposition within an asymmetric exchange environment.

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