The Collective-Relational Paradox in Consumer Trust Judgments: Framework and Propositions

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EXTENDED ABSTRACT - Rarely in its long history has the marketing discipline faced a paradox of such magnitude and clarity as it faces today in local and global markets. On a firm-consumer level, the focus on building relationships, deepening loyalty, and fostering consumer trust in the firm's commitment to serving customers has never been more intense or clear. Consider, for instance, the Marketing Science Institute's recognition of the five topics of top tier priority for 2002-2004. Each of these topics appears to relate one way or another to better understanding, and strengthening the relationship between the firm and its customers. Yet, at a collective level the general distrust of business motivations, open cynicism and widespread belief that business in general and marketing in particular will opportunistically exploit society's trust if given a chance has never been more palpable or real. Stories of this Acrisis of confidence@ abound in the popular press (Business Week, June 2002; Chain Store Age, May 2002). Additionally, polling data demonstrates the declining public trust in Corporate America (Golin/Harris Poll 2002; Booth-Harris Trust Monitor, 2001), general loss of public faith in institutions such as medicine (Schlesinger 2002), government (Chanley, Rudolph, and Rahn 2000), and business (Nye 1997). That collective distrust can coexist in an era when firms are redoubling their efforts to build relational trust is a paradox that has thus far remained below the radar screen of researchers and practitioners alike. As such, the collective-relational paradox of trust is little understood; even less recognized are its implications for consumers and firms in general, and individual firm-consumer relationships in particular.

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EXTENDED ABSTRACT

Rarely in its long history has the marketing discipline faced a paradox of such magnitude and clarity as it faces today in local and global markets. On a firm-consumer level, the focus on building relationships, deepening loyalty, and fostering consumer trust in the firm’s commitment to serving customers has never been more intense or clear. Consider, for instance, the marketing Science Institute’s recognition of the five topics of top tier priority for 2002-2004. Each of these topics appears to relate one way or another to better understanding, and strengthening the relationship between the firm and its customers. Yet, at a collective level the general distrust of business motivations, open cynicism and widespread belief that business in general and marketing in particular will opportunistically exploit society’s trust if given a chance has never been more palpable or real. Stories of this “crisis of confidence” abound in the popular press (Business Week, June 2002; Chain Store Age, May 2002). Additionally, polling data demonstrates the declining public trust in Corporate America (Golin/Harris Poll 2002; Booth- Harris Trust Monitor, 2001), general loss of public faith in institutions such as medicine (Schlesinger 2002), government (Chanley, Rudolph, and Rahn 2000), and business (Nye 1997). That collective distrust can coexist in an era when firms are redoubling their efforts to build relational trust is a paradox that has thus far remained below the radar screen of researchers and practitioners alike. As such, the collective-relational paradox of trust is little understood; even less recognized are its implications for consumers and firms in general, and individual firm-consumer relationships in particular.

The purpose of our study is to provide an initial exposition of the collective-relational trust paradox. We provide a conceptual foundation for the collective and relational trust concepts. We draw from sociology, psychology and management disciplines for a directed and meaningful analysis of the collective-relational paradox. We then propose a theoretical framework that attempts to capture the impact of collective trust/distrust on relational trust and their joint impact on customer loyalty in individual firm-consumer exchanges. Our study concludes by proposing future research directions within the collective-relational paradox and the pragrammatic significance of the paradox in amplifying or attenuating a firm’s efforts to build customer loyalty.

Our conceptual foundation for collective trust examines three elements: The definition of a collective, the substantive content of the collective trust construct, and the mechanisms underlying the antecedents and consequences of the collective trust construct. Following Zucker’s (1986) historical analysis of the production of trust in society, the notion of collective refers to broad societal and economic institutions/groups that are perceived to be similar based on certain individual (e.g., society of accounting professionals) or firm-specific attributes (e.g., chemical industries association).

We specify the substantive content of the collective trust construct as consumer’s willingness to invest resources, authority, and/or responsibility in a diffused or institutionalized collective entity to act on consumers’ behalf to safeguard consumer interests in exchanges involving individual members of the collective (Shapiro, 1987). That is, a consumer with a high trust in a collective agency (e.g., airlines in general [diffused] or the FAA [institutionalized]) is more willing to entrust this agency with authority and responsibility to regulate market exchanges involving its members to ensure that consumer interests are protected and disputes are adjudicated fairly.

There are three separate schools of thought that pertain to the mechanisms of collective trust. The first deals with the social-psychological theories of generalized trust/social exchanges based on general predisposition to trust others (Luhmann 1979). The second attributes the mechanisms of collective trust to the cultural environment of the individuals and the last proposes that collective trust is predicated on institutional performance alone (Newton and Norris 2000). We discuss each one of these perspectives and draw distinctions between the notion of a collective from a socio-psychological-political perspective and business perspective.

Unlike collective trust, relational trust has received significant attention in the marketing and management areas with emphasis on different aspects of this phenomenon. Organizational psychologists emphasize relational trust within firms, typically between employees and supervisors, and between firms, typically firms engaged in vertical or horizontal alliances (Gametta 1988, McAllister 1995; Jones and George 1998; Brockner, Siegel, Daly, Tyler, and Martin 1997; Kramer 1999).

Marketing scholars emphasize relational trust at the interface of firms and consumers, typically between consumer and service provider/brand (Sirdeshmukh, Singh, and Sabol 2002; Singh and Sirdeshmukh, 2000; Iacobucci and Ostrom 1996; Fournier 1998), and of manufacturer and channel intermediaries typically involving vertical channel members or salespeople and a firm (Doney and Cannon 1997; Kumar 1996; Morgan and Hunt 1994; Gulati 1995; Moorman, Zaltman, and Deshpande 1992; Wicks, Herman, and Jones 1999; Lane and Bachmann 1996). In the tradition of academic research, these studies are founded on a theoretically based conceptualization of the relational trust construct, and important concerns regarding the substantive usefulness and validity of this construct have been addressed. Collectively, these studies represent a rich tradition of academic relational trust literature that can be employed to tackle the issues of collective trust, and the potential for a collective-relational trust paradox.

To promote research into this area, we follow the conceptualization of the collective trust construct with a framework of the asymmetric and monotonic effects of collective trust on relational trust and consumer loyalty. Several research propositions are drawn from the model. Future research directions and public policy implications conclude the study.

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