The Structure of Relationship Commitment in Interfirm Relationships

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Relationship commitment refers to the extent to which a firm is dedicated to a close and enduring relationship with another firm (Kim and Frazier 1997). It takes many forms both in terms of motives that manifest attitude to preserve the relationship and behaviour that demonstrates partners' interest in the relationship. We argue that despite the obvious importance of commitment, existing conceptualisations are not sufficiently comprehensive. We propose a multidimensional conceptualisation of commitment together with hypotheses about the interrelationships among the different dimensions.

Background

There are two main ways in which commitment has been conceptualized in the literature - as an attitude and as behaviour. Attitudinal commitment is concerned with the intentions, preferences and orientation of relationship participants towards the relationships they are involved in. It is presented as an intention to continue the current relationship (Anderson and Weitz 1992; Johnson 1973; Rusblt 1983; Rosenblatt 1977), developing strong preferences for existing partners (Teas and Sibley 1980); a desire for relational continuity (Anderson and Weitz 1989); and as a long term orientation (Brown, Lusch and Nicholson 1995). In all of these, commitment is seen as a psychological attachment reflecting partner's thoughts and beliefs about the current relationship. This concept of commitment has been used in a variety of different relationship contexts including: close personal relations (Rusblt 1980); employee-employer relations (Angle and Perry 1981; Porter et al. 1974; Mowday, Steers and Porter 1979; Steers 1977) and relationships between organisations (Gundlach, Achrol and Mentzer 1995; Kumar et al. 1995).

The underlying reasons for these attitudes have been explored by some researchers and a range of different motives have been identified in studies of interfirm relations. These include the economic concerns of the partners (Hakansson 1989; Johanson 1989 and Johanson et al. 1991); a desire to develop a stable relationship (Anderson and Weitz 1992) and a desire to have social relationships (Arndt 1979).

The focus on underlying motives has led researchers to develop different conceptualizations of commitment and the role it plays in relations. Thus, one group of writers argue that commitment emerges entirely from the sentiments of affection toward the partner and commitment is characterised in terms of affection and emotional attachment towards the partner (e.g., Bateman and Strasser 1984; Mathieu and Zajac 1990; Mowday, Steers and Porter 1979; Porter et al. 1974; Steers 1977; Young and Denize 1997 and 1999). Others view commitment as entirely cognitive and calculative (e.g., Anderson and Weitz 1989; Rusblt 1980; Farrell and Rusblt 1981). Cognitive commitment is based on the balancing of the rewards and costs of continuing the relationship and leads to a different type of commitment. A third view conceptualises commitment in terms of social norms and moral obligations toward an organisation or an individual (Wiener 1982).

Most writers see commitment as emerging from a combination of these motives. For example, it is argued that attitudinal commitment develops as a result of the affection for the partner and from an assessment of the benefits and costs of the relationship (e.g. Kumar, Hibbard and Stern 1994; Kumar et al. 1995; Geyskens and Steenkamp 1995). Others argue that attitudinal commitment develops from all three types of motives - affection, cost benefit assessment and moral obligation (e.g. Allen and Meyer 1990; Meyer and Allen 1984).

A Multidimensional Conceptualisation of Commitment

We distinguish between three different types of commitment based on the underlying motives. Affection and attachment lead to affective commitment, cost-benefit assessment leads to cost-induced commitment, and moral obligation develops obligation based commitment.

Affective Commitment

Affective commitment is based on affect motives such as emotional attachment, belonging and respect for the partner. It manifests in the form of a liking to develop and strengthen the relationship with another person or group (Geyskens and Steenkamp 1995).
Much attention has been paid to affective commitment in the literature because it is viewed as stronger and more effective in developing long lasting relationships than other motives such as switching cost, lack of alternatives, and economic gains. For example, experimental work by Schurr and Ozanne (1985) shows affective sentiments to be so influential in buyer-seller relationships that the relations with current buyers and suppliers are not ended even if alternative buyers/suppliers offer better deals.

Affective commitment is explained by some in terms of the congruence of values and goals among participants, which means that relationship participants have common beliefs about behaviour, goals, and policies (Buchanan 1974; Mowday et al. 1982; Brown, Lusch and Nicholson 1995; Kim and Frazier 1997). The relevance of ‘values and goal congruence’ to affective commitment is criticized by some authors e.g., Reichers (1985) because they argue it represents value agreement instead of commitment and, for employee commitment, it is not necessary to have a unity with the goals and values of the organisation.

Others stress motives such as enjoyment and belonging as the basis for affective commitment. In numerous studies, individuals are seen to stay in a relationship due to positive sentiments, liking the association, a sense of belonging with and a high respect for the partner (Allen and Meyer 1990; Kanter 1968; Konovsky and Cropanzano 1991; Geyskens and Steenkamp 1995; Geyskens et al. 1996; Kumar et al 1995; Morgan and Hunt 1994).

**Calculative-Cognitive Commitment**

For some researchers attitudinal commitment involves an economic calculation. Two types of cognitive commitment can be distinguished - positive and negative. Cognitive commitment is negative when a tendency to maintain a relationship develops because of the costs and penalties associated with switching. A positive cognitive commitment develops when a partner stays in the relationship to realize certain economic gains or benefits. These are considered further below.

**Negative Cognitive Commitment (Locked-in Commitment)**

Locked-in commitment is different from affect based commitment because its focus is on the obstacles that hinder exploring and developing a new relationship rather than the positive reasons for keeping an existing one. While affective commitment represents the extent partners are motivated to continue the relationship due to their liking for the relationship, locked-in commitment represents the extent partners experience the need to maintain the relationship due to high penalties associated with leaving. The partners maintain the relationship because one or both parties are ‘stuck’ with the other rather than having a liking or respect for each other (Young and Denize 1997). ‘Stuck’ relationships may dissolve if better alternatives become available (Rusbult 1980; 1983). But sometimes these “locked-in” relationships cannot be terminated due to excessive penalties of switching even if better alternatives are available.

Locked-in commitment is called many different things in the literature. It has been termed ‘cold’ commitment because it is based on structural constraints. In organisational psychology, Kanter (1968) labels it as ‘cognitive-continuance’ (p. 504) and Stebbins (1970) labels it as ‘continuance’ commitment (p. 527). In the management area it is labeled by Wiener (1982) as ‘cognitive-instrumental’ motivation. Common to all these is the view that this commitment depends on dispassionate cognitive assessment - a rational evaluation of the costs of discontinuing the relationship. Thus it is a calculative act.

This type of attitude is not always viewed as commitment. Wiener (1982) for example argues that ‘cognitive-instrumental’ motivation is not commitment because it is self oriented and stems from the extrinsic elements of rewards and consequences that an employee expects to receive for his/her work and effort. He argues that commitment conceptualisations should solely involve affective elements.

Numerous factors can contribute to the development of locked-in commitment. Common to most explanations is that some sort of irretreivable relationship investment has been made and the relationship continues so as to not to lose this. In personal relationships, such investments represent the time, energy, emotions, self-disclosure and money that are put into developing and maintaining the relationship (Rosenblatt 1977; Rusbult 1983; Kelley and Thibaut 1978). These investments make dissolution very difficult for the partners and thus lock them into the relationship. In employee-employer relationships,
employees invest something of value in the relationship e.g., non-portable pension plans (Farrell and Rusbult 1981; Mathieu and Zajac 1990; Becker 1960; and Hrebiniak and Alutto 1972) and find it difficult to separate themselves from it. In interorganisational relationships, investments are valuable relationship specific assets that buyer and seller firms develop and use within the relationship and which cannot be redeployed to another relationship (Hakansson 1982; Ford 1980; 1984; 1990; Holm, Eriksson and Johanson 1996) Examples include, franchising systems, customised products, just-in-time inventory arrangements and online information transfer; capital improvements, training and equipment (Young and Denize 1997). Investments are also made through long and short term structural changes ‘adaptations’ that both parties make to sustain the relationship (Ford 1980; Hakansson 1989) which cannot be transferred to other business relationships (Hallen, Sayeed Mohamad and Johanson 1989; Johanson, Hallen and Sayeed Mohamad 1991).

Positive Cognitive Commitment (Value based Commitment)
Value based commitment represents the extent to which the willingness to continue the relationship is based on the rewards and value of the relationship.

Value based commitment is similar to locked-in commitment in that it is cognitive and involves economic calculation. However it is different from locked-in commitment because its focus is on creating value within the relationship. It involves positive sentiments towards the relationship. The emphasis is on developing and sustaining the relationship to receive benefits and reduce costs thereby maximizing overall value so the participants are positively motivated.

An example of value based commitment is found in studies of employee’s commitment toward the organisation, where a calculation of the rewards and costs has been seen to be used to give an assessment of the value of remaining in the current organisation (Farrell and Rusbult 1981). Numerous types of rewards (e.g., good pay, opportunity for promotion, autonomy, variety) and costs (e.g. lengthy travel to work, unfair promotion practices, undesirable shifts) are included in their model. Commitment is predicted by subtracting costs from the rewards. Thus value is seen as a trade off between the rewards and costs of a relationship (Rusbult 1980; Rawal and Gronroos 1996).

Value based commitment is discussed in various disciplines though it is labeled differently. In organisational psychology, researchers report that a reward based commitment exists in employee-organisational relationships which they refer to as ‘instrumental commitment’ since it describes commitment based on involvement exchanged for specific rewards (Caldwell, Chatman and O’Reilly 1990; O’Reilly and Chatman 1986). In a similar vein Wiener (1982) calls this ‘cognitive-instrumental motivation’ and describes its nature as involving ‘utilitarian’ themes. The term ‘utilitarian’ stands for cognitive evaluation of rewards and costs of remaining in the organisation.

In their attempt to examine the dynamics of interpersonal relationships, researchers in social exchange theory reported the role of outcome value or net rewards gained from a relationship in developing commitment toward the relationship (Thibaut and Kelley 1959; Rusbult 1983; Homans 1961). Individuals estimate the net value of a relationship based upon its attributes and the relative importance of these attributes. For instance, attributes such as physical appearance, intelligence, sense of humor, sexual satisfaction and attitudinal similarity were found to be more important. Relationships in which these attributes were present to a significant degree were reported to be valuable and the degree of commitment was high in them. An individual would be more satisfied and committed to a relation as the outcome value increases. Consistent with this, Rodin (1982) expresses commitment as a function of the pleasure to cost ratio. Commitment increases if the pleasure gained from the relationship increases whilst increases in costs reduce commitment.

Obligation based Commitment
Another, though less commonly considered type of cognitive commitment emerges from a sense of responsibility towards others with whom one interrelates (Allen and Meyer 1990). While this type of cognitive commitment does not involve an economic calculation like locked-in commitment and value based cognitive commitment, it does involve another type of calculation – deciding whether it is morally appropriate to continue the current relationship or not. As an example of this type of commitment consider Wiener’s (1982, p.471) definition from the management literature:
"...totality of internalised normative pressures to act in a way which meets organisational goals and interests, and suggests that individuals exhibit behaviours solely because ‘they believe it is the “right” and moral thing to do.’"

As the definition suggests, embedded in this type of commitment are one’s moral duties and responsibilities in a relationship. This approach is in line with social psychology theory where it is argued that internalised normative beliefs, a sense of “ought” is seen as a primary driver of the way relationships function and a reason why they continue (Heider 1958). This arises from a general belief that one ought to finish what one starts. ‘Ought’ refers to invariant standards that cannot be changed by personal desires and passions. Furthermore, ought is related to ‘duty’ and it closely follows ‘can’ and ‘will’ as a significant motivation in interpersonal relations.

Obligation based commitment also arises from external and social pressures on the individual e.g., cultural norms, laws (Johnson 1982). The social pressures to continue a personal relationship are embedded in the network of our relationships with other people surrounding us in society. Society develops negative feelings about a person who cannot continue his/her relationships.

**Behavioural Commitment**

Early studies of commitment in social sciences literature saw commitment as mainly attitudinal in nature (Blau 1964; Homans 1961; Thibaut and Kelley 1959). Later authors advanced the conceptualisations of commitment by including two categories-behavioural intent and psychological attachment (Johanson 1973; Rosenblatt 1977; Mowday et al. 1982). These authors see commitment both as an attitude (an internal tendency or willingness to maintain the relationship) as well as behaviour (the efforts that an individual makes to strengthen the relationship). It is argued that the addition of behaviour enables aspects of commitment to be explained that attitude alone cannot.

More recently, a number of authors have argued that commitment includes behavioural as well as attitudinal elements (Gundlach, Achrol and Mentzer 1995; Johnson 1973; Salancik 1977; Young and Denize 1997). Behavioral commitment is seen to include effort, signaling and relational benefits. Through their behaviour the committed parties demonstrate their state of mind and signal their intentions to their partners that they are making a valuable contribution to the relationship through pledges, effort and investments. This contribution is more than merely a promise of remaining in the relationship.

Various conceptualisations of commitment have focused on the behavioral dimensions. For example, Granovetter (1985) and Johanson (1989) describe commitment as personal investments such as effort invested in the relationship. Others conceptualise commitment in terms of dedicated investments in the relationship (e.g., Gundlach, Achrol and Mentzer 1995; Johanson et al 1991 and Williamson 1979) where the investing behaviour is seen as the commitment. Behavioral commitment is seen to involve a combination of signaling commitment intentions and providing relational benefit. For example, Gundlach, Achrol and Mentzer (1995) give the example of disclosure of confidential information about market strategy, competition and proprietary knowledge about product design, technology, research and development as a demonstration of commitment.

**Hypotheses Development**

**Affective Commitment and Value Based Commitment**

The business literature proposes that there is a two-way causal association between affective and value based commitment. Affective commitment leads to value commitment because when a firm has a strong sense of affective commitment, there is a greater socialisation in the relationship. Good personal relationships develop between the individuals representing the firms and social value is accrued e.g., developed liking for the partner; trusting sentiments; enjoyable association are received. Social rewards are conceptualised as perhaps the most fundamental form of value (Izard 1971; Tomkins 1962).

It is proposed that in affect based relationships, as partners are more likely to adhere to the agreements and decisions they make; communication between them is easy and effective; and a greater security of business
consistency is experienced. These social rewards provide a supportive climate to continue the relationship by strengthening the partners’ motivations to receive greater relationship value (i.e., value based commitment). The inverse relationship is also likely i.e. value based commitment generating affective commitment. Enhanced value realization often develops positive sentiments toward the partner and as a consequence high value relationships turn into personalised relationships in which partners start enjoying each other’s association.

Hypothesis 1: The higher the affective commitment, the higher the value based commitment.

Affective commitment and Locked-in commitment
The relationship between affective and locked-in commitment is disputed and requires further investigation. One group of authors views affective and locked-in commitment to be independent (e.g., Allen and Meyer 1991). A negative orientation emerging due to locked-in commitment may not accompany a liking for the relationship. However, others argue that affective and locked-in commitment may have a positive association (e.g., Mathieu and Zajac 1990; Geyskens and Steenkamp 1995). The partners may develop the relationship due to locked-in commitment (when there is no other option) but later develop positive sentiments and a liking for the partner. So, affective and locked-in commitment may sometimes accompany each other.

Affective and Obligation based Commitment
Affective and obligation based commitment are likely to have a positive association with each other. In mature relationships based on affective commitment, repeated personal contacts and successful interactions advance the relationship and partners dedicate valuable resources to further develop the relationship (Cunningham and Homse 1982). Both parties have faith that the other party will reciprocate and put in efforts to strengthen the relationship. Obligation based commitment exists to reciprocate the other party’s efforts.

Hypothesis 2: The higher the affective commitment, the higher the obligation based commitment.

Value based Commitment and Locked-in Commitment
Value based commitment and locked-in commitment may or may not be associated. When the focus is on realizing value within the relationship, the partner would not feel that it continues the relationship due to a lack of other options, as this is essentially a negative motivation. This suggests no association between value based and locked-in commitment. However, the association may be positive. A firm may be drawn initially into a relationship with another firm because of high expectations of value but later may feel locked into the relationship due to investments and adaptations. Further investigation is required to clarify the nature of the link between value based and locked-in commitment.

Value based Commitment and Obligation based Commitment
It does not seem likely that value based and obligation based commitment are related to each other. When a firm is motivated to realize a greater value from the relationship, it is likely to discontinue when the benefits dry up or the overall value of maintaining the relationship drops below a certain standard. The firm is not likely to feel a moral responsibility to remain in the relationship as the aim is value realization. Similarly, a firm that is morally obligated to continue the relationship would not discontinue even if the benefits reduce. Therefore, an ambiguous relationship between value based commitment and obligation based commitment is indicated.

Locked-in commitment and Obligation based Commitment
The link between obligation Based Commitment and locked-in commitment is not clear and needs further investigation. If a partner stays in the current relationship because of obligation, it would not feel that it has locked into the relationship. However, they may be related in a situation where a firm develops relationship with another firm due to locked-in commitment but later develops commitment due to moral obligations.

Attitudinal and Behavioural Commitment
Some see behavioural commitment as distinct from attitudinal commitment and as a result a two dimensional commitment construct is proposed e.g., Brown et al. (1995); Kim and Frazier (1995). However, others see it
as part of attitudinal commitment (e.g., Anderson and Weitz 1989). Here we argue that attitudinal and behavioral commitment differ in nature and should be conceptualised as separate dimensions of relationship commitment. Behavioral commitment is the level of a partner’s positive contribution to the relationship in terms of not looking for new customers/suppliers, making effort to develop strong ties, dedicating resources for furthering the relationship and providing special help if necessary. Attitude represents a state of mind which may not be positive thus attitude toward the relationship could be different from the actual behaviour.

A direct link is likely to exist between the attitudinal and behavioral commitment. This emerges in the empirical work in interfirm relationships where a direct positive impact of affective commitment on behavioral commitment is reported (e.g., Kim and Frazier 1995). Others suggest a reciprocal link between attitudinal and behavioural commitment (Mowday et al. 1982; Rusbult 1980, 1983; Gundlach, Achrol and Mentzer 1995) where attitudinal commitment leads to favourable behaviour and in turn behavioral commitment reinforces the attitudes of commitment.

It is argued here that affective commitment strongly influences behavioral commitment. The mutual affection and belonging firms have within a relationship will lead to behavioural commitment such as various types of social and economic investments. They will demonstrate their commitment in the form of behaviour such as providing assistance and demonstrating hard work to maintain the relation (Eisenberger, Fasolo and Davis 1990; Granovetter 1985; Johanson 1989; Lawler and Yoon 1993; Kim and Frazier 1997).

Hypothesis 3: The higher the affective commitment, the higher the behavioral commitment.

Value based cognitive commitment also influences behavioral commitment. A positive assessment of value will lead to behavioural commitment, such as developing resources and processes in particular ways to maintain and further strengthen the relationship. Various investments e.g., investments in the product design, supply and distribution, production process, financial arrangements are made (Hakansson 1989, p.23).

Hypothesis 4: The higher the value based commitment, the higher the behavioral commitment.

Locked-in Commitment and Behavioral Commitment

A two-way link between locked-in and behavioral commitment is hypothesized. When it is difficult to replace the trading partner because it is more powerful, the firm may be forced to display its commitment toward the relationship by making investments. In such a dependence situation, the firm is likely to be willing to make short-term sacrifices and provide help to the trading partner otherwise the partner may terminate the relationship (Brown et al. 1995).

Behavioral commitment also leads to locked-in commitment as it involves investment in non-retrievable assets. Examples include: concurrent engineering and early supplier involvement to design products result in the development of relationship specific assets whose salvage value outside the relationship is very low (Heide and John 1990); buying organisations training employees for a particular supplier’s equipment, or adapting their business procedures such as inventory handling (Jackson 1985); investing in customized hardware and software for electronic data interchange. These non-redeployable assets increase switching costs, which in turn create locked-in commitment (Sengupta, Krapfel and Pusateri 1997; O’Callaghan, Kaufman and Konsynski 1992).

Hypothesis 5: The higher the locked-in commitment the higher the behavioural commitment.

Lastly, in interfirm relations with obligation based commitment, firms have a sense of responsibility to preserve the relationship. The parties invest in developing new resources, participate in joint activities, and provide special help to the trading partner if required (Kim and Frazier 1997). Hence

Hypothesis 6: The higher the obligation based commitment, the higher the behavioural commitment.

The effect of different types of attitudinal commitment on behavioral commitment is summarized in Table 1. As the Table shows, relationships involving strong affective, value based and obligation based commitment include positive sentiments for the relationship. However when behavioral commitment develops due to
locked-in commitment, positive sentiments are absent. Because of this we view attitudinal and behavioral commitment as distinct dimensions. A trading partner may put resources into the relationship but positive attitudes may not exist. This type of behavioral commitment cannot assure that the partner has long-term orientation of the relationship.

### Table 1

**THE EFFECT OF ATTITUДINAL COMMITMENT DIMENSIONS ON BEHAVIOURAL COMMITMENT**

<table>
<thead>
<tr>
<th>Positive sentiments included in commitment</th>
<th>Type of attitudinal commitment</th>
<th>Obligation based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Value based</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Locked-in</td>
<td></td>
<td>YES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reasons why behavioral and may exist</th>
<th>Emotions, affection</th>
<th>Forced to invest due to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>value realization</td>
<td>powerful partner,</td>
</tr>
<tr>
<td></td>
<td>belongness</td>
<td>no alternative</td>
</tr>
</tbody>
</table>

A conceptual model that incorporates the five-component structure of relationship commitment including affective, value based, locked-in, obligation and behavioural commitment is presented below.

**The Conceptual Model**

![Diagram of the conceptual model]

**Conclusions**

We have outlined a multidimensional conceptualization of inter-firm relationship commitment that includes both behavioural and attitudinal dimensions. Over time the interactions between relationship partners will shape the way the different types of commitment evolve. This involves two aspects. First, based on their experience in the relation the types and levels of commitment of each partner will develop and interact to produce a particular pattern of attitudinal and behaviour commitment. We have presented various hypotheses about the way the different dimensions of commitment interact. But the pattern of commitment each has will in turn shape their behaviour and responses to each other producing further changes in the nature of the relation including patterns of commitment. This raises the issue of what kinds of mixes of relationship commitment can emerge within and across relationship partners affects and is affected by relationship performance.
The next stage of this research involves an empirical test of the proposed model and an examination of the mixes of relationship commitment that exist. We have gathered data using the IMP2 questionnaire from a sample of firms in India and added measures of the various dimensions of relationship commitment outlined above. Some preliminary results will be presented at the IMP conference.

BIBLIOGRAPHY


