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### Published

2003

### Conference Title

Celebration of Ehrenberg and Bass: Marketing Discoveries, Knowledge and Contribution: Proceedings

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# **MANAGING THE RELATIONSHIP: DOES TRUST LEAD TO COOPERATION?**

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Track: Market Orientation and Relationship Marketing

## **ABSTRACT**

This paper examines the relationship between shopping centre managers and tenants and aims to extend the relationship marketing literature to include the shopping centre environment. Specifically, it explores the importance of trust on the cooperative potential between tenants and shopping centre managers. The exploratory results would indicate that trust is an important antecedent to cooperation, and further, cooperation has an impact on centre management performance. Therefore if centre managers were exploring ways to improve their performance, they may consider looking for more cooperative opportunities within their centre.

## **INTRODUCTION**

Shopping centres contain a complex network of internal and external relationships that can impact on the operations and working environment of the centre. The centre manager/tenant relationship is obviously critical in this regard, and perhaps the relationship that is most loaded with potential conflict. The development of trust may then be an important factor in overcoming these conflicts in order to be able to work cooperatively together for the mutual benefit of both parties.

*The primary research objective then, is to explore whether trust has a direct influence on the potential for cooperation between tenants and shopping centre management and whether this influences centre management performance.*

## **LITERATURE REVIEW HIGHLIGHTS**

### **Previous Shopping Centre Research**

Little research has been written on the day-to-day organisation of the shopping centres and the management of the relationships within it. However, Howard (1997) argues that the most pressing needs for shopping centre research have changed from issues surrounding construction and development, to how the existing centres can be best managed. A study into tenant and centre manager relations was undertaken by Perendergast, Marr and Jarratt in 1996, and is the only explicit study into these relationships. They tested the tenants and centre manager's perceptions of performance on variables such as creativity, flexibility, promotions, professionalism, cooperation, friendliness, accessibility and trust. Fisher and Lentz (1990) have argued that there is essentially a partnership between the mall owner, mall tenants, and the department stores, which all tries to provide a profitable return to all. While all parties work towards this goal, however, it is the landlords responsibility to enhance the business value, through the successful management of the tenant mix, leases, building maintenance and operations, and promotions (Fisher and Lentz, 1990,168).

This then encourages a more relationship marketing approach, where centre management aims to foster customer loyalty by responding to their needs and providing both a good tenant mix and an organized and well maintained centre. It also occurs through establishing better relationships with the tenants, to encourage greater levels of cooperation and mutual benefits.

There have been two models that have attempted to empirically test relationship quality. Firstly, Mohr and Spekman (1994) have identified particular partnership characteristics that lead to successful relationships. These characteristics are partnership attributes communication behaviour and conflict resolution techniques. They used participation to describe cooperative behaviour within the construct of communication behaviour. "Participation refers to the extent to which partners, engage jointly in planning and goal setting...Joint planning allows mutual expectations to be established and cooperative efforts to be specified" Mohr and Spekman, 1994,138. They argue that the ability to participate in the relationship increases satisfaction with the relationship.

Secondly, the Morgan and Hunt (1994) model sees trust and commitment as key mediating variables that lead to relationship quality. Morgan and saw five main precursors to trust and commitment; relationship termination costs, relationship benefits, shared values, communication and opportunistic behaviour. One of the main outcomes of trust and commitment was the ability to cooperate. Trust needs to exist between relationship partners before cooperation can be achieved. Once trust in the partnership has been established then joint activities become possible, and the outcomes they produce are better than if they had acted alone (Morgan and Hunt, 1996,26).

## **THEORETICAL FRAMEWORK**

The theoretical framework for this study suggests then, that trust is an antecedent to cooperation, which in turn influences the performance of centre management. The three constructs are:

Trust is generated when both parties can anticipate a consistent level of performance and behaviour from each other. It would mean that both parties would be satisfied that the behaviour of the other party's service quality dimensions are met, that communication is open, relevant and timely, that any disputes are dealt with appropriately and that any power potential is used without any undue coercion. Our constructs draw heavily on the leading work by Morgan and Hunt (1994) who argue that trust within a relationship evokes a degree of confidence with the other party to meet expectations and therefore a sense that that party is reliable and operates with integrity. Lehtinen and Mittila (2000) also see trust in terms of confidence in the behaviour of the other party, where there is "one partners belief that its needs will be fulfilled in future by actions undertaken by the other party".

Cooperation refers to the way parties in a relationship are able to work together to achieve outcomes that benefit all. This can mean joint problem solving, the nurturing of innovations, and the ability to plan and coordinate tasks for the benefit of the relationship. Hakansson and Snehota (1995) argue that the ability to work towards constructive outcomes is one of the worthwhile benefits of being in a long-term relationship (Hakansson and Snehota, 1995,9). In a trusting and committed climate, there is more opportunity for tenants and landlords to have a higher degree of cooperation. This may be exhibited through involvement in meetings, consultations, and working together to introduce innovations. Management would be approachable and open to ideas from tenants. Tenants would also be more willing to try out different ideas suggested by management.

Centre Management Performance refers to the way managers are able to run the centre smoothly and effectively. This involves managing the tenant mix, satisfying tenants, keeping the centre clean and tidy, generating customers and providing value for money. As Morgan and Hunt have indicated, where cooperative opportunities exist, it is likely that the outcomes achieved would be higher than if there was no cooperation. Therefore where centre management are able to cooperate with tenants we would expect a better performance result from centre management.

### **Propositions**

Two key propositions will be examined in this study. Where high levels of trust exist within a relationship, cooperative opportunities would increase and would lead to higher performance outcomes for centre management.

P1 Trust within the relationship has an impact on the ability to cooperate.

P2 Cooperation impacts on the performance of centre management.

## **METHODOLOGY**

### **Research Design**

As the research setting we used a sample of 15 shopping centres. One particular shopping centre group agreed to cooperate with the study and provided access to both tenants and shopping centre managers in 10 centres. Five other centres were also chosen to give a more general sample. The centres ranged from small neighbourhood centres to the larger regional centres. Prior to the study, a series of semi-structured interviews were carried out to identify the key issues in the relationship between tenants and centre managers. A questionnaire was then constructed and pre-tested on the interview subjects. Note that the study could be extended to include other control variables, such as power.

### **Data Collection**

Data was collected using the self-administered questionnaire that was distributed in a variety of ways. For the participating shopping centre group, the regional head office distributed questionnaires. The tenants received their copy with their monthly newsletter. A reminder notice was issued 4 weeks later. For the other centres, the questionnaires were mailed out. The total sample size was 130 tenants, representing about a 10% response rate from those approached. Although this response rate is low, there was no evidence from a comparison of early and late responses that there is a major response bias.

### **Measures**

The scales for trust and cooperation were adapted from Morgan and Hunt (1996) and Mohr and Spekman (1996). The items for the centre management performance were adapted from the satisfaction/performance literature. All scales tested as reliable (trust 0.9155, cooperation, 0.7685 and centre management performance, 0.9218). (See Appendix for scale items). There was also evidence of convergent validity.

### **Results**

A standard multiple regression was performed to examine the effect trust had on cooperation, and to examine the effect cooperation had on centre management performance. Table 1 shows the tenant sample with the correlations for the impact of trust on cooperation ( $R=0.807$ ) and the impact of trust ( $R=0.850$ ) and cooperation ( $R=0.788$ ) on centre management performance. These findings support the propositions that trust has a significant impact on cooperation, and that both trust and cooperation is significant to centre management performance. Whilst trust has a greater influence over centre management performance, cooperation still plays a significant role. Combined, trust and cooperation explain almost 75% of the variance to centre management performance (Adjusted R-square = .75).

Table 1. Summary of measures for tenant responses (n=130)

Dependent	Independent	B	Std.Error	N
				130
Cooperation				
	Trust	0.81	.033	
Centre Management performance				
	Trust	0.61	.091	
	Cooperation	0.29	.142	

The responses from the centre managers are shown in Table 2. Whilst it is a very small sample, the propositions are again supported. Here trust and cooperation have an impact on centre management performance. Cooperation and trust explains almost 56% of the variance to centre management performance (Adjusted R-square = .56).

Table 2 Summary of measures for centre management responses (n=23)

Dependent	Independent	B	Std Error	N
				23
Cooperation				
	Trust	0.82	.104	
Centre Management performance				
	Trust	0.33	0.24	
	Cooperation	0.49	0.25	

## DISCUSSION

From this exploratory analysis then, we can see that cooperation does impact on centre management performance. Interestingly from this sample, the centre manager's responses would indicate that this impact was less significant than what the tenants thought it to be. This could support the study by Perendergast et al (1996), which found that in general centre managers rated their own performance much higher than what the tenants did. It may also indicate the greater importance tenants place on being in a cooperative and trusting environment.

## CONCLUSIONS

This research then aims to provide a contribution to the development of relationship marketing in the shopping centre literature. It does this by exploring cooperation, as one important outcome of quality relationships. The exploratory results support the proposition that trust impacts on cooperation and this in turn leads to higher ratings of centre management performance. Therefore if centre managers wanted to examine ways to improve their performance, they may wish to consider opportunities for enhancing cooperative behaviour.

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## Appendix

Scale Items.

Measured on a 7 point Likert Scale

### Trust

- 1 You trust centre management without hesitation.
- 2 You believe that centre management will continue to provide high levels of service quality in the future
- 3 We are able to exchange confidences with centre management
- 4 I trust centre management will do their best to support my business
- 5 I believe that centre management will live up to its promises
- 6 I can depend on centre management to always operate with integrity
- 7 I personally trust centre management staff

### Cooperation

- 1 The centre manager encourages positive suggestions from the tenants
- 2 Both the landlord and us share a similarly strong ethical approach to doing business
- 3 Constructive suggestions made by tenants are usually put into practice by the landlord
- 4 Centre wide promotions are best described as a joint activity between centre management and tenants
- 5 There is a good fit between our firm and being in this particular centre
- 6 Centre management and our firm do not agree on the appropriate image that needs to be projected to customers at this centre (reverse score)

### Centre management performance

- 1 Centre management does the total job of running the centre well all of the time
- 2 Centre management does an excellent job in satisfying tenants
- 3 Centre management is reliable
- 4 Centre management is competent
- 5 Most tenants are currently happy with the way the centre is managed
- 6 The centre manager has created a harmonious place to work
- 7 Centre management offers value for money
- 8 The benefits of being in this centre justify the rents
- 9 The centre management team has done a good job