Between Management and Employees: Which one is More Critical in Building Value and Loyalty?

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We conducted a research concerning the relationship between trust, value, and loyalty based on the model developed by Sirdeshmukh et al. (2002). Confirmatory factor analysis together with structural equation modeling were used to test the model. According to the model, we made a distinction between trustworthiness and trust dimension in Sales Promotion People (SPP) context and Management Policies and Practices (MPP) context. By collecting primary data from 105 respondents, the result shows that in the MPP context, operational benevolence was proven to has a statistically significant positive effect to trust in MPP. Both the trust in MPP and trust in SPP dimensions have statistically significant positive effect in creating value, and trust in MPP and value dimensions have statistically significant positive effect to loyalty dimension. Moreover, from the result we can infer that the role of MPP, rather than SPP, was more critical in building consumers value and loyalty. Also, we found no asymmetric effect in the relationship between trustworthiness and trust dimension.

Keywords*: Customer Services, Consumer Trust, Customer Value, Customer Loyalty, Structural Equation Modeling*

Introduction

Many retailers nowadays conduct the so called customer relationship management (CRM), which can be defined as "*a business philosophy and set of strategies, programs, and systems that focuses on identifying and building loyalty with a firm's most-valued customers*" (Levy and Weitz, 2004). Why they are so concern about building this customer retention? According to Schiffman and Kanuk (2007), a loyal customer buys more products, are less price-sensitive, will not pay attention to competitor's advertising, will involve less cost to serve, and will spread positive word of mouth (WOM). Levy and Weitz (2004) also mentioned that a loyal customer has a bond with the retailer, and the bond is based on more positive attitude towards the retailer. In addition, based on Kotler (2006), acquiring new customers can cost five times more than costs involved in satisfying and retaining current customers, and the customer profit rate tends to increase over the life of the retained customer.

In building customer loyalty, according to Reicheld and Scheffer (2000), firms must initially build customer trust. There are several authors who have observed the importance of trust in maintaining firms' long term relationship with their customers. For example, Spekman (1988) mentioned that trust is the cornerstone of long term relationships. Berry (1996) also said that perhaps, trust is the single most powerful relationship marketing tool available to a company. Therefore, it is very critical for a firm to identify factors that can build and strengthen trust of its customers. Redesigning elements of the service delivery system may fail to increase customer satisfaction with the service encounter if these improvements are made in areas customers consider unimportant (Shycon 1992).

By far, there is limited attempt to examine companies' practice that plays role in building or depleting consumer trust. This study, following the research conducted before by Sirdeshmukh et al. (2002) was written to fill in the gap in explaining the process of trust enhancement

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in building customer long term relationships. The author used the model developed by Sirdeshmukh et al. (2002), which has at least three important aspects. *Firstly*, there is distinction between trust ad trustworthiness in the model There are multifaceted models in the behavioral components of trustworthiness, and there will be differential effect of these components on consumer trust. They also distinguished Front Line Employees (FLE) or sales promotion people (SPP) from management policies and practices (MPP) context. Both are important parts in service delivery system. As defined by Chase and Bowen (1991), service delivery system encompass the physycal design of the service facility, technology, people, and process constrol systems. Also, if we refer to the additional 3Ps to the classical 4Ps in marketing, which are People, Physical Evidence, and Process (Zeithaml et al., 2006), FLE and MPP are important factors in building consumer trust. This focus is managerially useful because management can identify FLE behaviors and management practices that might serve as key drivers in consumer trust. *Secondly*, this model proposes a contingent asymmetric effect on the relationship between trustworthy behaviors and consumer trust. This implies that the negative effect of one or more trustworthy behavior on trust may not produce the same magnitude as the positive effect. *Third*, in line with the aim of this article, this model tries to explain the relationship between consumer trust and loyalty, with value as the mediating variable. According to Sirdeshmukh et al. (2002), this approach has several advantages, including (1) a direct confrontation of the thesis that consumer trust matters in relational exchanges; (2) understanding the differential effects of trust facets on value and loyalty; and (3) insights into mechanisms the link consumer trust and loyalty.

Literature Review

Consumer trust, trustworthy behavior, and trustworthy behavior dimensions

Consumer trust is defined by Sirdeshmukh et al. (2002) as "*expectations held by the consumer that the service provider is dependable and can be relied on to deliver on its promises*". Trustworthiness was defined as "*...include FLE behaviors and MPPs that indicate a motivation to safeguard customer interest*".

In prior researches, it was suggested that trustworthy behaviors should include at least two dimensions, operational competence and operational benevolence. Role competence can be defined as "*the degree to which partners perceive each other as having the skills, abilities, and knowledge necessary for effective task performance*" (Smith and Barclay, 1997). Conceptual model by Mayer et al. (1995) conceptual model of operational competence includes ability, or "*that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain*".

Operational benevolence was defined as "*behaviors that reflect an underlying motivation to place the consumer's interest ahead of self interest*" (Sirdeshmukh et al., 2002). One of the implications based on the definition above is that a benevolent partner "*can be trusted to take initiatives [favoring the customer] while refraining from unfair advantage taking*" (Sako, 1992). Moreover, benevolent behaviors and practices are often regarded as "extra role" actions that are performed at a cost to the service provider with or without commensurate benefits (Sirdeshmukh et al., 2002).

In addition the the two common dimensions of trustworthy behaviors, Sirdeshmukh et al. (2002) proposed a third dimension, which is problem solving orientation. Problem solving orientation was defined as "*the consumer's evaluation of FLE and management motivations to anticipate and satisfactorily resolve problems that may arise during and after a service exchange*" (Sirdeshmukh et al., 2002). This dimension became an important thing because (1) problems often arise during the course of service delivery (Bitner et al., 1990 ; Zeithaml and Bitner, 1990) and/or in the postexchange phase (Smith et al., 1999; Tax et al., 1998) because of service heterogeneity and intangibility; and (2) the manner in which service providers approach such problems are critical incidents that provide insight into the character of the service provider (Kelley and Davis 1994

; Smith, Bolton, and Wagner 1999). To perform this dimension effectively, employees must listen to the customer's problems, take initiatives, identify solutions, and imrpovise (Zeithaml and Bitner, 2000). Calantone et al. (1998) also emphasized the unique aspects of problem solving orientation, which are cooperative, integrative, needs-focused, and information-exchange oriented.

The effect of trustworthy behavior on consumer trust

In their model, Sirdehsmukh et al. (2002) hypothesized the dimensions of trustworhy behavior have positive significant effect on trust, both in the context of FLE and MPP in the airlines and retail industries. But, based on their findings, not all of the hypotheses were statistically significant. Operational benevolence of MPP does not have a statistically significant positive effect on trust in MPP in the retail industry, but has a positive significant effect on trust in MPP in the airlines industry. Problem solving orientation dimension does not significantly affect trust in MPP in airlines industry, but significantly affect trust in MPP in the retail industry.

They also proposed that the effect of trustworthy behavior on trust is not simply linear. They argue that the effect was asymmetric, means that the negative performance of one or more trustworthy behavior dimensions has a different magnitude from the positive performance of that dimension. Or, in more extreme case, the negative performance can have a significant effect in depleting consumer trust, but the positve effect does not have significant effect in building it.

Relationship between trust, value, and loyalty

Consumer loyalty is indicated when a consumer has an intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship with the focal firm, including allocationg a higher share of the category wallet to the specific service provider, enganging in positive word of mouth, and repeat purchasing (Zeithaml et al., 1996). From the model above, we can see that Sirdeshmukh et al. (2002)

hypothesized that consumer trust in MPP and SPP context have a direct effect on loyalty, but also have indirect effects on loyalty, with value as the mediating variable. Value itself was defined by Zeithaml (1998) as "*the consumer's perception of the benefits minus the costs of maintaining an ongoing relationship with a service provider*". In line with Zeithaml's definition, Kotler (2003) defined value as "*ratio between what a what the customer gets and what he gives*". Based on the concept introduce by Houston and Gassenheimer (1987) and Zeithaml (1988), the cost includes monetary and non monetary sacrifices.

The model developed by Sirdeshmukh et al. (2002) used Goal and Action Identification Theories (Carver and Scheier, 1990; Valacher and Wegner, 1987) as the explanation of value as the mediating variable. This theory suggests (1) consumer actions are guided or "identified" by the underlying goal they are expected to help attain ; (2) multiple and sometimes conflicting goals may be operative at any instance ; (3) goals are organized hierarcichally, with superordinate goals at the lowest level ; and (4) consumers regulate their actions to ensure the attainment of goals at the highest level. In other words, in their model, Sirdeshmukh et al. (2002) had posit value as the superordinate goal of consumers.

Sirdeshmukh et al. (2002) found that trust in MPP has no positive significant effect on value, Besides, the statistical test shows that trust in SPP has no positive significant effect on consumer loyalty.

Methodology

Model and hypotheses

The conceptual model used in this research can be seen from Figure 1. This model was drawn from various research on trust in social relationship and interorganizational relationships. In the original model, Sirdeshmukh, Singh, and Sabol (2002) appointed customer satisfaction as the intervening variable, which affects trust, value, and loyalty. This customer satisfaction variable also acts as the proxy of recency effects. But, there was some different opinion regarding the role of satisfaction in this context. Smith and Barclay (1997) explained that trustworthiness

Figure 1. Conceptual model
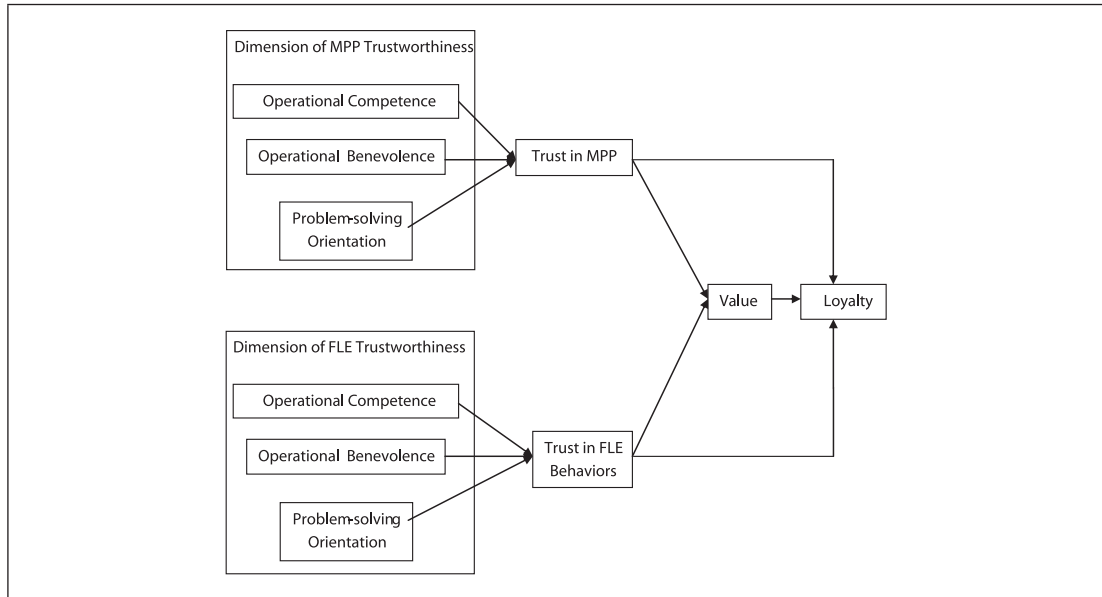
and trust variable has direct and indirect effects on satisfaction, instead of satisfaction has an effect on trustworthy behavior or trust.

We can summarize the hypotheses of this research as below:

H1 : Consumer's perception of operational competence of MPP has a significant positive effect on trust in MPP

H2 : Consumer's perception of operational benevolence of MPP has a significant positive effect on trust in MPP

H3 : Consumer's perception of problem solving orientation of MPP has a significant positive effect on trust in MPP

H4 : Consumer's perception of operational competence of SPP has a significant positive effect on trust in SPP

H5 : Consumer's perception of operational benevolence of SPP has a significant positive effect on trust in SPP

H6 : Consumer's perception of problem solving orientation of SPP has a significant positive effect on trust in SPP

H7 : Trust in MPP has a positive significant effect on value

H8 : Trust in SPP has a positive significant effect on value

H9 : Trust in MPP has a positive significant effect on loyalty

H10 : Trust in SPP has a positive significant effect on loyalty

H11 : Value has a positive significant effect on loyalty

H12 : The effect of MPP trustworthiness on trust in MPP is asymmetric

H13 : The effect of SPP trustworthiness on trust in SPP is asymmetric

SPSS 11.5 and Lisrel 8.80 were used to test the hypotheses above, and we use confirmatory factor analysis and structural equation modeling to examine these relationships. Prior to using the questions in testing the hypotheses, we test reliability of the measures by examining their Cronbach Alpha. This coefficient varies from 0 to 1, and a value of 06 or less generally indicated unsatisfactorily internal consistence reliability (Malhotra 2007).

Data collection

In gathering the data, we distributed questionnaires to measure the dimensions, which was developed from Sirdeshmukh et al. (2002). They are given a set of questions, which are measured by the likert scale 1-5 for some questions and modified likert scale 1-10 for other questions. Detailed questionnaire can be seen in the appendix.

Factor Analysis

Based on the definition given by Stewart (1981), factor analysis is a multivariate statistical technique that is concerned with the identification of structure within a set of observed variable. Factor analysis establishes dimensions within the data and serves as a data reduction technique. In general, there are two types of factor analysis method: exploratory factor analysis and confirmatory factor analysis. If the underlying dimensions of a data are still unknown, a researcher can use the exploratory factor analysis (Stewart 1981).When a the aim of the researcher is test a hypothesis based on a theory, a researcher can use the confirmatory factor analysis (Stewart, 1981).

The steps needed to conduct factor analysis method is started by formulating the problem (Malhotra 2007). In this research, the main issue in using factor analysis in to confirm the variables used by Sirdeshmukh et al. (2002) which build the trustworthiness, trust, value, and loyalty dimensions. We will use the factor score for the as inputs for Structural Equation Modeling.

After we formulate the problem, the next step is build the correlation matrix, which will be the based in the following analysis. If the correlations between variables are small, then we can say that factor analysis is not an appropriate technique. We also have to analyze the Kaiser-Mayer-Ohlin (KMO) score, which shows the overall significance and appropriateness from the correlations we have in the correlation matrix (Hair et al. 1998). The minimum acceptable level of KMO score is 0,5.

The third step of the application of factor analysis method is to determine the number of factors. Since this research uses confirmatory factor analysis, the number of factors have already been determined. Malhotra (2007) call this method as a priori determination.

The last step in applying the factor analysis method is interpreting the factor. We can make an interpretation based on some numbers given from the factor analysis output (Malhotra 2007), such as factor loadings (simple correlations between the variables and the factors), communalities (the amount of variance a variable shares with with all the other variables being considered),

Eigenvalue (value represents the total variance explained by each factor), and percentage of total variance attributed to each factor.

After performing the steps above, we get the factor score, which is composite score estimated for each respondent on the derived factors (Malhotra 2007). The mathemathical representation of the factor score is :

$$F_i = W_{i1}\chi_1 + W_{i2}\chi_2 + W_{i3}\chi_3 + ... + W_{i3}\chi_3$$
where :
F_i = estimate of ith factor
W_i = weight or factor score coefficient
k = number of variables

These factor scores will be used as inputs for Structural Equation Modeling. In practice, as an alternative to using the factor score, researchers can also use surrogate variable, which is the measurment variable with the highest factor loading. But, choosing two or more variables that have similarly high loadings is not an easy task (Malhotra 2007). Therefore, the we use factor score in the subsequent analysis.

Structural Equation Modeling

We considered a simultaneous relationships between variables, where a dependent variable in one relationship can act as an independent variable in the other relationship. Therefore, the standard multiple regression is not appropriate to examine these relationships, because it can result in a misspecification bias. Therefore, Structural Equation Modeling was used in this research since it is appropriate to determine many relationships at one time (Hair et al., 1998).

Performing Structural Equation Modeling requires several steps (Hair et al., 1998). *First*, we have to develop the theoretical model which can be the rationale for the relationships we tested. *Second*, we portray the relationships in a path diagram. Straight lines indicate causal relationships, and curved lines indicate correlations among variables. *Third*, we should interpret the path diagram into a set of structural equation and measurement model. Structural model itself can be defined as a set of dependent relationships that link constructs (Hair et al., 1998), whereas measurement model

Table 1. Factor's reliability test: Cronbach's Alpha

Factor	Cronbach's Alpha
MPP Trustworthiness	
Operational Competence	0.6501
Operational Benevolence	0.6106
Problem Solving Orientation	0.6795
SPP Trustworthiness	
Operational Competence	0.6175
Operational Benevolence	0.7030
Problem Solving Orientation	0.7350
Trust MPP	0.8208
Trust SPP	0.8914
Value	0.9200
Loyalty	0.8841

is the submodel in structural equation modeling that specifies indicators of each construct and examines the reliability of each construct in causal relationships (Hair et al., 1998). In this research, the author first examined the measurement model through confirmatory factor analysis and then used the factor score to analyze the causal relationship in the structural model. *Fourth*, we have to choose the input matrix and forecast the proposed model. When Structural Equation Modeling was first introduced, the covariance matrix was used as the only source. The advantage of using it is that it gives a valid comparison between population and sample, which cannot be performed by correlation matrix. Therefore, the author used covariance matrix as the input rather than correlation marix. The minimum sample needed to get a valid matrix is 100. *Fifth*, the next step is to asses the identification of structural model. Sometimes there are identification problems when the model proposed cannot give a unique estimator. One approach that can be used is to identify the symptoms of identification prooblems, including very high standard error for one or more coefficients, the inability of the program to get the matrix, negative error variances, and high correlations between the estimated coefficients (Hair et al., 1998). One of the solution to these problems is to decrease the number of estimated coefficients. The *sixth* step involves the determination of goodness of fit criteria, or in other words the degree of correspondence between the actual and the predicted matrix. There are some goodness of fit measure that can be used, such as Chi Square Statistics, Noncentrality Parameter (NCP), Goodness of Fit Index (GFI), Root Mean Square

Error (RMSR), Root Mean Square Error of Approximation (RMSEA), Tucker Lewis Index or NNFI, Normed Fit Index, and Normed Chi Square. Finally, after all of the step above are performed, we can interpret and modify the model. This step must be done carefully and we need theory justification if we want to modify the model.

The test of asymmetric effect of trustworthiness on trust dimensions

We use similar model to the one developed by Sirdeshmukh et al. (2002) in examining the asymmetric effect if trustworthiness on trust dimensions, which can be written as follow:

(1) $Y_1 = \beta_{01} + \beta_{11}X_1 + \beta_{21}X_2 + \beta_{31}X_3 + \beta_{41}DX_1 + \beta_{51}DX_2 + \beta_{61}DX_3 + \varepsilon_1$

(2) $Y_2 = \beta_{02} + \beta_{12}Z_1 + \beta_{22}Z_2 + \beta_{32}Z_3 + \beta_{42}DZ_1 + \beta_{52}DZ_2 + \beta_{62}DZ_3 + \varepsilon_2$

where :

Y_1 = Standardized factor score Trust in MPP;

Y_2 = Standardized factor score Trust in SPP;

$X_1 - X_3$ = Standardized factor score Operational Competence, Operational Benevolence, and Problem Solving Orientation MPP;

$Z_1 - Z_3$ = Standardized factor score Operational Competence, Operational Benevolence, and Problem Solving Orientation SPP.

From the model above, it is shown that we use some dummy variables to test the asymmetric effect from each of trustworthiness dimension on trust. Dummy variable with value of 1 indicates

Table 2. Factor analysis output

Variables	Mean	Factor loading	MSA	KMO	Total variance explained
OpComMPP1	3.70	0.799	0.552		
OpComMPP2	4.03	0.876	0.538	0.559	59.659%
OpComMPP3	3.31	0.621	0.639		
OpBenMPP1	3.57	0.890	0.500	0.500	79.241%
OpBenMPP2	3.45	0.890	0.500		
ProbSolvMPP1	3.23	0.818	0.597		
ProbSolvMPP2	2.78	0.672	0.738	0.624	59.440%
ProbSolvMPP3	3.14	0.814	0.599		
OpComSPP1	3.18	0.792	0.737		
OpComSPP2	3.45	0.827	0.684	0.683	68.574%
OpComSPP3	3.29	0.863	0.645		
OpBenSPP1	3.43	0.718	0.698		
OpBenSPP2	2.98	0.795	0.623	0.645	58.818%
OpBenSPP3	3.65	0.785	0.630		
ProbSolvSPP1	3.34	0.555	0.593		
ProbSolvSPP2	2.84	0.856	0.523	0.535	54.714%
ProbSolvSPP3	2.32	0.776	0.530		
TrustMPP2	3.67	0.869	0.716		
TrustMPP3	3.65	0.895	0.676	0.715	75.651%
TrustMPP4	3.77	0.845	0.766		
TrustSPP1	3.70	0.842	0.804		
TrustSPP2	3.62	0.865	0.768	0.789	71.946%
TrustSPP3	3.64	0.855	0.776		
TrustSPP4	3.81	0.830	0.814		
Value1	3.45	0.805	0.852		
Value2	3.52	0.855	0.799	0.820	70.163%
Value3	3.51	0.854	0.805		
Value4	3.6	0.835	0.830		
Loyal1	2.97	0.845	0.840		
Loyal2	2.96	0.873	0.776	0.806	71.521%
Loyal3	3.00	0.877	0.765		
Loyal4	2.27	0.784	0.869		

Detailed explanation regarding the variable is available in the appendix

positive standardized factor score, whereas value of 0 indicates that the the standardized factor score for the case is non positive.

Result and Discussion

As explained before, the author first examined whether the questions used to measure the variables in this research has an adequate internal consistency. This reliability analysis was done to the 30 pre test questionaires, and the result can be seen in Table 1. We can see that all of the Cronbach's Alpha score were all above 0.6, the minimum acceptable level recommended by Malhotra (2007). Therefore, we can conclude that the measurement variables representing the constructs have adequate internal consistency.

After conducted the reliability test, the author started the confirmatory factor analysis to get the factor scores for inputs in the Structural Equation Modeling. The resulting output of factor analysis is presented in Table 2.

From the "mean" column, we can see that most of the variables' means are above 3. Therefore, we can infer that the respondents have an "agree" tendencies in their positive perceptions about trustworthiness, trust, value, and loyalty.

We can see that all of the factor analysis that had been performed were adequate, indicated by the value of KMO of above 0.5, the minimum level recommended by Hair et al. (1998). Trustworthiness, Operational Competence, and Operational Benevolence of management policies and practices (MPP), along with Problem Solving of sales promotion person (SPP) dimension, have "miserable" criteria of KMO values, whereas Problem Solving, Operational Competence MPP, Operational Competence SPP, and Operational Benevolence SPP have mediocre KMO values.

Table 3. Summary of output

Dependent variable / R^2 / independent variables	Coefficients (*t*-values)	Change for positive performance
Dependent Variable : Trust in SPP		
R^2	0.15	
Operational Competence	0.16 (1.34)	0.314 (1.056)
Operational Benevolence	0.20 (1.57)	-0.049 (-0.145)
Problem Solving Orientation	0.11 (1.24)	-0.302 (-1.036)
Dependent Variable : Trust in MPP		
R^2	0.12	
Operational Competence	0.082 (0.95)	0.176 (0.602)
Operational Benevolence	0.24 (2.79)*	-0.383 (-1.110)
Problem Solving Orientation	0.12 (1.37)	-0.511 (-1,648)
Dependent Variable : Value		
R^2	0,17	
SPP Trust	0.20 (2.39)*	
MPP Trust	0.32 (4.01)*	
Dependent Variable : Loyalty		
R^2	0.32	
SPP Trust	0.036 (0.50)	
MPP Trust	0.17 (2.40)*	
Value	0.47 (5.48)*	
Goodness-of-Fit Statistics		
Chi Square (p-value)	68.23 (0.000)	
Goodness of Fit Index	0.86	
RMSR	0.14	
RMSEA	0.16	
NNFI	0.79	
NFI	0.89	
Normed Chi Square	3.59	

*significant at 5%

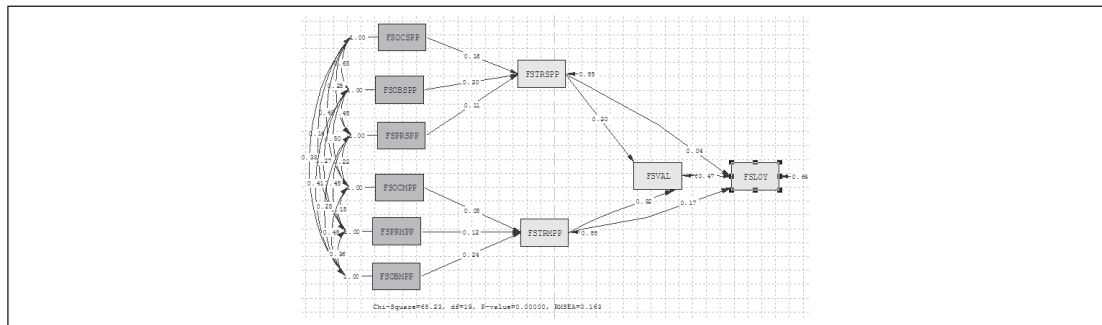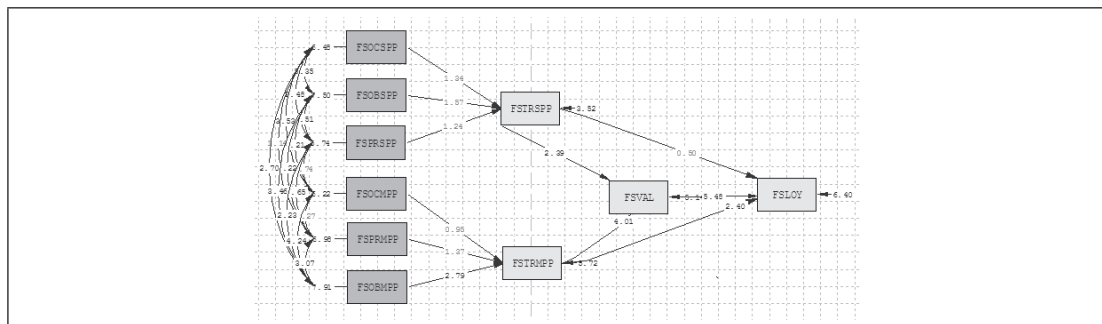## Figure 2. Path analysis showing coefficients

Figure 3. Path analysis showing t-values

The KMO values of Trust dimensions, both in SPP and MPP context, show that they can be grouped as "middling". The last two dimensions, Value and Loyalty, show KMO values that can be interpreted as "meritorious", because their value are between 0.80 and 0.90. Note that we do not include ProbSolv3 due to low MSA value (below 0.50). We can infer that the correlation between each variable and the factor related are high enough, indicated by above 0.5 loading factor. In addition, we deleted the variable TrustMPP1 due to low factor loading, indicating a low correlation between the variable and the factor. Those deleted variable were no longer used in the subsequent analysis. We can also see that the factor analysis that had been done can explained variances more than 50%.

After we conducted the factor analysis, we then used the resulting factor score as inputs in Structural Equation Modeling. The resulting path analysis, both showing the estimated coefficients and t-values, is presented in Figure 2 and 3, respectively, and these coefficients and t-values are summarized in Table 3.

The results in Figure 2, Figure 3, and Table 3 confirm that the model fits the data marginally. The chi square probability value is below 0.05, indicating that we should reject the hypothesis that the proposed matrix is not significantly different from the real matrix. Goodness of fit index is slightly below the recommended minimum level of 0.90. Other indicators also indicate similar conclusion. The model explains small proportion of variances in the dependent variable, and not all the independent variables have significant effects on the dependent variable. For the first equation, where the dependent variable is trust in SPP, we can see that none of the Trustworthiness dimension has significant effects on trust in SPP. The dependent variables can explain the variances of the dependent variable for only 15%. But, although no significant effect identified, the positive coefficients support our hypothesis that the Trustworthiness dimensions have positive effect on trust in SPP. Moreover, if we see the coefficient of dummy variables, which is shown as "change in positive performance", none have a significant effect. This indicates that there is no difference between the positive and negative effect. In other words, there is no asymmetric

effect in this relationship.

The second equation, in which Trust in MPP acts as dependent variable, the only Trustworthiness dimension that has a significant effect on trust in MPP is MPP operational benevolence. This is indicated by the t-value that which is above the 5% critical level. The R^2 of this equation is 0.12, indicating that the independent variable can explain the variance of dependent variable by 12%. From the third column, we can conclude that there is no asymmetric effect exists in this relationship.

In the third equation, where "Value" is the dependent variable, both independent variables suggested by the model, SPP trust and MPP trust, have a significant positive effects on value. The beta coefficient for SPP trust and MPP trust are 0.20 and 0.32, respectively. The R^2 value for this equation (0.17) is bigger than the previous two, indicating that the dependent variables can explain up to 17% variance in dependent variable.

In the last equation, we can see that only MPP trust and value have significant effects on loyalty. The beta coefficients for MPP trust and value are 0.17 and 0.47, respectively. SPP trust does not have a significant effect, indicated by low the t-value. The R^2 for this equation is the highest (0.32), which means that the independent variables can explain the variance of dependent variable up to 32%. We can conclude from the model that SPP trust has an indirect effect on loyalty instead of direct effect.

Based on the results above, we can conclude that the coefficients of each dimension of MPP trustworthiness support our hypothesis, where those dimensions have positive effect on trust. But, the only factor that proved has a significant effect is only operational benevolence of MPP. We can conclude that behaviors that showing MPP always put consumer's interest in the top priority are crucial in building trust perception toward MPP. On the other hand, operational competence and problem solving orientation of MPP do not have significant effect on trust in this context. Moreover, in the SPP context, it was proven that none of the trustworthiness dimensions have significant positive effect on trust in MPP. This might infer several things. *First*, there are other variables that describe

operational competence and problem solving orientation better than the ones we used in the questions. If we include those variables, we might reach different conclusion. *Second*, the most stratghtforward explanation, those variables simply do not have any significant effect on trust, but it is possible that they may have significant effect on value or loyalty. *Third*, the respondents do not take these factors as something that is important. The *last* explanation, for problem solving orientation dimension, the respondents had never experiencing any problems with the store, therefore their judgement on this dimension may be biased. Another important result regarding the relationship between Trustworthiness and Trust, both in the MPP and SPP contexts, is that the statistical results show that there is no asymmetric effect found.

The above findings indicate that consumers separate their perspectives toward MPP and SPP. However, our results are different from Sirdeshmukh et al. (2002) in at least two issues. While they found that all Trustworthiness dimensions positively affect Trust, we found that there is no trustworthy dimension that has significant positive effect to SPP Trust, and only Operational Benevolent dimension significantly affect MPP trust statistically. Hence, there is a room for robustness check on the validity of Trustworthiness measures.

The results also confirm that Trust in MPP and Trust in SPP are both significantly affect Customer Value. The coefficient results suggest that Value is more sensitive to MPP Trust. From the three hypotheses regarding factors that might affect Customer Loyalty, we found that MPP Trust and Loyalty can influence this dimension, while SPP Trust does not have any direct effect towards Loyalty. Based on the coefficient, we can infer that positive effect from Value is more significant compared to MPP Trust. Looking at these results, one important implication for management of retail companies is that they should put additional effort in MPP to create customer value and enhance customer loyalty toward companies' products. For example, when customers encounter problems with the stores or products, management should ensure that standard operating procedures developed have aligned with the best interest of the customers.

Conclusion

Customer service and service delivery systems are crucial and retailers should pay attention to these issues. Successful customer service program and service delivery systems should be able to enhance consumer trust, which might also result in increased customer value and loyalty. Literatures argue that trust is one of the most important factors in customer loyalty development

This study attempts to examine the relationship between trust, value, and loyalty in the setting of retail clothing company. In the model used in this research, value acts as intermediation variable. We also tried to study how trust is affected by trustworthiness, which is then separated into management policies and practices (MPP) trust and sales promotion people (SPP) trust. In addition, we analyzed whether asymmetric effect in this relationship exist or not.

We apply confirmatory factor analysis and structural equation modeling to identify the relationships above. Using the framework developed by Sirdeshmukh et al. (2002), we get that MPP trust is affected by Operational Benevolence, one dimension in trustworthiness, while no dimension in trustworthiness affect SPP trust. Value is positively affected by MPP trust and SPP trust, whereas loyalty is positively affected by MPP trust and value. Therefore, we can see the importance of MPP as part of the overall services delivery system. For retail clothing company management, this imply that they should put more attention to MPP in order to enhance customer loyalty. In addition, the result suggest that customer value is more sensitive to MPP trust, which emphasize even more that it is important to design service delivery system that might increase trust in MPP. Moreover, since operational benevolence is proven to be the single trustworthiness dimension in building MPP trust, management might try to focus on policies and practices that reflect this dimension.

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