

**Three Dimensions of Relationship Commitment:
Differential Effects on the Development and Maintenance of
Interorganizational Exchange Relations**

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**A Thesis
Submitted to the Faculty of Graduate Studies
In Partial Fulfillment of the Requirements
For the Degree of**

Doctor of Philosophy

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Faculty of Management
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Winnipeg, Manitoba**

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**Three Dimensions of Relationship Commitment:
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Interorganizational Exchange Relations**

BY

Derek Nicholas Hassay

**A Thesis/Practicum submitted to the Faculty of Graduate Studies of The University
of Manitoba in partial fulfillment of the requirements of the degree
of
Doctor of Philosophy**

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ABSTRACT

Relationship marketing is a paradigm shift that has altered the focus of both marketing practice and theory (Morgan and Hunt 1994), and is defined as the set of marketing activities directed at the establishment, development, and maintenance of successful relational exchanges (Morgan and Hunt 1994). The current thesis makes a number of contributions to the study of relationship marketing.

First, the thesis introduced Allen and Meyer's (1990) three-dimensional conceptualization of organizational commitment to the study of commitment in marketing relationships. It was believed that the affective (AC), continuance (CC) and normative (NC) dimensions of commitment (Allen and Meyer 1990) represented a substantial improvement over unidimensional measures of commitment. In particular, it was believed that disaggregating the commitment construct would address some of the problems reported in previous studies of commitment (e.g., poor explanatory power). To test this assumption a multi-component model of relationship commitment was developed and tested.

Second, the proposed model of relationship commitment was developed from an extensive literature review that incorporated constructs from a variety of disciplines (e.g., loyalty, identification, attachment). Thus, this model attempted to address appeals for a "systematic conceptualization of commitment that can be applied across domains" (Meyer, Allen and Smith 1993). Third, the proposed model of relationship commitment expanded the *Key Mediating Variable* (KMV) model of relationship commitment (Morgan and Hunt 1994) to include antecedents and consequences specific to AC, CC and NC.

Finally, the test of the proposed (multidimensional) and rival models (unidimensional) of relationship commitment was conducted in a research context unique to the literature – the independent sales contractors (ISCs) involved in multilevel marketing (MLM). Specifically, the respondent sample was composed of 447 ISCs from five MLM plans.

LISREL analysis revealed that the proposed model represented a better fit to the sample data than the rival model demonstrating that the three-dimensional conceptualization of commitment can be extended to the study of interorganizational relationships. However, the thesis also provided insight into the mechanisms responsible for the development and maintenance of exchange relationships. For example, there was evidence to suggest that commitment can be influenced by relationship stage-effects.

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ACKNOWLEDGMENTS

This thesis would not have been possible without the support of a great number of people. First and foremost, I would like to acknowledge my thesis committee: Walter Good (Manitoba), Gerry Macintosh (North Dakota State), Gerry Sande (Manitoba), Malcolm Smith (Manitoba) and Dick Vosburgh (University of Guelph). If patience is a virtue then truly these five individuals are among the most virtuous. Despite the fact that the thesis and its various drafts were long and unwieldy, the committee was always supportive. Ultimately, this thesis is a tribute to their encouragement and friendship. In particular, I would like to thank Walter Good, my advisor, who encouraged me to study the multilevel marketing channel and whose guidance made this thesis a reality. However, it was his efforts as mentor, confidant, cheerleader, and golf instructor for which I am most grateful.

I am eternally grateful to the Direct Selling Education Foundation (DSEF) and the Direct Sellers Association (DSA) of Canada for contribution to the current thesis. Although the DSEF and DSA were the primary source of financial support for this thesis it was the support, encouragement and friendship of those involved in these organizations that I will remember most. To the DSEF and DSA boards who opened the doors necessary to begin this thesis, thank you. To the independent sales contractors (ISCs) and member company executives that made me feel so welcome in their businesses during this thesis, I am forever in your debt. Although this thesis spanned three administrations at the DSEF, its leadership remained enthusiastic about this project so, to Ross Creber, Vic Prendergast, and John Prevost I extend my sincerest thanks. I would also like to thank

Garth Borthistle, Roberta Creber, Paul Hanson, Melanie Hayden, Denny Martin, Patricia Ralph and Michael Rowlands at the DSEF/DSA for their support and encouragement. I can only hope that my association with these individuals and their respective organizations will continue long into the future.

In addition I would like to express my gratitude to both Lakehead University and the University of Manitoba and for their financial support. I would also like to thank my friends and colleagues at the Faculty of Management (Manitoba), Faculty of Psychology (Manitoba), and the Faculty of Business Administration (Lakehead) for their encouragement. In particular I would like to thank Carole Babiak and Arlene Smith for their kindness and administrative support that helped me through many difficult periods.

I would also like to recognize all those that have been inconvenienced during the course of this thesis. My family, friends and colleagues have been incredibly patient during a period which was, regrettably, marked by my absence at most anniversaries, birthdays, feasts, and celebrations. While I would like to thank all of you for your understanding, I would especially like to thank Tom and GG for their friendship and ability to put things into the proper perspective.

Finally, I would like to dedicate this thesis to Sam and Anita, my mom and dad, it is because of them that I am who I am.

INTRODUCTION

Relationship marketing has been described as a paradigm shift that has altered the focus of both marketing practice and theory (Morgan and Hunt 1994). Quite simply, relationship marketing has been defined as the sum of marketing activities directed at the establishment, development, and maintenance of “successful” relational exchanges (Morgan and Hunt 1994).

The current thesis makes three major contributions to the study of relationship marketing. First, the paper examines an expanded conceptualization of relationship commitment, a construct introduced by Morgan and Hunt (1994) and considered central to relationship marketing. Specifically, the thesis adapts the three dimensional conceptualization of organizational commitment developed by Allen and Meyer (1990) to interorganizational exchanges. Morgan and Hunt (1994), identified ten discrete forms of relationship marketing, only three of which involved intraorganizational relationships. Consequently, it is argued that the thesis addresses the majority of marketing relationships.

Second, a model of relationship commitment is developed from an extensive review of the literature that integrates various conceptualizations of commitment. In addition, the proposed model incorporates research on constructs related to these dimensions of relationship commitment. For example, parallels and similarities can be found between the three dimensions of relationship commitment and constructs such as: consumer loyalty, product involvement, identification, value congruence, and attachment. In this regard it is believed that the proposed model can be generalized to a variety of

research areas and might, in this capacity, serve as an integrative framework for subsequent research efforts. Consequently, the proposed model has the potential to address the need for a “systematic conceptualization of commitment that can be applied across domains” (Meyer, Allen and Smith 1993, p. 538).

Specifically, the proposed model contains both antecedents to, and consequences of, the affective, continuance, and normative dimensions of relationship commitment. By disaggregating the commitment construct in this way, the proposed model is able to address many of the measurement problems inherent in previous conceptualizations of commitment. In addition, it is believed that the disaggregation of the commitment construct will help improve its explanatory power. For example, it is argued that the three dimensions will have a differential impact on measures critical to relational exchange, such as: future investment intentions, intent to continue relationship, and compliance. To this end, the proposed model should also help clarify some of the ambiguous findings in the literature.

Finally, while it is recognized that a longitudinal study is required to make definitive comments on developmental processes, it is believed that the proposed model does provide significant insight into such mechanisms. Specifically, the differential contribution of the dimensions to the amount of explained variance in the outcome measures is instructive of their relative importance to relationship maintenance. Conversely, the proposed model illustrates that the three dimensions of commitment have different relationships with the antecedent constructs. As a result, the model is believed to

provide insight into the differential processes responsible for the development and maintenance of relationship commitment.

The proposed model emulates Morgan and Hunt's (1994) Key Mediating Variable (KMV) model of relationship commitment insofar as commitment occupies a mediating role. However, unlike the current thesis, the KMV model did not employ a multidimensional conceptualization of commitment. Furthermore, the current model introduces a number of antecedents unique to the KMV model and proposes differential relationships between these antecedents and the dimensions of relationship commitment. Consequently, this thesis represents an extension of the work of Morgan and Hunt (1994) and, in the process, offers a number of contributions to the study of relationship marketing.

1.1 Introduction to the Literature

In part, the motivation to study and pursue relational exchanges has been the proliferation of benefits associated with enduring relationships: reduced uncertainty, reduced operating costs, improved quality, greater innovation, and increased profitability (Berry 1995; Weitz and Jap 1995; Wilson 1995). Despite these advantages, there is a potential downside to intense marketing relationships for both the firm and those in boundary-spanning positions. For example, Weitz and Jap (1995) suggested that in certain industries, "individual relationships between representatives and customers may supplant customer ties to the firm. If representatives are fired or switch firms, sales may be lost permanently or transferred to customers" (p. 316). In addition, relationship marketing has been linked to elevated levels of disillusionment and dissociation amongst

individuals in boundary-spanning positions - those most responsible for the maintenance and development of such relationships (Sager 1994).

Although relationship marketing is seen as a fundamental shift in focus in some areas of marketing, Weitz and Jap (1995) suggested that the literature has long recognized the importance of relationship management in channels of distribution. Furthermore, relationship continuance has been a common topic of study in various areas of marketing, perhaps none more so than the area of internal marketing. Specifically, these latter studies have focused on tenure and turnover amongst employees, with individuals in boundary-spanning positions (e.g., salespeople, customer service representatives) as a common unit of analysis. The driving force behind this research was, and continues to be, the high turnover rates that plague these positions (e.g., Sager, Varadarajan and Futrell 1988). In particular, the incidence of turnover is highest in the early stages of employment (Wotruba and Tyagi 1991), which is a cause for concern because of the high cost of recruitment, selection, and training (cf. Sager, Varadarajan and Futrell 1988).

Consequently, the marketing and organizational behaviour literature is replete with studies examining antecedents of turnover. In fact, Moncrief, Hoverstad and Lucas (1989) referred to the *glut* of articles (over 1000 by 1981) which have appeared in this area. For example, researchers have variously examined the impact of: recruiting practices (Gable, Hollon and Dangelo 1992), employee-organization congruence (Dubinsky, Howell, Ingram and Bellenger 1986), career stage (Cron and Slocum 1986), met expectations (Wotruba and Tyagi 1991), and performance (Futrell and Parasuraman 1984; McNeilly and Russ 1992; Wotruba 1990) on tenure and turnover.

Perhaps one of the most widely examined antecedents is satisfaction. The importance of this variable to the performance and retention of marketing personnel, and salespeople in particular, is reflected by the volume of literature devoted to it (e.g., Behrman and Perreault 1984; Challagalla and Shervani 1996; Futrell and Parasuraman 1984; Motowildo 1983; Teas 1983). The number of factors that have been studied in conjunction with salesperson satisfaction are compounded by the number of factors related to: the work (e.g., amount of cold calling), the firm (e.g., reputation), their customers (e.g., number of accounts), their performance (e.g., percentage above/below quota) and/or their compensation (e.g., commission rate).

The majority of studies on turnover in organizations have found that a negative relationship exists between satisfaction and the dissociative tendencies of those occupying boundary-spanning positions (e.g., Sager, Varadarajan and Futrell 1988). In this context, dissociation refers to the process by which individuals disengage from their position either emotionally (detachment) or physically (absenteeism or turnover). According to Sager, Varadarajan, and Futrell (1988) once dissatisfied, employees such as salespeople are more likely to begin to think about quitting and subsequently develop attitudes about quitting. Dissatisfaction is the negative evaluative state that occurs as a result of expectancy disconfirmation on the part of one or both parties. As a result, dissatisfied salespeople are seen as more likely to dissociate from their work, and ultimately their employer (Sager and Yi 1996; Wotruba 1990).

In addition, job stressors such as role ambiguity and role conflict have been examined as causes of dissociation amongst those in sales (e.g., Michaels and Dixon 1994)

and customer service positions (e.g., Singh, Goolsby and Rhoads 1994). In particular, researchers have focused on the impact of such stressors on those variables thought to have the greatest impact on turnover, namely: performance, satisfaction, and commitment (e.g., Behrman and Perreault 1984; Michaels and Dixon 1994; Sager 1994; Singh, Goolsby and Rhoads 1994). For example, it has been found that the stress associated with role ambiguity (e.g., caused by the competing demands of customers and employer) can lead to dissatisfaction of those in such boundary spanning roles (Behrman and Perreault 1984; Dubinsky, Howell, Ingram and Bellenger 1986).

Similarly, recent investigations of burnout have indicated that those in personal service positions are more susceptible to emotional exhaustion and are more likely to dissociate from their work (e.g., Singh, Goolsby, and Rhoads 1994). Studies such as this are believed to be particularly instructive given the growing importance of relationship marketing in today's business environment (cf. the 1995 Journal of the Academy of Marketing Science special issue on the topic). According to Singh et al. (1994), this environment will most certainly be accompanied by increased job stress for those in boundary-spanning positions.

Although satisfaction and these various other constructs have been linked to dissociative tendencies amongst those in boundary-spanning roles, commitment remains the most widely studied construct (Reichers 1985). Perhaps the reason for this is, as Cohen (1993) suggested, "Conceptually, commitment is considered to be a better predictor of withdrawal than satisfaction" (p.77).

Although the study of relationship commitment is in its nascence, it is expected to become increasingly important in a business environment driven by service excellence and relationship marketing, and characterized by open-ended contracts, joint ventures, and strategic alliances (Gundlach and Murphy 1993). Furthermore, the *network* organization - believed to be the dominant market form of the 21st century (Achrol 1997; Webster 1992) - is characterized by interorganizational coordination far beyond that found in most exchange relationships. Not surprisingly, Achrol (1997) has indicated that commitment is also a central component of network relationships.

The aforementioned factors offer overwhelming evidence of the importance of relationship commitment to marketing. In particular, relationship commitment appears to occupy a central role in the relationship marketing paradigm because of its significance to the development and maintenance of exchange relationships. For example, recent articles dealing with relationship commitment (e.g., Gundlach, Achrol, and Mentzer 1995; Morgan and Hunt 1994) have prompted some to suggest that commitment has become a focal point of explanation in relationship marketing (e.g., Moore 1997). In addition, Wilson (1995) argued that commitment is the most common dependent variable found in research on buyer-seller relationships. Thus, relationship commitment as the focus of the current research appears particularly warranted.

Despite the demonstrated importance of relationship commitment to marketing, to date, research efforts have focused primarily on the related constructs of organizational commitment and consumer loyalty. Albeit disparate in focus, these research areas have similarly concluded that there is theoretical and empirical support of a positive link

between commitment (loyalty) and relationship continuance (repeat patronage).

Specifically, organizational commitment has been found to be inversely related to intention to quit and actual turnover, while loyalty has been positively linked to resistance to counterpersuasion and repeat patronage.

In their meta-analysis of organizational commitment (OC) research, Mathieu and Zajac (1990) found over 200 articles between 1974 and 1987 that contained this construct. Furthermore, these authors reported that 26 samples examined turnover as a consequence of OC with the overwhelming conclusion from this body of research that a negative relationship exists between OC and employee turnover.

In marketing, the importance of the commitment construct has been heightened by the recent shift towards relationship marketing and the requirement for stable, enduring exchange relations. For example, Anderson and Weitz (1992) stated that in order for commitment to develop, confidence in the stability of the relationship and desire are required. They also suggested that the “essence” of commitment, regardless of context - (inter)intraorganizational or interpersonal - is “stability and sacrifice.” By definition then, commitment exists only in those exchanges that occur over a protracted period of time. Thus, there is little commitment in transactional exchanges and intense commitment in relational exchanges (Graham and Organ 1993; Gundlach and Murphy 1993). Additionally, a relationship must be valued to be sustained, as it is unlikely that people will commit themselves or invest in a relationship that is not valued. For example, Moorman, Zaltman and Deshpandé (1992) defined relationship commitment as an “enduring desire” to maintain a “valued” relationship.

In this regard, similarities exist between commitment and the loyalty construct common in consumer behaviour. To illustrate, the consumer behaviour literature now recognizes that repeat patronage, in and of itself, is not a sufficient condition for consumer loyalty (cf. Jacoby and Chestnut 1978). Rather, as Dick and Basu (1994) demonstrated, loyalty only exists where there are concomitantly high levels of relative attitude and repeat patronage. Furthermore, Dick and Basu (1994) used Day's (1969) term *spurious loyalty* to describe patronage behaviour (e.g., purchase frequency, volume or proportion of purchases) that is based on consumer inertia or situational exigencies. For example, consumers may continue to patronize a brand/store because they are unable to differentiate between brands/stores, are relatively uninvolved in the purchase, or face constraints that preclude choice (e.g., income or distance).

Similarly, it is argued that an individual cannot be said to be committed to a relationship or course of action simply because they continue to participate. For example, one does not consider the prisoner serving a life sentence "committed" to incarceration simply because they remain an inmate. Conversely, this same prisoner is quite likely highly committed to either: the appeal process, rehabilitation, or perhaps an escape plan.

Sheth and Parvatiyar (1995), argued that the "fundamental axiom of relationship marketing is, or should be, that consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers" (p.256). This axiom is central to the current investigation of relationship commitment, as it represents the basis for distinguishing between intra and interorganizational exchange.

Intraorganizational relationships are defined as restrictive exchanges between individuals and/or corporations, and exist whenever a relationship between two parties is: preordained by ownership, restrictive trade agreement, or situational exigency. For example, relationships such as those that exist between franchisee-franchisor, husband-wife, or employee-employer are governed by legally-binding agreements (i.e., marriage license, employment contract, franchise agreement) that preclude free association (i.e., choice) and are therefore considered intraorganizational. To illustrate, in their examination of buyer-seller relationships Dwyer et al. (1987, p.14) quoted McCall (1966) who said:

Marriage [is a] restrictive trade agreement. The two individuals agree to exchange only with one another at least until such time as the balance of trade becomes unfavorable in terms of broader market conditions.

Similarly, relationships that are the product of choice-limiting situational exigencies, such as the monopolies enjoyed by local phone services, utilities, and cable companies would be considered intraorganizational. One need only look to the phenomenal volume of switching behaviour that occurred following the deregulation of long distance phone service to appreciate the impact of such situational exigencies. Thus, in conditions of reduced choice the spurious form of consumer loyalty described by Dick and Basu (1994) would be equivalent to the intraorganizational relationship described in this thesis.

In contrast, relationships between freely associating individuals (e.g., friends, buyer-salesperson) or independent organizations (e.g., supplier-retailer) are referred to as interorganizational relationships. To illustrate, the unrestricted free agent in professional

sports is able to associate with (i.e., entertain offers) teams of his/her choice and consequently, the relationship between this player and a given team is considered interorganizational prior to signing. However, once (s)he signs a “contract” this relationship would be classified as intraorganizational. This change in the player-sports franchise relationship is perhaps best illustrated by the fact that players are referred to as *the property of a given team*.

Therefore, intra/interorganizational relationships are distinguished on the basis of whether or not they are governed by contracts or agreements that prohibit alternative associations. Intraorganizational agreements contain provisos that provide parties to the relationship with recourse in case the other fails to adhere to the regulations concerning association. For example, provisos will variously allow for: penalties (e.g., fines, garnished wages), restitution (e.g., payment for lost income, alimony) or termination of the relationship (e.g., revocation of franchise, dismissal, divorce).

The study of relationship continuity in marketing has primarily been limited to industries or channels that are characterized by large investments (e.g., car and tire dealerships), high switching costs (e.g., volume of inventory, contractual agreement) and/or trade protection (e.g., exclusive distribution arrangement). For example, in their seminal work on relationship commitment Morgan and Hunt (1994) employed a sample of independent tire dealers. Although interorganizational, it is argued that relationships in this industry are, in part, perpetuated by high switching costs, and exclusive trade territories.

Although insightful, studies of this type fail to accommodate those (arguably the majority) marketing relationships that are characterized by relatively small financial investments, low switching costs, and which operate with little trade protection. Interestingly, the latter conditions are remarkably similar to those that characterize the *exploration* phase of the relationship development (Dwyer et al. 1987). Specifically, Dwyer et al. (1987) stated, “the exploratory relationship is very fragile in the sense that minimal investment and interdependence make for simple termination” (p.16).

Consequently, it is argued that an examination of commitment is best examined in an industry or channel characterized by more moderate financial and legal constraints. Interorganizational relationships are the focus of this thesis because it is believed that relationship commitment should be studied in exchanges that are entered into freely and remain relatively free of associative restrictions. It is, however, important to note that such interorganizational relationships do not preclude the parties from entering into formal contractual agreements. Thus, the crucial distinction between the intra and interorganizational form of relationship is not the existence of a contract, but whether such a contract precludes freedom of association. For example, interorganizational relationships such as those between suppliers and distributors are typically governed by contracts (verbal or written) that delineate the responsibilities (e.g., payment terms, purchase volume) of each party. Although there is evidence to suggest that restrictive clauses are being used more frequently in international trade agreements (i.e., to combat the growing problem of gray markets: cf., Cespedes, Corey, and Rangan 1988), it is

believed that a significant volume of interorganizational trade is free of such restrictive agreements.

Hereafter, where it is necessary to distinguish the form of commitment which exists in interorganizational relationships from that in intraorganizational relationships, the former will be referred to as relationship commitment (RC), and the latter as organizational commitment (OC). Where no such distinction is required the more general term commitment will be used. Although this distinction has not been formally stated elsewhere, this terminology is consistent with that used in both the marketing and organizational behaviour (OB) disciplines. For example, Morgan and Hunt (1994) first used the term *relationship commitment* in their examination of the interorganizational relationship between independent tire dealers and tire manufacturers. Specifically, relationship commitment was the focal construct in their Key Mediating Variable (KMV) model of relationship marketing. Conversely, OC employed in organizational behaviour refers to the commitment of employees to their employer - an intraorganizational relationship. Thus, the use of OC in this thesis is consistent with the OB literature responsible for the majority of research on commitment (Moore 1997).

1.2 Introduction to the Three-Dimensions of Commitment

Until recently, the commitment construct has been plagued by two problems. First, the construct suffered from definitional problems that resulted in ambiguity and redundancy (cf. Morrow 1983). Second, the construct was found to have relatively poor explanatory power for outcomes such as turnover. For example, in their study of employee turnover, Lee and Mowday (1987) found that organizational commitment,

incrementally, explained only 4.1% of the variance in a measure of intention to leave. This latter problem is believed to be a function of the aforementioned definitional and measurement issues.

Historically, uni-dimensional conceptualizations (e.g., attitudinal, behavioural) or global measures of commitment (e.g., organizational commitment, work commitment) have been employed in commitment studies. However, most researchers now acknowledge that commitment is a multifaceted construct and Geyskens et al. (1996) suggested that global commitment measures could confound or mask different and possibly even contrasting effects. For example, Geyskens et al. (1996) found that increased levels of trust resulted in increased levels of affective but decreased levels of continuance commitment. Consequently, researchers now believe that there are most certainly unique processes responsible for the development of the various facets of commitment (e.g., Allen and Meyer 1990; Meyer, Allen and Smith 1993).

In addition, it has been proposed that these commitment components will have differential effects on relational outcomes such as turnover, occupational development and compliance with standards (e.g., Allen and Meyer 1990; Jaros et al. 1995; Mathieu and Zajac 1990). Allen and Meyer (1990) stated, "Some employees, for example, might feel both a strong need and a strong obligation to remain, but no desire to do so; others might feel neither a need nor obligation but a strong desire, and so on" (p.4).

Consequently, the definitional and conceptualization problems that have historically plagued the commitment construct have been somewhat alleviated now that, "the literature appears to be evolving towards a three-component model" (Gundlach et al.

1995, p.79). Perhaps the most widely cited work in this regard involves the *affective*, *continuance* and *normative* dimensions proposed by Allen and Meyer (1990). These dimensions are introduced here and will be discussed in greater detail in a subsequent chapter. Affective commitment (AC) refers to the emotional attachment one has to a given entity (e.g., organization, individual, product) and is associated with feelings of loyalty, pleasure, and happiness (Jaros et al. 1993). Continuance commitment (CC) is most often associated with Becker's (1960) side-bet theory and is developed through idiosyncratic investments that tie an individual to the particular commitment object which is why it is also referred to as calculative commitment (Mathieu and Zajac 1990). Finally, normative commitment (NC) is defined as the psychological attachment one feels as a result of the internalization of values, and goals (Jaros et al. 1993). The distinction between these three forms of commitment is perhaps best illustrated by Meyer, Allen and Smith (1993, p.539), who stated:

Employees with a strong affective commitment remain with the organization because they want to, those with a strong continuance commitment remain because they need to, and those with a strong normative commitment remain because they feel they ought to do so.

Despite the trend towards a multi-component conceptualization of commitment in the literature, by no means is there a consensus on these dimensions. Thus, a familiar set of problems now haunts the individual components of commitment, namely differences in conceptualization and measurement (Gundlach et al. 1995). In the current study, Allen and Meyer's (1990) three-dimensional conceptualization and operationalization of commitment has been adapted for use in the interorganizational context. Their approach

was chosen over competing multi-component conceptualizations for a number of reasons. Perhaps most importantly, the factor analytic structure of their three dimensions has been verified in subsequent studies and their scales validated (cf. Meyer, Allen, and Smith 1993).

Although Jaros, Jermier, Koehler and Sincich (1993) examined dimensions similar to Allen and Meyer (1990) - affective, continuance, and moral - they chose to measure affective commitment using bipolar scales. Jaros et al. (1993) argued that this approach tapped into feelings rather than the cognitive beliefs about emotional attachments represented by Likert formats employed by Allen and Meyer (1990) and others.

In contrast Gundlach et al. (1995) examined three different dimensions - *input*, *attitudinal*, and *temporal* - in their study of relationship commitment. Although the input dimension is conceptually similar to the continuance form of commitment discussed earlier, Gundlach et al. (1995) operationalized this dimension quite differently. Specifically, input commitment was measured by examining idiosyncratic investments such as the sharing of confidential and proprietary information. Idiosyncratic investments such as these are somewhat suspect as surrogates for commitment given the fact that researchers such as Dwyer et al. (1987) consider this “exploratory behavior” and thus antecedent to commitment.

In addition, Gundlach et al. (1995) measured attitudinal commitment as the intention to make future investments. Unfortunately, the utility of this measure is deficient for many of the same reasons that repeat patronage was recognized as an unreliable surrogate for consumer loyalty. While it is suspected that future investment intentions are

evidence of commitment - an outcome measure - they do not capture the relative attitude that Dick and Basu (1994) considered so important.

Perhaps the most significant contribution of the Gundlach et al. (1995) study was its longitudinal methodology, an approach that is essential to the study of relationship development processes. To this end, the authors were able to measure temporal commitment by examining actual inputs in subsequent exchanges. However, rather than a discrete dimension this temporal component actually represents a second measure of input commitment (e.g., inputs at period $t+n$). Albeit a measure of continued investment, it is inaccurate to suggest that this is a unique dimension of commitment.

Although Gundlach, Achrol and Mentzer (1995) purported to examine a three-dimensional conceptualization of relationship commitment it has been demonstrated that the measurement of these dimensions was dramatically different than that employed elsewhere. Furthermore, Gundlach et al. (1995) examined commitment in a simulated exchange environment that placed students in the roles of distributors and manufacturers, a stark contrast to the survey methodology employed in the current thesis.

1.3 Introduction to Methodology

Participants: Both the initial exploratory and subsequent explanatory phases of the thesis employ multilevel marketing (MLM) distributors, a sample that is unique to both the commitment and marketing literature. This particular sample was selected because it offered two additional contributions to the marketing literature. First, the multilevel or network marketing channel remains relatively unexplored in the academic marketing literature. In fact only two articles specific to network marketing were found in an

exhaustive study of the literature: Good and Hassay's (1995) descriptive article on the MLM environment, and Kustin and Jones' (1995) discussion of consumer attitudes towards network marketing. To address the dearth of information on the MLM channel an overview of this channel is presented in Section 2.4.

Second, the interactions between MLM distributors, their recruits and the MLM firm represent a network of interorganizational exchanges, a relatively novel research context for the study of commitment. As a result, examining relationship commitment within the MLM channel was seen to provide a number of unique perspectives over more conventional marketing exchanges.

Furthermore, to examine relationship commitment in an interorganizational marketing context, it was believed that the focal channel structure had to be accessible to, if not already used by, an array of product categories and firms, so as to reduce the potential for product or company-specific effects.

Despite the fact that this study focuses on relationship commitment, and therefore relationship continuity, a longitudinal study was cost prohibitive. Therefore, the resultant cross-sectional methodology necessitated the use of an industry or marketing channel characterized by high turnover rates. Although it would appear paradoxical, a channel can be characterized by both high levels of turnover and commitment as long as there is a concomitantly high level of recruitment. Analogously, a product may have high trial or brand switching rates and yet continue to have a small nucleus of loyal users. Again, the MLM channel arrangement was found to best satisfy each of these methodological requirements.

Specifically, a self-administered survey was sent to 3000 MLM independent sales contractors (ISCs) living in Canada. Participants were selected using a two-step approach (Malhotra 1993). First, nonprobability judgement sampling was used to identify five Direct Sellers Association (DSA) member MLM firms representing different product categories and different types of selling style (i.e., party-plan, individual selling). These heterogeneous samples addressed Weitz and Jap's (1995) admonition for research into commitment in different relational contexts.

Second, a probability sampling technique was used to identify the sample of distributors from each MLM firm. The specific sampling method employed was determined in concert with the participant firms to insure a consistent and convenient method of sampling and survey distribution.

Data Collection: Data collection in the explanatory phase of the study required participants to complete a self-paced questionnaire. This questionnaire consisted of the multi-item measures for the various constructs in the proposed model of relationship commitment, as well as demographic, tenure, and sales performance measures. The origin and characteristics of the various survey measures are outlined in the methodology section. Questionnaires were distributed to the selected ISCs by the participating MLM firms, along with cover letters from the Executive Director of the Direct Selling Education Foundation of Canada, and the researcher. Upon completion, surveys were returned to the researcher in pre-addressed, postage-paid envelopes.

LITERATURE REVIEW

This chapter presents the theoretical foundation for a proposed model of relationship commitment (RC) development in marketing exchanges. The initial section of this chapter introduces the concept of relationship commitment, defines the component dimensions of this construct and emphasizes its importance to relationship marketing. Subsequent sections define and review the theory associated with the mechanisms that are believed to facilitate, as well as, impede the maintenance and development of relationship commitment. Following this section a descriptive overview of the MLM channel is presented as this thesis represents the first investigation of this particular channel structure. Next, parallels between relationship commitment development in covenantal social relations and the multilevel marketing channel are drawn. Finally, the hypothesized relationships between these mechanisms, the dimensions of relationship commitment, and their consequences in the proposed RC model are discussed.

2.1 Relationship Commitment

The term “relationship commitment” is relatively new to marketing and was introduced by Dwyer, Schurr and Oh (1987) in their seminal work on relationship development. These authors defined the penultimate stage in relationship development as “commitment,” and indicated that relationship exchange partners in this stage virtually preclude other partners. This characteristic of commitment is grounded in social exchange theory (Thibaut and Kelley 1959) which states that a relationship is more likely to be successful (endure) when its outcomes (rewards-costs) exceed those of the next best

alternative (CL_{alt}). Consequently, in the Dwyer et al. (1987) “commitment” stage, an exchange partner is not likely to sacrifice the outcomes of the current relationship by entertaining less attractive partners. Engaging the marital metaphor utilized by Dwyer et al. (1987), this stage is analogous to betrothal or, perhaps more appropriately, monogamy.

More recently, Anderson and Weitz (1992, p.19) suggested that relationship commitment entails, “A desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship.” As mentioned previously, Moorman, Zaltman, and Deshpandé (1992) defined relationship commitment as an “enduring desire” to maintain a “valued” relationship. Thus the critical component of relationship commitment appears to be the notion of an enduring or stable relationship.

The importance of relationship commitment to the study of exchange is demonstrated by its centrality in Morgan and Hunt’s (1994) KMV model of relationship marketing. The Morgan and Hunt (1994) model presented a number of constructs essential to this emerging marketing paradigm and thus antecedents and consequences of relationship commitment. However, the KMV model is not specifically concerned with the process by which relationship commitment is developed or maintained but, rather, its importance to successful relational exchanges. To date, there have been no known attempts to model the differential contribution made by factors on the development of a multi-component conceptualization of relationship commitment in interorganizational marketing exchanges. The primary contribution of this thesis is the development and test of such a model.

Although a relatively new term in marketing, relationship commitment is, as Morgan and Hunt (1994) emphasized, rooted in the various conceptualizations of commitment found in the literature on interpersonal (i.e., intimate relationships), intraorganizational (i.e., corporations) and interorganizational (i.e., distribution channels) relationships. Despite their seemingly disparate foci, this body of literature is consistent in that each views commitment as an essential component of relationship maintenance. As a result, relationship commitment has been presented as a superordinate form of commitment (Morgan and Hunt 1994) which transcends the superficial boundaries imposed by research disciplines such as psychology, sociology, and organizational behaviour.

Consequently, it is believed that the model of relationship commitment developed in this thesis has the potential to be generalized to the study of commitment in a variety of relational contexts. In this manner, this thesis attempts to address Johnson's (1973) entreaty for a general conceptualization of the structure of commitment that can be applied to a variety of relationship structures. Specifically, relationship commitment is believed to have such broad appeal because it is inextricably linked to various measures of relationship success. As a result, the following definitions and research overview does not distinguish one form of commitment from another. Rather, this overview examines the commonalties between various conceptualizations of commitment thereby uniting these disparate bodies of literature.

The most voluminous body of research on commitment is found in the organizational behaviour area, where employee commitment to the work environment has

been extensively studied. Morrow (1983), indicated that research efforts in this discipline have primarily concentrated on the following commitment foci: value, career, job, organization, union, and a combined dimensions focus. Morrow argued that these forms of commitment are redundant and called for a more rigorous development of the commitment construct.

Although various forms of commitment have been studied in the organizational behaviour discipline, Reichers (1985) asserted that organizational commitment (OC) was one of the most widely studied concepts. For example, Mathieu and Zajac (1990) found that over 200 articles involving the OC construct had been published between 1974 and 1987 alone. This extensive body of research has included numerous examinations of antecedents, correlates and consequences of OC. For example, Mathieu and Zajac (1990) found eight consequences of OC had been prominently studied in the literature. In particular, the relationship between OC and voluntary withdrawal behaviours such as: propensity to leave, lateness, and turnover were frequently examined. To illustrate, Mathieu and Zajac (1990) indicated that 96 of 119 samples that included consequences of OC were related to employee withdrawal behaviours. The overwhelming conclusion from this literature is that a negative relationship exists between OC and employee withdrawal, and specifically intention to leave, and turnover.

The intense concentration on the OC-turnover relationship was presumably motivated by the desire to retain productive employees, thereby reducing the high costs associated with recruiting and training new employees (cf. Crandall and Parnell 1994). Concomitantly, this body of research has also been concerned with various antecedents

which either facilitate (impede) the development and or maintenance of OC, and thus indirectly reduce (enhance) turnover. To illustrate, Mathieu and Zajac (1990) reported on 26 antecedents and 14 correlates of OC in their meta-analysis.

The primary objective of this research then has been to isolate antecedents (e.g., personal and job characteristics) that can be controlled by a firm through such means as job design, employee recruitment and socialization practices. To date, studies of OC have been motivated by one or all of the following objectives: 1) the determination of employees which are a withdrawal risk (i.e., low commitment), 2) the identification of the etiologic foundations for organizational commitment (i.e., examining its antecedents and correlates), and 3) ascertaining the impact of controllable employment factors on OC.

The importance of this literature to the development of the model of relationship commitment presented in this thesis cannot be over emphasized. First of all, the theoretical underpinnings for many of the relationships in this model have been derived from the work of organizational theorists. Second, many of the measures that have been incorporated into the current research instrument had their origins in this area. However, it is believed that the most influential contribution of this literature to the current thesis has been the multi-dimensional conceptualization of the commitment construct. Although contentious in its infancy, it has since become well established that attitudinal commitment embodies both rational and affective components. There remains however some disagreement on the actual number and labels applied to these dimensions. To this end Meyer, Allen and Gellatly (1990) argued that no one view of commitment is fundamentally 'correct.'

In this thesis, a three dimensional conceptualization of commitment is adopted. This conceptualization was originally presented by Meyer and Allen (1991), and has since been supported in a number of recent examinations of OC (e.g., Hackett, Bycio, and Hausdorf 1994; Jaros, Jermier, Koehler, and Sincich 1993; Somers 1995). Meyer and Allen (1991), labeled these three dimensions of commitment: affective, continuance, and normative. Although these dimensions were formulated in an intraorganizational context, here they are described in a more general form consistent with the focus of the current study: relationship commitment.

Affective commitment (AC) has commonly been defined as an emotional attachment to a given entity (e.g., organization or individual) and is associated with feelings of loyalty, pleasure and happiness (Jaros et al. 1993). The definition of affective commitment adopted for this thesis is derived from Jaros et al. (1993); *the degree to which an individual is psychologically attached to an entity through positive emotions.*

Continuance commitment (CC) is most often associated with Becker (1960) and his “side-bet theory.” Also referred to as calculative commitment (Mathieu and Zajac 1990), this form of commitment is developed by investing nontransferable (i.e., idiosyncratic) assets in the commitment object. As these investments cannot be transferred to another relationship, they represent sunk costs (Somers 1995) and, as such, are perceived as inducements to continuity and reflect an economic or rational approach to commitment. Although these investments vary by relationship type they can involve such things as time, effort, financial resources, or intimate disclosure. Jaros et al. (1993), suggested that continuance commitment is consistent with exchange theory in that these

side-bets are synonymous with relationship specific rewards. Leaving the relationship would render these rewards unobtainable and therefore represent a cost to the next best alternative (CL_{alt}). Consistent with Allen and Meyer (1990), continuance commitment is defined as *the psychological bond which exists between an individual and some entity based on feelings that the individual cannot afford to be separated from it* (Mathieu and Zajac 1990).

The third form of commitment is the most recent and is still in its nascence in the literature. Normative (Hackett et al. 1994; Somers 1995) or moral (Jaros et al. 1993) commitment has most often been subsumed by the attitudinal or affective dimension of commitment (Mathieu and Zajac 1990). However, recent research has confirmed the three component model of commitment proposed by Meyer and Allen (1991), and more importantly the differential contribution of normative commitment (NC) to various outcomes (cf. Hackett et al. 1994).

Due to its nascence, definitions of normative commitment have recently begun to appear in the literature as researchers begin to explore the bounds of the construct. For example, normative commitment has been variously defined as: 1) the duty an individual perceives they have in support of an entity (Somers 1995), 2) the psychological attachment one feels as a result of the internalization of values, and goals (Jaros et al. 1993), and 3) an individual's responsibility to an entity (McLeod et al. 1995). Jaros et al. (1993), likened this form of commitment to a "calling" and indicated that it reflects a sense of duty. In the current thesis, normative commitment is defined as *the resultant obligation*

an individual experiences for an entity due to his/her identification with the normative structure of that entity (Hackett et al. 1994).

Hackett et al. (1994), proposed that this felt obligation is developed through the existence of perceived normative pressure and that this pressure can have two primary sources. First, pressure can be exerted on the individual by the entity itself and occur both pre and post-association through processes such as seduction, persuasion and socialization (Deighton and Greyson 1995). Second, these pressures may be exerted by cultural (e.g., protestant work ethic) or personal factors (e.g., kith or kin relationships).

Bhattacharya, Rao and Glynn (1995), argued that identification and commitment were distinct constructs. However, the recent three-dimensional conceptualization of commitment challenges this contention and it is believed that normative commitment embodies the Bhattacharya et al. (1995) identification construct. This contention is supported by Bhattacharya et al.'s (1995) own assertion that when a person identifies with an entity he or she perceives a sense of "oneness with" or "belongingness to" it. Further support can be found in the work of Jaros et al. (1993) and McLeod et al. (1995) who described normative commitment as the "identification" with an organization's values and goals.

Additional support for the equivalence of the identification and normative commitment concepts is found in the interpersonal relationship literature where the final stage of relationship formation is commonly referred to as "commitment," the point at which individuals begin to identify themselves as a couple. Similarly, the stimulus-value-role theory of Murstein (1976) proposed that the final stage of relationship formation is

demarcated by the commitment to roles such as husband and wife. In this latter example, the individual's identity is defined in terms of the relationship, and is an identity that is difficult and expensive to extricate oneself from.

However, Bhattacharya et al. (1995) recognized that identification is entity-specific and distinct from the more widely studied continuance and affective forms of commitment. Bhattacharya et al. (1995) also indicated that few studies in marketing have addressed this identification concept as is also true for normative commitment.

While the dearth of research on normative commitment is undoubtedly a function of its nascence, Geyskens, Steenkamp, Scheer and Kumar (1996) found that calculative commitment has also been virtually ignored in the channels literature. Furthermore, this finding suggests that multi-dimensional conceptualizations of commitment, as a whole, have received little attention in this literature. However, the importance of normative commitment in marketing is illustrated by the Bhattacharya et al. (1995) finding that customer retention is enhanced through identification in the form of membership. Given the recent trend towards frequency and affinity type marketing programs this finding is particularly important, as it demonstrates the importance of normative commitment to relationship continuity.

Although a three dimensional conceptualization of commitment was presented by Gundlach, Achrol and Mentzer (1995), these dimensions were quite different from those of Allen and Meyer (1990). Specifically, the dimensions of commitment examined by Gundlach et al. (1995) were: input, attitudinal, and temporal which albeit similar in some respects to those employed in this thesis their operationalization did not clearly distinguish

commitment constructs (i.e., continuance commitment) from the mechanisms (i.e., idiosyncratic investments) which facilitate such commitment.

In part, these operational issues were constrained by the simulated exchange environment employed by Gundlach et al. (1995) to examine commitment. However, the work of these authors did provide significant insights into the relationship commitment development process. In particular, Gundlach et al.'s (1995) examination of social norms was central to the development of many of the hypotheses presented subsequently concerning normative commitment.

Research suggests that commitment is characterized by two fundamental components; a protracted time orientation and value. However, the preceding discussion has introduced the notion that there are in fact different dimensions of commitment: affective, normative, and calculative. Similarly, and perhaps more importantly it is believed that relationship stability and value are developed and maintained through different mechanisms. Consequently, the definition of relationship commitment adopted in this thesis is more holistic than those discussed previously to account for its varied underpinnings. Specifically, relationship commitment is defined as the degree to which an individual feels bound to a relationship. This conceptualization of commitment is closely aligned with the "attachment" term used by Mueller, Boyer, Price and Iverson (1994) to describe a construct that did not differentiate the "affective" and "intent to stay" dimensions of OC. Furthermore, this definition strongly reflects Anderson and Weitz' (1992) assertion that the "essence" of commitment, regardless of context - (inter) intraorganizational or interpersonal - is "stability and sacrifice."

The following section examines the process by which relationships and concomitantly, relationship commitment develop. Following this a descriptive overview of network marketing (MLM) is presented which is, in turn, followed by a section that draws parallels between this channel arrangement and the covenantal form of social relations. The primary objective of this latter section is to provide insight into the specific techniques used to develop and maintain commitment within these relationships and to introduce the specific hypotheses that are used to develop the proposed model of relationship commitment.

2.2 The Role of Commitment in the Relationship Development Process

There have been a number of different theories of relationship formation applied to marketing exchanges. These theories typically consist of four or five stages and illustrate a progressive movement towards greater involvement or attachment between exchange partners. Such theories are consistent with the “stage theories of relationship development,” found in social psychology. In marketing, stage theories of relationship formation have been used to describe exchange relations in general (e.g., Dwyer et al. 1987), direct marketing (e.g., Deighton, Peppers, and Rogers 1994), and marketing seduction (e.g., Deighton and Grayson 1995) type relationships. Regardless of focus, these stage theories are similar in that their final and or penultimate stage (for those theories that include relationship dissolution as a stage) reflects a sustained or enduring state. Consistent with Dwyer et al. (1987) this state is referred to as commitment in the current thesis.

Stage theories have often been criticized as inflexible because they do not allow for relationships that fail to follow the proposed sequence of stages. Apparently, many relationships develop in spite of these stages. Consequently, this thesis concentrates on the process of relationship development as reflected by these stages, rather than the sequence of these stages. These processes were referred to as the “enabling sub-processes” by Dwyer et al. (1987).

As a result, the discussion of relationship development presented here does not endorse a static sequence of stages but, rather, investigates the mechanisms and constructs embodied in these processes which facilitate relationship development and maintenance. In addition, a mechanism that is believed to impede or erode relationship commitment is introduced. Through such an approach, the inflexibility of the stage theories is avoided while the substantial contribution to theory presented by such theories is preserved. To this end, it is believed that the ensuing model of relationship commitment answers Wilson’s (1995) entreaty to create a model, “that integrates the variables of the empirical ‘success’ models with the stages in the relationship process models” (p.335).

The relationship development process outlined by Dwyer et al. (1987) is the focus of this section because it is widely recognized as the seminal work on relationship development in the marketing literature. Specifically, this particular process describes the evolution of marketing exchanges as they move from transactional to relational in orientation, and features commitment as the final stage of “successful” relationships. Furthermore, Dwyer et al.’s (1987) relationship development process is strongly grounded in the social exchange theory of Thibaut and Kelley (1959), a central theory in the model

of relationship commitment developed in the current thesis. In addition, the Dwyer et al. (1987) process is intuitively appealing as each stage is characterized by some degree of flexibility.

According to Dwyer et al. (1987), the initial stage in relationship development is “awareness,” and demarcates the point at which a unilateral awareness of another’s exchange potential exists. Further, these authors suggested that an effort to enhance one’s attractiveness may occur. Deighton and Grayson (1995) described this stage as “enticement,” in recognition of the more active role often adopted by one partner in the pursuit of another.

In this manner, “awareness” is characterized by perceptions of another’s attractiveness that, in social exchange theory, refers to a reward-cost outcome greater than an internal standard (Shaw and Costanzo 1982). Similarly, Byrne and Nelson (1965) defined attraction as the relative number of rewards and punishments associated with a given entity. However, Thibaut and Kelley (1959) described two different kinds of reward/cost determinants: 1) those that are “exogenous” to the interaction of the partners (i.e., abilities, similarity, proximity), and 2) those that are reliant on this interaction, or “endogenous” in nature.

In an interpersonal marketing context, attractiveness in the awareness stage is purely exogenous and therefore is based only on information gathered outside of personal experience. As a result, a prospective exchange partner’s reputation (e.g., product quality), size (e.g., number of branches), proximity (e.g., physical location) and prestige (e.g., blue chip company) may serve as enticements (warning) to approach (avoid) a

relationship. According to social exchange theory, the attractiveness of a relationship is determined, in part, through its comparison to an internal standard or comparison level (CL) formulated from previous relational experience. Specifically, an outcome in excess of the CL results in a positive evaluation and the prospective relationship is seen as attractive.

In a discussion of research on service relationships, Rodriguez, Searls and Wilson (1995) identified attraction as the first “bond” that developed in a relationship. Furthermore, these authors indicated that the maintenance of attraction is instrumental to the development of trust and commitment.

Attraction maintenance alludes to the notion that attraction can also be derived from the endogenous determinants of rewards and costs; those associated with experienced relationship characteristics. Dwyer et al. (1987) proposed that this endogenous form of attraction signalled the start of the second or “exploration” stage of relationship development. It is at this stage that the tangible and intangible outcomes of the interactions between the exchange partners can be evaluated. A positive outcome is again compared with the CL and the attractiveness of future interactions is determined. Thus, as Rodriguez et al. (1995) indicated there is a future orientation to attraction, in an ongoing relationship, just as there is an anticipatory form of attraction prior to relationship consummation.

However, exploration in the form of trial is not always possible in marketing exchanges (i.e., services) which further illustrates the importance of exogenous determinants of attraction as potential bonding agents. For example, it is not possible for

a government to purchase a nuclear reactor program on a trial basis, and infeasible for a contractor to test each of the tradespeople that will work on a project. Marketing relations such as these often rely on exogenous determinants of credibility and dependability (i.e., testimonials, credentials, and time in business) to potentiate the relationship.

In many marketing exchanges, the second stage of relationship formation is marked by some level of investment (cost) as well as an expectation of performance from the relationship. The investment may reflect financial, time, and or physical expenditures and represents a willingness to consider a relationship, while the expectations represent the measure against which relationship continuity will be evaluated. In social exchange theory it is argued that this expectation level is that which is determined through experience or which is perceived to be available in an alternative relationship.

The comparison level for an alternative relationship (CL_{alt}) and the individual's own standards (CL) are suggestive of their level of relationship satisfaction and continued involvement. Therefore, a relationship that is characterized by outcomes (rewards-costs) in excess of CL is believed to be satisfactory. For example, Griesinger (1990) suggested that organizations are systems of give-and-take relationships, and that participants or "stakeholders" contribute resources (cost) with an expectation of future positive outcomes. However, the contributions of one member are ultimately, dispersed as an inducement to participation for another member, and if inducements are insufficient to attract new participants ($outcomes < CL$ or CL_{alt}) then fewer inducements will be available. Additionally, if actual returns fall below those expected (CL) or believed available

elsewhere (CL_{alt}) than sustaining current membership becomes an issue, as participants exit for more favourable relationships. Consequently, Griesinger (1990) emphasized that an organization is sustained only for as long as it is able to continue to attract contributions, thus reasserting the importance of attraction to relationship maintenance.

However, it should also be noted that relationship outcomes can be negative (costs > rewards) and while not satisfying (outcomes < CL) may be continued because of an absence of known or available alternatives (outcomes > CL_{alt}). Consequently, it is believed that meeting or exceeding expectations (CL) leads to increased satisfaction and subsequently affective and normative commitment.

Dwyer, Schurr and Oh (1987), indicated that expectations are also the basis upon which trust is developed. Trust is central to Morgan and Hunt's (1994) KMV model of relationship marketing and they, along with Achrol (1991), recognized trust as a major determinant of relationship commitment. Although numerous conceptualizations of trust have been identified (cf. Martin 1991), trust is commonly defined in the marketing channel literature such that it incorporates the competing behavioural and belief forms found in the social psychology literature. For example, Moorman, Zaltman and Deshpandé (1992) defined trust as, "a willingness to rely on an exchange partner in whom one has confidence" (p.315).

Schurr and Ozanne (1985) indicated that the degree to which an exchange partner fulfils exchange obligations is an essential component of trust. Thus, expectations are seen as the benchmark against which an exchange partner's credibility is evaluated. In a study of industrial salespeople, Swan, Trawick and Silva (1985) found that a number of

activities and characteristics are influential in building trust and that these are subsumed by dependability, honesty, and competence. For example, the establishment of expectations, and subsequently meeting or surpassing these expectations, was a means to demonstrate dependability and build trust.

Consequently, it is believed that met expectations ($\text{outcomes} \geq \text{CL}$) can lead to trust, satisfaction and commitment in the relationship. However, it is important to note that expectations are not merely the objective reward-cost outcomes of a relational exchange, or series of such interactions, but also the manner in which these exchanges are conducted. Dwyer et al. (1987) referred to these qualitative aspects of a relational exchange as the “norms and standards of conduct.” Thus, it is believed that positive outcomes are insufficient to guarantee satisfaction and facilitate commitment if the experience surrounding the positive outcomes violate some normative standard. As a result, it is believed that trust is important to the development of AC, CC, and NC.

In their discussion of marketing “seductions,” Deighton and Grayson (1995) referred to this second stage as “enrollment.” In the relationships, “architects” of the seduction (marketers) impose a “new consensus” (set of normative agreements) on the participants (consumers). For example, Deighton and Grayson (1995) illustrated how in one seduction the acceptance of a role (cost) was deemed necessary for admission to Chonda-Za - a valley paradise (reward). Furthermore, Deighton and Grayson (1995) suggested that the social consensus can create a role for the individual to which they identify (normative commitment) and that can, in and of itself, be rewarding.

This seduction or unilaterally imposed role is analogous to an “unjust” source of power described by Dwyer et al. (1987). Specifically, these authors believed that the exercise of such power could control or influence the action of an individual without his/her consent or knowledge. However, it is believed that an awareness of unjust or coercive power has a negative impact on perceptions of credibility and thus trust will be diminished. Furthermore, if the outcomes associated with compliance to such unjust influence attempts are negative or fall below (CL_{alt}) then this could lead to dissolution of the relationship. Alternatively, Dwyer et al. (1987) described voluntary compliance with a “just” source of power as mutually rewarding and thus beneficial to the collective good. Consequently, the exercise of an unjust source of power is believed to have a negative impact on affective and normative commitment while the reverse is true for a just source.

The third stage of relationship formation described by Dwyer et al. (1987) is “expansion,” which is characterized by increased investment (costs) in the relationship by both parties. Relationship specific, or idiosyncratic (Anderson and Weitz 1992), investments are indicative of the extent to which trust and satisfaction were developed in the exploration phase of the relationship. In addition, as the time and financial resource commitments in a relationship are increased, they are unavailable for competing relationships and represent an opportunity cost. Thus, dependence on the focal relationship for rewards increases and relationship attachment, in the form of continuance commitment, is enhanced by this increased investment.

In addition, it is likely that the receipt of a positive outcome will be postponed as the level of investments increases as rewards may be received as a protracted payment

stream (i.e., payment terms). For example, in discrete transactions rewards are received concurrently (or approximately so) with costs. However, in relational exchanges, those characterized by trust, it is less essential and often impractical for rewards to be received simultaneously with investment. Similarly, it is possible that an investment is made with the expectation that rewards will follow in the form of a series of payments (i.e., annuity based “trust” fund) and thus an inherently greater degree of trust. However, it should be noted that such faith or trust is often rewarded in the form of a risk premium (i.e., higher interest rates on long term loans).

Frequency marketing (Solomon 1996) refers to the use of programs which reward consumer loyalty (i.e., frequent-flier programs). These programs have successfully decreased consumer switching rates because consumers are persuaded to view their previous purchases as investments rather than sunk costs. Marketers reinforce this perception through the use of a variety of reward balance schemes (i.e., points accumulated, prize levels) designed to foster additional investments. Thus, investments are made in the relationship (i.e., purchases made from a given retailer) in anticipation of some future reward (i.e., receipt of a new barbecue). However, the individual may come to feel “trapped” in the relationship because of these investments (Palmer 1995), and even though dissatisfied with a retailer’s products or services, remain in the relationship to obtain the desired reward. For this reason, Deighton and Grayson (1995) defined the third stage of seduction as “entrapment.”

Deighton and Grayson (1995) suggested that “there is also a psychic cost to abrogating the consensus and reversing the process of becoming involved” (p. 672) in this

stage. In commitment terms, it is believed that it becomes difficult for the individual to sever his/her self from the relationship because the self-concept becomes linked with the consensus. Support for this contention is found in social identity theory (cf. Ashforth and Mael 1989; Luhtanen and Crocker 1992) which proposes that the self-concept is comprised of both self-identity and social-identity components. Social identification is defined as the perception of oneness with a social entity such as an organization, or demographic group (Ashforth and Mael 1989). Thus, relationship attachment (normative commitment) is facilitated by an increasing psychological investment in the relationship represented by friendships and participation in relationship activities.

The penultimate stage of relationship development is labelled “commitment” by Dwyer et al. (1987) and “confirmation” by Deighton and Grayson (1995) with relationship “dissolution” and “defection” respectively, seen as the final stage in relationship development. While the current paper does not specifically address the mechanisms of dissolution, it does examine two mechanisms by which the maintenance of relationship commitment may be impeded.

Previously, it was proposed that the use of coercive influence attempts is one mechanism by which affective and continuance commitment can be decreased. It is also believed that the psychological and sometimes physical stress associated with the interpersonal interactions characteristic of relational exchanges may lead to burnout. For example, it has been found that customer service representatives are often prone to emotional exhaustion and become detached from their customers because of the interpersonal demands of their position (Singh, Goolsby, and Rhoads 1994). To this end,

burnout is seen to represent a psychological and physical cost of association and can be seen to reduce the rewards associated with the relationship. Consequently, it is believed that burnout has deleterious effects on the maintenance of relationship commitment and more specifically the affective and continuance forms of commitment. To this end, it is felt that increased burnout tendencies decrease commitment and, therefore, may be an indirect mechanism of relationship dissolution. This notion will be explored more fully in a later section of this chapter.

The focus of this thesis is on relationship commitment development and maintenance and does not adopt a biological or lifecycle approach replete with a beginning and end. However, commitment does represent the intensity of the bond an individual has to a relationship and therefore, processes by which that bond is weakened or severed are inherently important to its study. As a result, burnout is an important construct in this thesis, not because it leads to relationship dissolution but rather, because it impacts the development of commitment.

Furthermore, it is not believed that the process of relationship dissolution is simply the antithesis of commitment development. In fact, it is more probable that detachment occurs as a result of less positive (not negative) evaluations of trust and satisfaction and or lower levels of investments that serves to weaken an individual's commitment. For example, if positive outcomes (rewards-costs) enhance calculative commitment, less positive (or negative) outcomes are expected to decrease calculative commitment. However, relationship dissolution may be, and often is, the result of external factors such as the arrival of a more attractive alternative. In simple terms then, any process by which

costs are increased or rewards decreased, such that outcomes fall short of CL or CL_{alt} , then commitment will be diminished. This view is consistent with Baxter's (1985) conceptualization of the intrapsychic component of the dissolution process.

Consequently, the final stage of the relationship development process discussed in this thesis is the actual "commitment" stage denoted by Dwyer et al. (1987). Previously, this phase of relationship development was described as the point at which alternative exchange partners are virtually precluded. This is not to suggest that alternatives do not exist, but rather that they are not readily attended to because of one's positive perception of their current relationship relative to others ($outcomes > CL_{alt}$). Furthermore, Dwyer et al. (1987) emphasized that alternatives are not ignored, but rather, the frequency with which satisfaction levels in the current relationship are compared to other relationships is drastically reduced.

Integral to the relationship commitment concept is the stability and consistency of interaction between the relationship partners, and therefore, commitment will wane if not maintained. Attraction, investment, satisfaction and trust are believed to be the primary means through which commitment can be fostered and maintained. As a result, a satisfactory flow of rewards (equal to or greater than expectation) and or increased relationship specific investments will sustain an individual's affective and calculative commitment to a relationship. Conversely, burnout is believed to represent an inability to remain committed for physical or emotional reasons to a particular relationship and thus has a negative impact on affective and continuance commitment.

However, it is also possible to foster commitment through more explicit “pledges” of relationship devotion (Deighton and Grayson 1995). For example, observable attendance or participation in relationship activities enhances one’s social identity and therefore increases commitment. In an interpersonal context; marital vows, wedding ceremonies, engagement parties, showers, announcements, and wedding bands are symbolic of an individual’s participation in a relationship. Despite the financial investment associated with these activities and thus impact on continuance commitment, they may have a greater impact on one’s normative commitment to a relationship. For example the act of wearing a wedding band serves, at least in theory, as both a reminder of lifelong commitment and a defense against unsolicited advances. In an intraorganizational context, relationship identification is similarly affirmed by adorning oneself in organizational paraphernalia (Bhattacharya et al. 1995), attending organizational meetings (Aaker 1995; Ferguson and Brown 1991) and participating in commitment rituals such as baptisms, or contract signings (Adler and Adler 1988).

In conclusion, based on this overview of relationship formation it is apparent that there are a number of processes that lead to the development of relationship commitment. More important, however, is the recognition that these mechanisms have a differential impact on the formation of the three dimensions of relationship commitment. It is believed that it is the differential impact of such mechanisms that is, in part, responsible for some of the ambiguity which exists in the commitment literature. Therefore, it is important to re-emphasize that the primary contribution of this thesis is its inclusion of a multi-dimensional conceptualization of commitment. Specifically, it is believed that the inclusion of the three

dimensions of commitment: affective, continuance and normative will greatly improve our understanding of relationship commitment development and maintenance.

2.3 The Covenantal Form of Social Relations

Graham and Organ (1993), distinguished the covenantal form from the transactional and social exchange relations forms by suggesting that covenants have: 1) a long term orientation, 2) an intensive culture, and 3) are motivated by a “fealty to values.” More important to the current thesis is the proposition that covenantal relations differ from other forms of contractual relations in that mutual commitment, rather than mutual agreement, is the fundamental objective (Bromley and Busching 1988; Van Dyne, Graham, and Dienesch 1994). Not surprisingly, there is overwhelming support, in the covenantal relations literature, for the assertion that these relationships are characterized by a level of participant commitment transcending that of any other form of social relations. Therefore, in covenantal relationships formal contracts are subordinate to the objectives or values common to those involved as a means for securing participation. Although not supported by any formal research, this latter point suggests that these relationships will also be characterized by elevated levels of normative commitment.

Numerous authors have argued for the existence of a continuum of exchange in social relationships. For example, in the marketing literature relationships are most often presented on a Transactional Exchange → Relational Exchange continuum (e.g., Dwyer, Schurr and Oh 1987; Gundlach and Murphy 1993; Jackson 1985). In the literature on covenantal relationships researchers have argued that social relations fall on a Transactional → Covenantal continuum (Bromley and Busching 1988; Graham and Organ

1993). For example, Graham and Organ (1993) compared the *Covenantal*, *Transactional* and *Social Exchange* forms of social relations on dimensions such as: motivational paradigm, culture, cost of exit, and expected duration. The conclusion drawn from Graham and Organ's (1993) work is that the intensity and length of association in covenantal relations exceeds that of other forms of organization. Bromley and Busching (1988) reached a similar conclusion in their comparison of *Contractual* and *Convenantal* forms.

Table 2.0 provides an overview of the characteristic elements of various forms of social relations and is an adaptation of those presented previously by Bromley and Busching (1988), Graham and Organ (1993) and Gundlach and Murphy (1993). Particularly important to the current paper is the distinction between relational and covenantal exchanges.

Upon closer examination of its characteristics (see Table 2.0) it is perhaps not surprising to find that most discussions of the covenantal form have focused on religious organizations (Bromley and Busching 1988) and utopian societies (Kanter 1972). However, discussions of the covenantal form have more recently appeared in the organizational behavior literature with specific reference to *covenantal corporations*. For example, Graham and Organ (1993), identified a number of organizations which exhibit aspects of the covenantal form with respect to their employee relations practices (e.g., Cummins, Herman Miller Inc., IBM). Additionally, Van Dyne et al. (1994), suggested that the covenantal form influences not only affective states, such as satisfaction, but that it also has long-run consequences for a corporation. Specifically, they believed these

Table 2.0. A Relational Components Overview of the Social Relations Continuum

Relational Components	Transactional	Relational	Covenantal
Objective	Exchange	Mutual Benefit	Mutual Commitment
Primary Activity	Negotiation	Assessment	Bonding
Motivating Principle	Self Interest	Equity	Values
Morality	Duty	Duty	Aspiration
Duration	Short	Extended	Long
Culture	Weak	Moderate	Intensive
Activity Focus	Exchange	Exchange/Service	Cohesion
Investiture/Divestiture	Small/Small	High/Small	High/High
Exit/Switching Cost	Low	Moderate-High	High
Method of Regulation	Legal Contracts	Social Norms	Charisma
Form of Communication	Literal	Literal	Metaphorical
Norm of Communication	Prudence	Prudence	Expressive
Degree of Dependence	Minimal	Moderate-High	Intense

beneficial impacts would include: employee motivation, obedience, loyalty, and participation.

Although research on covenantal relations has concentrated on what could be argued to be intraorganizational relationships (e.g., parishioner-parish), there is no reason to preclude the existence of interorganizational covenants. For example, recent literature suggests the existence of what may well be described as consumer covenants. For example, Bhattacharya, Rao, and Glynn (1995) suggest that firms and institutions such as Harley-Davidson, Saturn, and The Grateful Dead are associated with levels of consumer loyalty well in excess of that experienced by their competitors. Bhattacharya et al. (1995), argued that this loyalty is a function of the degree to which consumers identify with these organizations. Noteworthy, here is the fact that identification is a central concept in covenantal relations and as previously demonstrated is closely aligned with the normative form of commitment.

Although these organizations may represent extreme examples of loyalty in a marketing context, they are suggestive of the existence of covenant-like relationships within marketing exchanges, and that such relationships may be widespread. Furthermore, it is quite possible that products characterized as having strong brand equity (Aaker 1994) are symptomatic of firms with covenant-like consumer relations. Thus, Nike, Coca-Cola, Pepsi, McDonalds, The Body Shop, Price Club, L.L. Bean and consumer cooperatives such as Mountain Equipment Co-op (a Canadian outfitter) might be representative of consumer covenants.

In some of these examples, consumers are formally linked to the institution through membership fees (e.g., Price Club) and, as a result, might be characterized by a more rational or calculative form of commitment. Conversely, patronage of other companies (e.g., Body Shop) may be indicative of an individual's identification with the core values promoted by the retailer, and hence normative commitment may be primarily responsible for continued association.

Since Kotler and Levy's (1969) influential article, numerous marketers have proposed that the boundaries of marketing be extended (e.g., Hunt and Burnett 1982). Here, the following comment by Deighton and Grayson (1995, p.674) is particularly illustrative.

We will find marketing at work wherever we see consumption at work. If consumer research is to be liberated to study the broadest possible construal of consumer phenomena, as Belk (1987) persuasively proposes, the key may be to broaden our construal of marketing.

Given this charge, it would be inaccurate to characterize covenantal relations research as having occurred “outside the realm of marketing.” In support of this notion, Iannaccone (1992) emphasized that religion is a market phenomenon. For example, religious movements are often active solicitors and proselytizers (e.g., Jehovah’s Witnesses: Beckford 1975), two activities that require an intimate understanding of marketing. Furthermore, Hargrove (1983) suggested that the church might be viewed as a type of “client cult” in which the membership shops for religious goods and services.

The fundamental objective of this thesis is to model the process(es) through which relationship commitment is developed and maintained in marketing exchanges. In order to apply the proposed model to the study of interorganizational exchanges it is believed that it is instructive to study relationship commitment development and maintenance within an environment of intense commitment. This approach is similar to the study of commitment in interpersonal relations where the focal dyad is most often married couples because they represent potentially lifelong associations - arguably one extreme on a relationship continuum. For example, Johnson (1973) found married couples to be more committed to their relationship than cohabiting couples.

Here it is believed that commitment should be studied in a marketing context that shares many of the characteristics of covenantal social relations; organizations noted for intensely committed members. In particular, it will be demonstrated that the selected marketing environment - the multilevel marketing channel - is characterized by many of the same features and activities that have been associated with commitment development

and maintenance efforts in convenantal organizations. These mechanisms will be examined following an overview of the MLM channel.

2.4 Overview of the Network Marketing Channel

Although multilevel or network marketing (MLM) is often subsumed under the more general classification of direct marketing methods known as direct selling (Puirava and Lehtinen 1995; Sommers, Barnes, Stanton, Etzel, and Walker 1995), Good and Hassay (1995) argued that MLM is actually a distinct channel. It is this latter view that is adopted in this thesis for the reasons elucidated here. Peterson, Albaum, and Ridgway (1989), defined direct selling in terms of four modes: 1) one-on-one selling at home, 2) one-on-one selling in the workplace, 3) sales parties at home, and 4) sales parties outside the home. In contrast, Biggart (1989) defined direct selling as the face-to-face (salesperson to consumer) sale of consumer products away from a fixed business location. Although these definitions could also be used to describe MLM, the independent distributors involved in MLM have traditionally performed both marketing communication (direct response) and distribution (fulfilment) functions - the definition of a direct channel of distribution. In a similar manner, Puirava and Lehtinen (1995) argued that direct mail is a medium whereas mail order is a channel of distribution.

There is also evidence to suggest that MLM networks are becoming more popular vehicles for the distribution of national brands. For example, (Yarnell 1994b) identified a number of firms that have set up their own MLM departments or have bought MLM companies. To illustrate, MCI solicited Sears, American Express, and Amway to sell their long-distance services. Amway brought in 800,000 customers, more than Sears and

American Express combined (Biggart 1989). The distribution of such national brands through network marketing firms provides perhaps the most compelling argument that MLM represents a legitimate channel alternative.

Network marketing then, offers manufacturers or wholesalers another opportunity, and in some cases the only opportunity, to promote and deliver their goods and services to consumers. As such, MLM shares many characteristics of more traditional channel arrangements and while a distinct channel arrangement there are a number of different network marketing forms operating in the marketplace. However, each network marketing firm shares several essential characteristics.

MLM firms rely on the development and expansion of a product distribution network comprised of independent sales contractors (ISCs) - also referred to as agents, distributors, representatives or consultants (Skolnik 1984) - for product sales. In this regard, MLM distributors resemble sales agents; they are independent business owners, and do not usually take title to the products they sell. However, unlike sales agents, ISCs have traditionally been responsible for the fulfillment function although this is changing as many MLM firms have begun to drop ship products.

Although parallels can be drawn between the MLM channel arrangement and more traditional arrangements (i.e., sales agencies) it has four characteristics which distinguishes it from any other. First of all, the ISCs involved in MLM are encouraged to not only sell the goods and services of the supplying firm but to recruit/sponsor other sales representatives as well.

Second, compensation in MLM plans is multi-faceted, with the actual compensation structure varying dramatically from firm to firm. However the basic components of an MLM compensation plan are: 1) commission/markup/discount on personal retail sales (retail price-cost of goods sold), 2) commission on the sales of sponsored ISCs (downline) as well as those sponsored by downline ISCs, and 3) a bonus based on personal consumption. The second means of compensation is somewhat analogous to the commission or bonus sales managers often earn on the sales made by their salespeople. However, unlike sales managers, the MLM distributor can continue to receive these bonuses after they leave the organization as a form of residual income (given certain provisos). Where MLM plans differ dramatically is the extent to which they compensate ISCs on the sales of those recruited by their recruits. For example, some plans only allow commissions to be earned on one or two genealogical levels below the focal ISC, whereas in others these commissions can extend for many levels beyond.

Third, while the ISC acts as an intermediary between the manufacturer/supplier and the ultimate consumer, in many MLM organizations the ISC is the primary consumer market. For example, in an interview with the author, Vic Prendergast, then president of Shaklee Canada, suggested that in many MLM organizations, personal consumption is the primary motive for joining the MLM plan, and that little if any external selling is performed. Additionally, Smith (1984) stated that at any one time only 40% of Amway distributors are characterized as active, and that only 35% of these sponsor others and build a MLM business. Even more dramatic is Smith's (1984) contention that 90% of Shaklee's products are sold at wholesale to the distributors themselves with the other 10%

being sold at retail. In this regard, the MLM channel is reminiscent of a consumer cooperative, a characteristic that clearly distinguishes it from a sales agency arrangement. Therefore, to avoid being “locked out” of these markets (arguably a consumer franchise) national brand manufacturers are increasingly associating themselves with MLM (Yarnell 1994b).

Finally, because they are independent business owners, ISCs are free to associate with any supplying firm they wish and are able to carry competing lines. Thus, unlike sales agencies and the wholesaler-sponsored voluntary chain type of vertical marketing system (cf. Stern, El-Ansary and Coughlan 1996) MLM distributors are not encumbered by territorial trade restrictions.

The MLM firm derives numerous benefits from this structure: few employment costs, rapid sales growth and few, if any, marketing costs. Consequently, the MLM firm generates revenue through the personal consumption of its ISCs, retail sales and finally through the recruiting efforts of its distributors (i.e., revenues received from distributor fees, the purchase of inventories, samples and literature). Thus, the MLM channel offers the potential for quick revenue generation and exponential sales growth as demonstrated by Klebnikov (1991, p. 245):

Distributor A recruits distributors B, C, D each of whom recruits three more distributors to work for them. If this recruiting pattern continues ten times-that is, there are 11 levels in the distribution chain-then the fellow [sic] who started the network, distributor A, would have 88,572 distributors working for him. If each of those people sells, on average \$1,000 worth of products, you've got an \$89 million marketing organization stemming from that one distributor A.

Richard DeVos, the co-founder of Amway, emphasized the importance of distributor recruitment to the growth and prosperity of this MLM firm by stating; "We'll expand not by selling more per store but by opening more stores" (Klebnikov 1991, p.245).

Despite these benefits, firms often employ the MLM channel in response to market forces rather than for its inherent advantages. For example, Free (1992) indicated that distribution costs for many traditional businesses have increased dramatically; with some product categories facing distribution costs as high as 85% of retail cost. In reaction to these escalating costs marketers are being forced to find more efficient ways to distribute their products. It is believed that these distribution costs are one of the primary reasons that national brand manufacturers have recently begun to use network marketing channels, and why MLM firms are expected to continue to experience explosive growth (Sherman 1991).

Another factor influencing the adoption of the MLM channel are the high costs associated with marketing new products, securing shelf space/media time, and/or building market share in well-developed product categories. As stated previously, few marketing costs are incurred in the promotion of products or services in an MLM channel as the ISCs assume this responsibility. In addition, it is often necessary to offer substantial remuneration before salespeople will consider promoting a product with little or no sales history (e.g., a new to the market product). To this end, MLM firms are able to avoid the upward spiralling benefit costs, and other overhead expenses associated with an employee sales force.

Consequently, it is barriers to entry such as these that prompt new market entrants to consider the MLM channel. For example, traditional retailers are overwhelmed with products and are constrained by limited shelf space, while wholesalers and distributors often have too many lines and too few resources to adequately promote the lines they currently carry. Consequently, the MLM channel offers an alternative means of reaching the consumer, one that avoids many of these barriers.

In addition, most new ventures have limited resources and few sources of financing and often no credit history with which to secure the essential raw materials required for production. These financial hurdles are especially prevalent in today's economic climate where banks have turned away from these risky venture start ups. Again the MLM channel affords a viable solution by enabling the new venture to secure large initial cash inflows without incurring additional debt or loss of equity. Network marketing plans attract distributors through the sale of sample kits, and minimal investment in inventory. These low cost avenues to business ownership quickly attract a large distributor base and a substantial volume of initial sales with little marketing investment. Therefore, cash is readily available for the capital acquisitions and material purchases required to support the operation of the new venture in its development stages.

Despite numerous advantages offered by the MLM channel arrangement to both new and established companies, there are inherent disadvantages associated with this channel. For example, high turnover rates plague the direct selling industry and some estimate that between 50 to 200 percent of a direct selling organization's (DSO) agents may quit in a given year (Taylor 1978; Wotruba and Tyagi 1991). With turnover rates

averaging 100% per year, it is apparent that there is a continual unravelling of the MLM framework. In the face of these turnover statistics it is clear that a committed distributor is a valuable asset in that they represent a stable source of revenue.

The fragility of this distribution channel as illustrated by this extraordinary turnover rate can be attributed to a number of factors. For example, an ISC can be likened to a disgruntled employee. If dissatisfied with their upline's tutelage, their compensation, or the nature of the work they may sever their relationship with the MLM firm.

Alternatively, a distributor may mirror the exit behaviour of a dissatisfied consumer if the products they purchase from the MLM firm perform poorly or offer inadequate value.

Finally, the MLM distributor might be viewed as a disillusioned volunteer if they are not adequately recognized for the efforts made on behalf of the upline or firm.

The importance of commitment within this channel structure is heightened by the fact that the independent distributors fulfil both marketing (e.g., promotion, sales, service, and delivery) and consumptive (e.g., purchase products for personal use) functions. It has been demonstrated that store loyal consumers are also often brand loyal (Carmen 1970) and it is similarly believed that MLM distributors are loyal consumers of the brands they distribute. As demonstrated previously by Smith (1984), a large number of ISCs become involved in MLM to receive a wholesale discount on goods and services for personal consumption. Thus, the ISCs in MLM plans are a captive consumer franchise and therefore the loss of a distributor represents more than just the loss of a salesperson. Rather the consumption of goods and services by the ISCs are often the primary source of revenue for the MLM firm.

2.5 Commitment Development in Covenantal and MLM Organizations

In this section an overview of the commitment development mechanisms in operation in covenantal and MLM organizations is examined. Traditionally, commitment has been distinguished from loyalty by the presence of an affective connection with the focal institution. However, recent articles have demonstrated that this distinction is inaccurate (e.g., Dick and Basu 1994; Martin and Goodell 1991). For example, Dick and Basu (1994) argued that individuals are found to exhibit four types of loyalty according to various combinations (high/low) of relative attitude and repeat patronage: *no loyalty* (low, low), *spurious loyalty* (low, high), *latent loyalty* (high, low), and *loyalty* (high, high). According to Dick and Basu (1994), the most common method of measuring loyalty in marketing - brand, store, vendor - has been behavioural, and associated with repeat purchase. Albeit symptomatic of loyalty, these authors demonstrated that consistent or repetitive behaviour is not a surrogate for loyalty, because *loyalty* also requires an affective component. Thus, behavioural commitment may simply represent inertia or a temporary dependence (continuance commitment) that is born out of a lack of viable alternatives (Low CL_{alt}); what Dick and Basu (1994) labelled *spurious loyalty*.

Therefore, it is argued here that, in isolation, the calculative form of commitment is insufficient to create the intense form of loyalty defined by Adler and Adler (1988). Furthermore, the position adopted in this paper is that it is the affective and normative dimensions of commitment that lead to intense loyalty. Support for this position is found in the Morgan and Hunt (1994, p.23) assertion: "As brand attitude becomes central to the repurchase decision in relational exchange, brand loyalty becomes increasingly similar to

our conceptualization of commitment.” Consequently, loyalty and commitment are used interchangeably in this section to the extent that they deal with the development of strong associations with an organization, object or issue.

Adler and Adler’s (1988) investigation of intense loyalty development amongst college athletes is particularly insightful to the study of commitment and its impact on the retention and compliance of the membership of covenantal relations. Specifically, Adler and Adler (1988) found organizations that develop intense member loyalty do so through a number of techniques. One such technique used to evoke the devotional commitment of their members is the process of domination. These authors indicated that loyalty can be developed through the identification of the membership with either the organization or its leadership.

The Adler and Adler (1988) findings parallel those seen in utopian societies which found that charisma was a fundamental characteristic of such organizations (e.g., Graham and Organ 1993; Kanter 1972). Kanter (1972), defined charisma as the felt connection with a central and meaningful feature of existence, and indicated that this central feature is most often a charismatic leader. Charisma’s importance in covenantal relations was demonstrated by Graham and Organ (1993) who argued that a charismatic leader is a precondition for the development of such organizations. However, these authors emphasized that the charisma associated with the founder or particular leader must be institutionalized and spread throughout the organization if it is to have an enduring impact. This institutionalized form of charisma has been described as “institutional awe” and is believed to be representative of the guiding philosophies, values, and goals of an

organization (Shils 1965). Thus, charisma in the covenantal organization is the embodiment of its *raison d'être*, and is essential to membership identification or normative commitment.

Although the communication and maintenance of charisma within organizations is facilitated by a number of techniques, Couch (1989) illustrated that its development commonly adheres to the following five-step process:

1. an individual acquires a reputation and following because of his/her ability to express the group's dissatisfactions;
2. the "leader" discusses the dissatisfactions at programmed gatherings;
3. a shared past is linked to the dissatisfactions to establish cohesion in the group;
4. "reality" is defined through consensus; and
5. a "utopian" future is created.

That charisma is important to the development of commitment, and therefore the current thesis, is demonstrated by Couch's (1989) assertion in step 5 that a "utopian" future is created. In this manner, the work of Couch is closely aligned with that of Kanter (1972) and the covenantal relations literature.

Howell and Avolio (1992), cautioned that charisma is "value neutral," and that charismatic leaders can use their referent power to moral or immoral ends. For example, they commented that charisma can lead to either blind fanaticism in the service of megalomaniacs, or self-sacrifice in the service of beneficial causes. Howell and Avolio (1992) distinguished ethical and unethical charisma by suggesting that the ethical leader works for collective rather than self-interests.

With respect to the domination of those in covenantal organizations it has been suggested that charismatic leaders attain control by surrounding themselves with an aura

of omniscience. For example, Kanter (1972) illustrated that a higher knowledge was professed and held above those in the utopian communities as a way to foster obedience and moral conviction.

There are a number of similarities between the covenantal relations that exist in the organizations discussed previously and those that are fostered within the MLM channel. For example, even though the MLM firm-distributor interface is governed by a distributor contract, the absence of performance clauses in these agreements all but precludes termination of an MLM distributor. Furthermore, the MLM distributorship is an independently-owned and operated business and therefore, compliance cannot be secured with threats of termination. Conversely, the MLM firm is only legally responsible to its distributors for the commissions they earn on products sold by either themselves or their downline. As a result, the MLM firm-ISC association is unencumbered by the contractual obligations typical of intraorganizational relationships and participation and performance can only be influenced by non-coercive methods.

Frazier and Rody (1991), found that distributors were typically unreceptive to non-coercive strategies employed by suppliers with relatively low power. However, Biggart (1989) suggested that MLM organizations are able to effectively control their distributor network with non-coercive influence strategies and that they are limited to these types of strategies in dealing with the ISCs. Thus, the primary control mechanisms used by MLM firms are consistent with those in the covenantal relations form. For example, the MLM channel relies on reward, referent and, to a lesser extent, expert sources of power.

The importance of referent power as control mechanism is demonstrated by Adler and Adler (1988) who indicated that intense loyalty can be developed through the identification of the membership with either an organization or its leaders. Roth (1987a), argued that loyalty in an MLM plan is often tied not to the organization, but rather to the member's upline. He stated that, "MLM is controlled by power brokers - individuals who lead armies of recruits and leap from one MLM company to the next, taking their recruits with them" (p.70). Thus, the distributor's "relationship" to the MLM leadership (i.e., sponsor, founder, upline leadership) is believed to have a significant impact on their commitment to a particular plan. This view is consistent with Reichers' (1985) notion of multiple commitments within an organizational setting that may be complementary or contradictory in nature.

Furthermore, Biggart (1989) suggested that the MLM membership identifies with charismatic leaders, and more importantly that charisma is the dominant form of social order in these organizations just as it is in covenantal relations. Specifically, it is believed that distributors identify with those individuals seen to embody qualities worth emulating. In MLM organizations these qualities are believed to be financial success, emotional or physical well being and status, with the network marketing firm's founder(s) often assuming the position of role model for the ISCs. Mary Kay Ash is an excellent example of just such a role model, although her company Mary Kay Cosmetics Inc. insists that it not be considered a MLM firm (authors such as Smith (1984) would disagree). Biggart (1989), indicated that the charismatic MLM leadership is admired, revered, and emulated by the independent distributors which aspire to duplicate their success. Therefore, it is

believed that MLM firms foster normative commitment in their membership through a process of identification with charismatic leaders.

“ Charisma has traditionally been studied in the context of religious institutions; organizations with devout followings despite relatively few forms of control. For example, while religious leaders [shepherds] do not, themselves, hold the key to salvation their congregations [flocks] tend to follow their guidance without question. Similarly, in the MLM channel it is believed that the purveyors of salvation (i.e., promise of better physical and financial wellness) and proselytizers of organizational values (e.g., environmental concern) are the company leadership. To continue with this analogy, the organizational founders might be viewed as spiritual matri/patriarchs.

However, Adler and Adler (1988) emphasized that domination was more effective when members had been *reshaped* and their unique qualities *stripped away*, and that by *de-selfing* organizational members were imbued with group norms and values. In examinations of utopian communities this process has been described as *renunciation* (Kanter 1972) and the *creation of a new solidarity* (Couch 1989). Van Maanen (1978), described this form of socialization as *divestiture*; a process in which an individual's identity is replaced by a new social identity. These processes are also similar to the one described by Deighton and Grayson (1995) in which a *new consensus* is created in marketing seductions.

According to Ashforth and Mael (1989) the divestiture method of socialization is characteristic of “quasi-total” organizations, such as: prisons, the military and organizational clans. Etzioni (1961), referred to these organizations as normatively

controlled. An illustration of divestiture within an interorganizational marketing context was offered by Peven (1968), who found that individuals in a direct selling organization became so devoted to the group that there was a conscious commitment to a new way of life, and a redefinition of the outer world.

In covenantal organizations, divestiture activities have been associated with the socialization of new members. For example, Kanter (1972) discussed the importance of renunciation (detachment) as well as communion (attachment) practices. Thus, this thesis adopts the view that identification with a relationship can be enhanced through two mechanisms. One mechanism is designed to refute, or alter previous attitude, belief, or value systems (resocialization). The second sees individuals identifying with the relationship through a process of attachment based on the acceptance or appreciation of its tenets, activities, or membership (socialization). If successful, it is believed that either mechanism will lead to an increase in an individual's normative commitment.

For example, the covenantal form was previously characterized as having at its core the objective of mutual commitment, and that this is expressed through bonding (Bromley and Busching 1988). Bromley and Busching (1988), illustrated that such bonding is developed during rituals expressly designed to foster confidence (i.e., trust). Furthermore, these rituals or programmed gatherings (Couch 1989) were presented as instrumental to the initiation (development) and affirmation (maintenance) of commitment (Bromley and Busching 1988).

Similarly, Deighton and Grayson (1995) proposed that such orchestrated gatherings can be used to *enrol* individuals in a seduction. Deighton and Grayson (1995),

also demonstrated that enrollment is accomplished by including individuals in a performance replete with roles (i.e., a responsive, eager and willing participant) and a collective goal (i.e., environmentally responsible living). As the division of self and this imposed role narrows, involvement increases and autonomy is sacrificed to the leader or *role-maker*.

In the covenantal context, Couch (1989) suggested that the primary objective of these programmed gatherings is to establish a *shared past* and an environment of *emotional unity*. Specifically, mood-inducing techniques such as music, lights, singing and unified behaviour (e.g., clapping, responding) are used by covenantal organizations to develop unity. Arguably, these techniques are used to construct the type of performance described by Deighton and Grayson (1995). According to Couch (1989), the ultimate objective of these emotionally charged gatherings is to increase the probability of future attendance and recruitment of additional members. For example, Peven (1968) described the use of emotion by some direct selling organizations:

The tone of the meeting is similar to that developed by evangelistic religions, and the emotions of the audience are deliberately evoked and manipulated by techniques such as mass singing to create a collective consciousness and identification with the companies, their products, and the spiritual philosophy which the companies claim. (p. 98)

Based on this vivid description, it can be seen that such gatherings have the potential to increase affective, as well as, normative commitment.

Deighton and Grayson (1995) indicated that involvement in these rituals can become so intense that trance-like states can be created. In their study of new religions, Bromley and Busching (1988) further illustrated the effectiveness of these ritualized

functions on an individual's identity formation. Specifically, they found that the importance of birthdays, holidays and anniversaries became subordinate to the functions associated with the covenant. These authors also suggested that new religions use these functions in an attempt to supplant the family as the individual's primary reference group. The fact that they are often successful is illustrated by the expressed difficulty associated with "deprogramming" cult members. Consequently, the power associated with these identification-building rituals is believed to attest to the instrumentality of normative commitment in the maintenance of relationship commitment.

Various authors have attested to the importance of symbolic or metaphorical communication in the transmission of the central doctrine or charisma in covenantal organizations (Bromley and Busching 1988; Couch 1989; Graham and Organ 1993). For example, Bromley and Busching (1988) indicated that traditions, myths, and personal testimonies are central to such communication. Graham and Organ (1993) described the strong oral and written tradition that was employed by Alcoholics Anonymous to keep the charismatic origin of the organization alive. In addition, covenantal organizations often utilize stories that signify the core values of the covenant, and more importantly serve as an example of behaviour to be emulated. As Landen (1991, p.19) stated, "*Symbols* are representations of what is valued. They convey both our dreams and our deeds. They embody our history and signify our future. They connote our accomplishments and challenge our performance."

In MLM organizations, stories of success (e.g., rags to riches) and triumph in the face of adversity are commonplace and are part of an oral tradition such that they attain

mythic or legendary status. Most often these stories are associated with the charismatic leadership, purposely surrounding these individuals with an aura of omniscience (expert or referent power). However, more importantly these stories serve to institutionalize the charisma within the organization, such that the charisma embodied by its leadership becomes omnipresent.

It is evident from this discussion, that commitment in covenantal organizations is enhanced through a number of interwoven mechanisms designed to enhance the identification of the membership. Techniques such as: symbolic communication, orchestrated gatherings, and socialization are used to varying degrees to encourage the conversion and proselytization essential to the survival of the covenant. Furthermore, the development of identification in covenantal organizations is achieved in a manner that parallels many of the activities found in MLM firms. In the current thesis it is argued that these activities are responsible for the development of normative commitment in MLM plans.

Adler and Adler (1988) also found that as individuals coalesce into a cohesive group their integration leads to loyalty. Specifically, Adler and Adler (1988) suggested that group cohesion is developed through three techniques described as: *unification in opposition, group solidarity, and sponsorship*. Although these techniques are found to varying degrees in organizations, it is argued that these group cohesion-building techniques are more prevalent, if not more intense, in covenantal organizations.

Unification in Opposition: Adler and Adler proposed that unification, in a subordinated group, is often the result of group opposition to its leadership. While, it has

been shown that the ISCs willingly follow charismatic leaders, MLM firms do attempt to unite their membership against those outside the organization. For example, Peven (1968) and Butterfield (1985) demonstrated that a number of firms create an "in group/out group" mentality. Specifically, those that are "in" have been granted something special, while those on the outside are wandering aimlessly, and should be converted or avoided.

It is important to note that what appears to be an exclusionary mindset is extremely important in that it serves to insulate members from the negativity that often exists amongst those not involved. Thus, the ISCs are simply being discouraged from associating with those that might poison their involvement and are encouraged to associate with those who share a common set of values. In essence, the MLM leadership has assumed a role analogous to that of a concerned parent warning their children against befriending the wrong crowd.

This in-group mentality is fostered through a number of methods. For example, ceremonial gatherings, commonly called Seminars, Rallies, or Rendezvous (Butterfield 1985; Peven 1968; Skolnik 1984) are open only to the active membership. Alternatively, the part-time nature of MLM distribution excludes committed distributors from participating in many traditional recreational/social activities. In fact, ISCs are told that forfeiting leisure time now (cost) will pay off (reward) in the future (Biggart 1989; Butterfield 1985). As discussed previously, such delayed rewards represent an idiosyncratic investment that fosters continuance commitment amongst the MLM distributors. Furthermore, active distributors find themselves associating almost exclusively with the organization and, in particular, the (up)downline with whom they

share common goals (e.g., financial success) thereby enhancing their normative commitment.

Group Solidarity: Closely associated with the notion of *unification in opposition* is group solidarity. Here, affiliation and a sense of belonging are developed in the organization's membership. Peven (1968) suggested that these ceremonial gatherings often resemble religious revival meetings. She described an intense atmosphere created to evoke a collective spirit and achieve a common goal: distributor motivation. These meetings also serve a number of purposes shared by their religious counterparts: motivation [inspiration], indoctrination [baptism], education [edification], reaffirmation [confirmation], and association [communion]. The development of this collective spirit is important for distributor motivation and, as alluded to earlier, is believed to foster increased normative and affective commitment.

Sponsorship: Adler and Adler (1988), believed that sponsorship develops close relationships and facilitates the socialization of new recruits. As defined previously, sponsorship is the very essence of the MLM channel; without sponsorship/duplication MLM plans would not exist. However, it is proposed that sponsorship may serve an important, yet less obvious bonding function. Specifically, it is believed that the sponsor becomes more personally committed to the plan for two reasons: 1) a heightened sense of responsibility for those distributors that have been recruited, and 2) attributions made about their own involvement become more positive.

First of all sponsorship involves an invocation of the norm of reciprocity (Blau 1964), as the sponsor has an obligation to assist and mentor a recruit that has joined their

downline. There is an inherently high degree of rejection associated with recruiting within this channel and consequently once an individual has been recruited they are likely to be given considerable attention by their sponsor. Similarly, a married couple is considered to have greater commitment once they become “parents,” and in fact many couples state that they remain together only for the “sake of the children.” Drawing upon this analogy, it can be seen that a heightened sense of duty or obligation (normative commitment) is fostered in the ISC once (s)he becomes a sponsor.

Sponsorship is the essence of the MLM channel and without it the channel could not function. Adler and Adler (1988), believed that sponsorship develops close relationships and facilitates socialization of new recruits. Specifically, it is believed that sponsorship imbues the sponsor with a sense of responsibility - an obligation - for those they sponsor. For example, Johnston and Snizek (1991) found that recruiting (showing the plan) leads to enhanced moral involvement. Similarly, Ferguson and Brown (1991) suggested that associations have an obligation to their membership to receive promised benefits. Consequently, the effort made recruiting, training and motivating a downline organization is accompanied by a sense of duty that represents an increased normative commitment to the relationship.

As a result, it is quite probable that the sense of obligation that exists between distributors and their sponsors in the MLM channel is more prominent in the downwards direction. For example, with the exception of training and products, most of the benefits (i.e., commissions) of association are believed to flow upwards in the MLM channel. Conscious of this reward dependence, it is likely that ISCs develop a strong affective bond

to those personally recruited which, in turn, increases their affective as well as normative commitment to the MLM plan. While it has been shown that the downline seeks to emulate their upline, it is actually the upline that depends upon the downline for their success.

However, the independent sales contractor also adopts added responsibilities (costs) upon becoming a sponsor, which would suggest an increase in continuance commitment. Specifically, these costs could reflect opportunity (time spent training rather than selling or recruiting), financial (paying for training materials) or emotional (dealing with a recruit's apprehensions, misgivings) costs. Regardless of form, it is believed that these costs bind sponsoring distributors to the MLM firm to a greater extent than non-sponsoring distributors.

The second mechanism that is believed to contribute to greater commitment amongst sponsoring distributors is the attributions made for the sponsorship motive. Consistent with Bem's theory of self-perception (cf. Bem 1972) it is believed that following the decision to build an MLM business (i.e., recruiting other distributors), the independent distributor makes attributions that enhance their own commitment to the MLM plan. Thus, it is argued here that these attribution processes have the potential to increase both affective and normative commitment. Affective commitment might be enhanced through attributions concerning the efficacy of the products or the enjoyment derived from group gatherings. For example, a distributor may justify the decision to sponsor by convincing themselves of their own belief in the products. Conversely, normative commitment might be increased by attributions concerning the fundamental

philosophy of the MLM plan. To this end, an individual may perceive their sponsorship activities as a way to promote entrepreneurship and a better life.

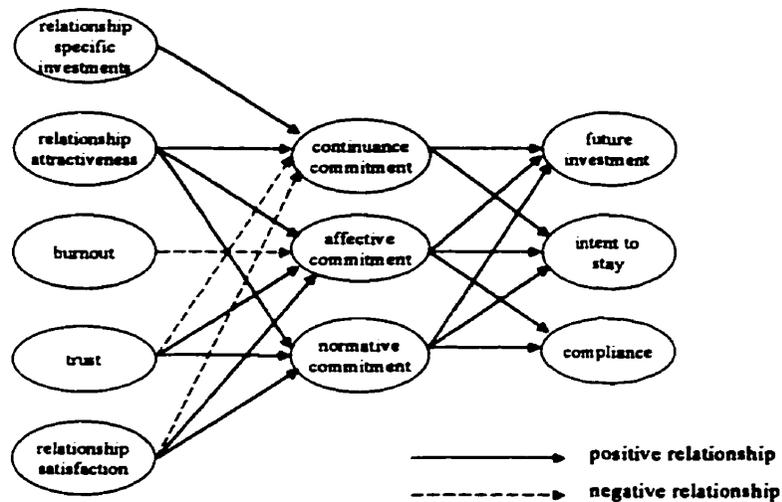
The following sections examine the specific constructs which serve as surrogates for the primary mechanisms believed responsible for either the facilitation or impairment of relationship commitment development and maintenance. Specifically, the hypothesized relationship between each of these antecedent constructs and the three forms of commitment is presented. Finally, these relationships are used to develop the model of relationship commitment that will be tested.

2.6 Development of the Proposed Model of Relationship Commitment (RCM)

The proposed model of relationship commitment is presented in Figure 2.0, support for which is produced in two forms. First, Appendix 1 contains an extensive, albeit not exhaustive, literature review that offers support for each of the relationships illustrated in Figure 2.0. Although, the correlations in Appendix 1 are not indicative of causality, they are indicative of the nature (positive or negative) of the hypothesized relationships. Noteworthy is the preponderance of studies that have focused on the affective form of commitment almost to the exclusion of either the continuance or normative forms. In this regard, Appendix 1 can be seen to offer support for the expanded conceptualization of commitment employed in this thesis and the contribution of the thesis to the commitment literature.

Also it should be noted, that a number of studies that measured organizational commitment (OC) are presented as evidence for both the affective and normative forms of commitment. This categorization reflects the inclusion of normative items (i.e., those

Figure 2.0 The Proposed Model of Relationship Commitment



mentioning obligation or identification) in many of the attitudinal OC measures. For example, Allen and Meyer (1990) found that the commonly used OCQ scale (Porter, Steers, Mowday and Boulian 1974) was highly correlated with the affective ($r = .83$) and normative ($r = .51$) dimensions of commitment. In contrast, these authors found no such relationship to the continuance form of commitment. Theoretical support for the causal nature of each of the proposed linkages in Figure 2.0 is offered in the following sections, along with hypotheses grounded in the network marketing channel that is central to this thesis. In addition to the various antecedents of relationship commitment, the proposed model contains three behavioural outcomes: future investment, intent to stay and compliance. Behavioural measures such as these have often been used to measure commitment, but as demonstrated previously behavioural patterns may simply indicate

inertia or a lack of choice. However, Oliver (1990a) argued that commitment targets should be actions as “it is virtually impossible to describe commitment in any terms other than one’s inclination to act in a given way towards a particular commitment target” (p.30).

Therefore, consistent with this argument, three behavioural intentions are examined in this thesis. These intentions were selected because they capture the most desired outcomes of relationship commitment, as well as, relationship marketing. For example, *future investment* captures an exchange partner’s willingness to commit future resources to the relationship (i.e., money or time). *Intent to stay* captures the willingness of an individual to remain in a relationship and can be seen as the positive counterpart to the propensity to leave (PTL) construct popular in the turnover literature. Finally, *compliance* measures an individual’s stated attitude towards the acceptance of demands made by a relational partner. From these brief descriptions it can be seen that the behavioural intention variables are closely identified with the two fundamental aspects of relationship commitment: sacrifice and continuity.

The particular behavioural outcomes selected for study here have been discussed in various forms in the relationship marketing literature (e.g., Berry 1995; Sheth and Parvatiyar 1995; Wilson 1995) and will not be discussed at length. What is germane to the current thesis, however, is the differential impact of each of the forms of relationship commitment on these outcome variables. It is in this context that these outcomes will be explored.

Consequently, the proposed model of relationship commitment contains both objective and subjective (attitudinal measures) elements which span the past (relationship specific investment), present (affective commitment), and future (intent to stay). Therefore, even though tested using a cross-sectional methodology, the proposed model of relationship commitment is seen as process-oriented; representing mechanisms by which relational commitment is developed and maintained. Each of these mechanisms will be discussed in turn in the following sections.

2.6.1 Attractiveness: Its Influence on Relationship Commitment

Before examining the impact of attraction on relationship commitment, it is important to distinguish relationship attraction from relationship satisfaction. The first distinction is temporal; attractiveness is an evaluation of the potential of the relationship while satisfaction is an evaluation of the current state of that relationship. To elaborate, the perceived inducements of a potential relationship can be evaluated against either a reference relationship (CL_{alt}) - attraction - or an internal standard (CL) based on previously attained and or preferred outcomes - satisfaction.

Therefore, attractiveness is a comparison of the outcomes of one relationship with another, and is seen as a measure of continued association that has both rational and affective components. For example, a salesperson with no prospects (CL_{alt}) evaluates existing customer relationships more favourably and, because of a lack of alternatives, is more committed to existing clients. Attractiveness, then, is closely related to dependence in that as available alternatives decrease, reliance on a particular relationship increases.

Conversely, relationship satisfaction is an evaluation of the outcomes from a relationship, relative to expectations derived from experience or reflective of a desired state (CL). Thus, it is conceivable that an individual could view a relationship as attractive and yet still unsatisfactory (i.e., best game in town), or satisfactory but no longer attractive (i.e., greener pastures lay elsewhere).

The importance of attraction to relationship development has been previously discussed. For example, Dwyer, Schurr and Oh (1987) proposed that attraction is the initiating process in the “exploration” phase of buyer-seller relationship development. Ferguson and Brown (1991) subsequently indicated that attracting customers is but one aspect of relationship marketing. However, the impact of attraction on commitment, and more specifically the three forms of commitment has not been discussed, and is the focus of the remainder of the current section.

Lott and Lott (1974) believed that organizational characteristics serve as inducements to association and relationship development. For example, characteristics such as organizational reputation (Anderson and Weitz 1989) or prestige (Bhattacharya et al. 1995) have been widely studied in the marketing literature as correlates of relationship continuity. In their study of workforce commitment, Lincoln and Kalleberg (1985, p.741) defined inducements as the “present or anticipated benefits derived from participation.” Thus defined, inducements are seen to be important to both relationship consummation (development) and continuance (maintenance). For example, a low annual membership fee - relative to that charged by comparable institutions - may serve as both an inducement to join, as well as, remain in a relationship.

Thus, in an approach-approach conflict situation, it is believed that the individual, object, or organization exhibiting the greatest number of inducements will be perceived as the most attractive. *Ceteris paribus*, having a relationship with this same entity becomes more attractive as well. Here again, it is emphasized that attractiveness is a relative measure requiring the comparative evaluation of the inventories of inducements of at least two relationships - the focal one and one other (Cl_{alt}).

Relationship attractiveness has been widely studied in the context of interpersonal relationships and has been consistently found to have a positive impact on the affective form of commitment. For example, the degree to which an individual will romance, court, pursue or even stalk an attractive prospect provides particularly dramatic support for the proposed attraction-commitment relationship. In a discussion on cults, communes and collectives, Iannaccone (1992) stated:

Religion is thus an object of choice: demanders *choose* what religion (if any) they will accept and how extensively they will participate in it.... In this environment, a particular religious "firm" can flourish only if it provides a "commodity" at least as attractive as its competitors'. (p.272-73)

It is believed that affective commitment will increase with increased levels of attraction because both constructs reflect attitudinal evaluations. The maxim *beauty is in the eyes of the beholder* captures the individualistic process by which inducements or characteristics are interpreted and responded to. Therefore, if the inducements to relationship 'A' are perceived as superior to those of relationship 'B,' an affective commitment to the more attractive 'A' will result. However, it is the perception of superiority that is important, as there will not always be an available alternative. To

illustrate, Beckford (1975) found that few Jehovah's witness recruits reported "shopping around" for a religion although these recruits are stereotypically seen as "religious seekers."

Examining attraction from an inducement perspective, as proposed in the current thesis, is also consistent with the compensatory decision-making model that dominates consumer behaviour. For example, consumers and industrial buyers evaluate products by examining the inducements received relative to their cost in an attempt to determine whether product X offers better value (more for the money) than product Y.

In MLM plans as in DSOs, religions, cults and utopian societies, inducements are used to encourage or seduce prospects to become members. The most effective avenue for such conversion is believed to be the ritualized gatherings in which faithful distributors and prospects alike are exposed to the organization's mission. At Amway, such meetings are referred to as "Opens," denoting the fact that non-distributors (prospects) are welcome. At Tupperware they are called "Rallies." Peven (1968) commented that these firms use, "Personal and emotional appeals along with impersonal, rationally calculated techniques to heighten effect, the companies hope that current dealers will undergo a moving experience and prospective dealers will undergo a conversion experience" (p.98).

Although wealth-oriented issues such as financial independence, "dream" purchases, and early retirement are commonly used as inducements to MLM participation, non-financial inducements are also used to attract MLM distributors. For example, Klebnikov (1991) commented that, "[Amway] offers its recruits membership in a community of like-minded people - entrepreneurial, motivated, upwardly mobile people

who believe in their country, in God and in their family” (p. 246). Although some people attend these meetings because they feel obligated by friendship, most are merely curious and attend willingly. In reference to new religions, Long and Hadden (1983) suggested that such self-selection leads to candidates who are “pliable to authority” and eager to become “insiders.” Consequently, it is proposed that relationship attractiveness will foster the development of affective commitment as presented in Hypothesis 1.

H1. There is a positive relationship between relationship attractiveness and affective commitment.

From an exchange theory perspective idiosyncratic investments increase commitment by increasing one’s reliance on the relationship for the rewards necessary to provide positive outcomes. Therefore, relationship specific investments foster continuance commitment as proposed in a subsequent section. However, the same investments that increase the cost of departure will, at some level, become high enough to render the relationship unattractive (i.e., $outcomes < CL_{all}$). Therefore, in the presence of alternatives, investments represent a liability or cost of association that, if unexpected or viewed as excessive, may be deleterious to continuance commitment.

For example, it is believed that hidden costs associated with MLM plans are, in part, responsible for the high turnover rates amongst distributors in their first year. For example, a naive recruit may have agreed to become a distributor assuming that the investment in a sample kit represented the only cost associated with operating an MLM distributorship. This, they quickly learn, is not true. To the contrary, the cost (primarily time) associated with building a downline sales organization is substantial (Smith 1984).

While a comprehensive examination of ISC effort, and psychological impact of this effort upon the ISC, is presented in a subsequent section a cursory overview of these efforts is presented here. First of all, building a successful downline requires the individual to invest a substantial amount of time recruiting distributors and selling products. To this end, the distributor will sacrifice numerous social opportunities and perhaps even friendships in the pursuit of their goal (cf. Butterfield 1985). Such sacrifice is consistent with both the definition of commitment presented earlier, and the notion that investments increase continuance commitment.

However, problems associated with complete and accurate disclosure (e.g., exaggerated earnings claims) have plagued the MLM channel and its recruiting practices since its infancy (cf. Good and Hassay 1995; Smith 1984). In addition, Good and Hassay (1995) argued that the MLM channel would continue to be stigmatized by unscrupulous firms and overzealous distributors until enforceable legislation is enacted. The amendments to Canada's Competition Act, presented here, are an example of recent attempts to enact safeguards for the firms, distributors, and customers associated with multilevel marketing (Industry Canada 1973):

- Distributors must be able to return products "on reasonable commercial terms."
- Companies cannot require product purchase as a condition of participation.
- Companies cannot "load up" distributors with more inventory than they can sell.
- Companies cannot pay fees to distributors for recruiting other distributors.
- If earnings are mentioned, companies must also disclose the earnings of a "typical participant" who has been with the company for at least one year.

Although such legislative efforts have begun to have a positive impact on the industry, there remains an aura of secrecy surrounding the MLM channel and many of the

firms participating in it. For example, the “curiosity approach” (Smith 1984) to recruiting employed by Amway and others is designed to entice prospects to meetings without prior knowledge of the “business opportunity” they will be exposed to. Similarly, the true nature of the investments required to succeed or participate in MLM is often not divulged. Consequently, the unwary prospect with a “get-rich-quick” mentality may be drawn to the MLM opportunity under false pretence. Then, as a neophyte, the distributor finds that their desired return-on-investment horizon (riches quickly) is incompatible with the part-time operation of an MLM distributorship. To illustrate, Klebnikov (1991) described the typical ISC involved in the MLM channel, stating:

[T]he average distributor in the U.S. will net around \$780 a year in bonuses and markups from selling Amway products... And [(s)he] may spend hundreds of dollars or even thousands more on telephone bills, gas, rallies, publicity material and other expenses to expand the business. (p.245)

As demonstrated previously, there is a high turnover rate amongst MLM distributors, and it is believed that many of those that leave do so because they are dissatisfied with their earnings. Alternatively, it is felt that a distributor may become disillusioned or despondent when (s)he finally realizes the effort required to achieve his/her desired return. According to dissonance theory (Festinger 1957), a distributor has three primary means through which (s)he can deal with such remorse: 1) discontinue their involvement, 2) re-evaluate their expectations thus accepting the actual return as reasonable, or 3) seek information that (dis)confirms their original expectations (Mowen 1995).

Wotruba and Tyagi (1991) found that compatible or “met” expectations (CL) were an important factor in distinguishing direct salespeople that “stayed” versus those that “left” a direct sales organization (DSO). Additionally, these authors suggested that turnover in DSOs could be decreased by more accurately portraying the involvement-remuneration relationship to potential recruits. This view is supported by UndercoverWear's Ronda Pimental, an MLM distributor of lingerie, who stated: “UndercoverWear has never sold anybody with ‘Be a Millionaire,’ the way other companies do” (Skolnik 1984, p. 43). UndercoverWear's approach to realistic remuneration expectations, has resulted in a turnover rate amongst first year recruits of only 15% (Skolnik 1984), a figure that is considered exceptional in this channel.

Although turnover rates in the MLM channel are associated with a number of exogenous factors (cf. Good and Hassay 1995), it is argued that unrealistic (i.e., high return with minimal effort) and/or unmet (i.e., target income after a predetermined time frame) expectations are also responsible for ISC turnover. Support for this contention is demonstrated by the turnover rates experienced by Tupperware; a party plan sales organization. At Tupperware 23% of new dealers quit after only three months, with 49% leaving within six months (Taylor 1978).

Consequently, the hidden costs that “lock in” some individuals (increased continuance commitment) can also be seen as unexpected costs that diminish outcomes (rewards-costs) for others. If outcomes fall below an investment threshold (CL_{it}) - these individuals will be compelled to decrease their investment in their distributorship, and

perhaps sever their relationship with the MLM firm. As a result, Hypothesis 2 suggests that relationship attractiveness is a positive influence on continuance commitment.

H2. There is a positive relationship between relationship attractiveness and continuance commitment.

Evidence of a positive relationship between the perceived inducements associated with a relationship, and identification (normative commitment) with that alliance, is provided by the theory of ingratiation (Jones and Wortman 1973). Ingratiation refers to the practice by which individuals associate themselves (ingratiate) with others because it is potentially rewarding to do so. For example, Shaw and Costanzo (1982) indicated that individuals are more likely to ingratiate themselves when: 1) the goal of ingratiation is important to the individual, and/or 2) when the target individual is unique in their ability to provide the required rewards. Furthermore, Shaw and Costanzo (1982) stated that an individual may have an inherent need for a particular reward, such as: “a strong and chronic need for approval or chronic acquisitive needs with regard to money or status” (p.316).

For example, recognition is seen as an extremely powerful reward/control mechanism, and while readily available in the MLM environment is rarely found in most other social contexts. Consequently, it is believed that distributor commitment is enhanced by the perception that the MLM firm can potentially satisfy their pent-up (unsatisfied) need for recognition. Although relatively few MLM distributors achieve their personally defined dreams of financial success, they can receive recognition for their

efforts and because this reward is difficult to find in other relationships (CL_{alt}) it is believed to enhance distributor identification (normative commitment)

Butterfield (1985), illustrated that recognition is used in Amway to imbue distributors with a status (referent power) that is non-transferable. Therefore, regardless of their education or full-time occupation a successful MLM distributor is likely to be revered inside their MLM network, yet outside of this context their status is meaningless (Smith 1984). The exception here might be the recipient of a Mary Kay "pink Cadillac."

For example, Butterfield (1985) argued that, "The conferring of a high pin makes a hero out of the recipient, a model of duplication, to be emulated as an authority on marriage, human relations, politics and leadership." Here pin levels are used to denote the status of the independent Amway distributors and are indicative of personal and downline sales volume (i.e., ruby, emerald, diamond). *Duplication*, an Amway colloquialism, describes the process of building the downline sales network: the key to success and prosperity in MLM ventures.

To be effective, recognition must be a public affair. In MLM plans success is celebrated in a manner that resembles a military style meritocracy; where achievements and awards are publicly presented and displayed like ranks or medals. Almost without exception, MLM firms use recognition - in the form of titles, awards, and public acknowledgement - to enhance identification and foster commitment. Richard Devos, co-founder of Amway, stressed the importance of recognition as an inducement to continued participation as he stated "We have two forms of reward in this world. One is recognition, the other is dollars" (Klebnikov 1991).

In addition to the use of status to increase distributor identification, a value system is fostered within many MLM firms to enhance the alignment of the organization and distributor goals. As firms entice prospective distributors with fantastic, yet improbable, wealth scenarios; they are, in essence, tapping into their latent avarice. However, materialism is nourished and exploited by some MLM plans to not only recruit and indoctrinate but also to motivate the independent distributors. For example, Butterfield (1985) suggested that the Amway leadership does everything possible to instil *The Dream* in their distributors; a thoroughly consumerist and materialist craving. The Dream, represents the materialization of each ISC's raison d'être, why they became involved and what motivates them to continue.

Adler and Adler (1988) suggested that the coalescing of individual and group goals was important to the development of intense loyalty. Peven (1968) stated that the group goal in DSOs is to sell the product and receive monetary rewards and recognition. Once these group goals have been established, the distributors begin to associate with others who have the same goal, and a collective spirit is the result.

However, wanting to earn extra income is not, in and of itself, believed to be a sufficient inducement to assure continued involvement for an ISC. Yet, when that same individual materializes their goal as a desire to earn enough money to buy a large screen TV, they now have a dream! To demonstrate the power of dreams over goals, Amway's leadership suggests that their distributors place photos of their short, medium, and long term dreams everywhere; even plasticizing smaller pictures to carry in a wallet. Material goals, whether expressed publicly (often the leadership insists that they know the dreams

of their downline) or not, are encouraged because they reflect the organization's goal - increased sales. For example, if enough distributors achieve their dreams of buying a TV, their leadership has earned enough for a vacation, and the MLM firm has sold a substantial amount of products. In essence, the MLM membership shares a material value system with the MLM organization, one that increases both continuance and normative commitment.

From the relational support offered in Appendix 1 and from this theoretical discussion, it is proposed that the attractiveness or relative level of inducements associated with a relationship can foster normative commitment within its participants.

H3. There is a positive relationship between relationship attractiveness and normative commitment.

2.6.2 Burnout: Its Influence on Relationship Commitment

Singh, Goolsby and Rhoads (1994), described burnout as a continuous construct representing burnout tendencies, suggesting that the more commonplace usage of the term (he/she is burned out) is only indicative of one extreme of the burnout continuum.

Burnout is formally defined by Maslach and Jackson (1981) as a psychological condition characterized by three dimensions: emotional exhaustion, diminished personal accomplishment, and depersonalization. Viewed in this manner, burnout represents a psychological impediment to the performance of a given task or role. Specifically, Cordes and Dougherty (1993) indicated that burnout captures the dysfunctional affective response to stressful occupations and, in particular, positions with a demanding interpersonal component.

As a result, burnout has typically been studied in occupations characterized by high levels of stress, such as: police officers (e.g., Burke and Deszca 1986), nurses (e.g., VanYperen, Buuunk, and Schaufeli 1992), and lawyers (e.g., Jackson, Turner, and Brief 1987). Burnout has also been studied in professions not typically viewed as stressful but rather, characterized as having a high degree of interpersonal contact: teachers (e.g., Anderson and Iwanicki 1984) and dentists (e.g., Pines and Aronson 1981). Cordes and Dougherty (1993), summarized the findings from these disparate samples by suggesting that “people work” has unique characteristics which can result in burnout.

Although burnout has been studied in a managerial context (e.g., Cahoon and Rowney 1989) it was not until recently that the relevance of burnout within marketing roles was established. For example, Singh et al. (1994) found evidence that individuals in marketing boundary-spanning positions (e.g., customer service representatives) exhibit levels of burnout comparable to, or in excess of, occupations more commonly associated with burnout. Furthermore, Singh et al. (1994) confirmed the detrimental effects of burnout on job-related attitudes and behaviour. Specifically, it was demonstrated that burnout had deleterious effects on both psychological (e.g., job satisfaction, organizational commitment) and behavioural (e.g., job performance, turnover intentions) factors amongst those in customer service positions.

Singh et al. (1994), also found that burnout was a stronger predictor of job outcomes than role stressors, thus supporting the findings from previous studies of non-marketing occupations. These authors attributed the superior predictive power of burnout to three characteristics of the construct. First, it was suggested that burnout represents a

cumulative construct incorporating a number of role stressors and, as such, is a more comprehensive measure of job stress. Second, the authors emphasized that burnout embodies the individual's ability to cope with role stress, and thus only the dysfunctional consequences of role stress (distress) are addressed. Finally, Singh et al. (1994) posited that the evaluative psychological process measured by burnout is similar to the processes used to evaluate job outcomes (i.e., satisfaction) and should be related.

It was believed that a measure of such burnout tendencies was critical to the development of the proposed model of relationship commitment because of its ability to measure the emotional cost of association. In part, burnout represents a summative measure of the psychological cost of the relationship on its participants, and in this case the MLM distributor. Although individual role or job stressors have been examined in the marketing literature (e.g., Sager 1994) these stressors fail to account for the individual's ability to deal with stress. Consequently, some level of stress is required for optimal performance and yet, the optimal stress level is individual-specific. However, consistent with previous examinations of burnout (e.g., Kahill 1988), burnout is believed to have a negative impact on relationship outcomes, because at some level stress will have a deleterious effect upon the individual. For example, Kahill (1988) identified five different categories of consequences associated with burnout: physical, emotional, interpersonal, attitudinal, and behavioural (in Cordes and Dougherty 1993).

The MLM distributors examined in the current thesis are faced with a number of distressors that variously impact their motivation to sell, recruit or participate. Two fundamental characteristics of an MLM distributorship are identified here as distressors: 1)

the rejection associated with direct selling, and 2) the rejection associated with recruiting downline distributors. The degree of rejection faced by individuals involved in direct selling is dramatically illustrated by Jolson (1972, p.91), who stated:

An encyclopaedia salesman, for example, may approach ten doors before being admitted. Once admitted, [(s)he] may complete only one of three presentations. Only one of six presentations may be converted into a sale. Therefore, the [salesperson] may suffer 179 turndowns in order to acquire one sale.

Furthermore, Jolson (1972) argued that “No one with a sensitive response to rejection could continue in this pattern on a prolonged basis” (p.91).

Although a significant stressor, the rejection associated with the direct selling aspect of MLM distribution, pales in comparison to the rejection associated with recruitment. This assertion is supported by Yarnell (1994a, p.12) in this statement:

If you call 30 potential distributors a day, five days a week, that’s about 600 people a month. The bad news: 570 of those people will blow you off... But about 5%, or 30 people per month, will sign up. Of these 30, many will drop out or will become primarily *users* of your product. On average, only *one* will become a successful, full-time distributor and recruiter.

The fact that MLM recruiting is a game of large numbers is further supported by Poe (1995) who suggested that it is necessary to talk to 200-300 people in order to find a few sales superstars or “hot molecules.”

Yarnell (1994a) and Poe (1995) illustrate that less than 1% of prospects will be converted into active downline members. These statistics are a sobering illustration of the rejection that is experienced by those involved in this form of product distribution. In essence, personal selling in this channel is equivalent to advertising for most other channels as it requires both reach and frequency (with much wasted coverage) to attract

recruits. Consequently, it is argued that these two sources of rejection represent significant distressors for the ISC that has not developed adequate coping mechanisms. For individuals without such a coping mechanism it is believed that the stress of rejection will, ultimately, lead to burnout.

Pines, Aronson and Kafry (1981) illustrated the consequences of burnout on organizational outcomes as they stated,

In order to burnout a person needs to have been on fire at one time. It follows, then, that one of the great costs of burnout is the diminution of the effective service of the best people in a given profession.” (in Singh et al. 1994, p.567).

This statement is especially true in the MLM channel where the loss of a distributor is arguably more destructive within these organizations than in more traditional marketing channels. In traditional channels it is suggested that a firm will spend six times as much to attract a new customer than to retain a current one (Rosenberg and Czepiel 1984). In the MLM channel it could be argued that the loss of a distributor to burnout is far greater magnified when we consider that less than 1% of contacts become distributors (100 times the effort). Therefore, the loss of a distributor can snowball in these organizations as others become distressed by the departure of a distributor. In particular, it is believed that those ISCs suffering the loss of an upline sponsor, or downline source of sales volume, will be experience greater burnout tendencies.

Support for the contention that the loss of a channel partner is a significant source of distress is demonstrated by Dwyer, Schurr, and Oh (1987) who stated, “The termination of interpersonal relationships is a significant source of psychological, emotional, and physical stress” (p.19). Support for the proposition that, the loss of a

downline member leads to psychological or physical withdrawal (burnout), is provided by Russ and McNeilly (1994). These authors found that the loss of a major customer was negatively related to intention to stay and corporate satisfaction for sales representatives. Although these authors did not find evidence of a relationship between customer loss and affective commitment an actual measure of burnout was not included, and therefore it is not known whether these salespeople were adversely affected by such a loss.

As defined here, burnout represents an affective rather than physical response to stress and therefore, it is believed that its adverse affect upon commitment will be confined to the affective form of commitment. As a result, it is believed that affective commitment is adversely affected by burnout tendencies as illustrated in Hypothesis H4.

H4. There is a negative relationship between burnout and affective commitment.

2.6.3 Relationship Specific Investment: Its Influence on Relationship Commitment

Previously, it was noted that MLM and DSO firms employ symbolic rituals to increase the commitment of their membership. The highly charged atmosphere fostered in these meetings has been compared to religious revivals (Peven 1968) in that they have a strong inspirational component. For example, Richard Devos, (Amway founder) stated, "Our people are seeking inspiration all the time, as most people are. Some find it in the Rotary Club, some people find it at church and some people like to go to Amway meetings" (in Klebnikov 1991, p. 247). During the ethnographic research period, where this researcher attended such meetings, it was discovered that there were a number of non-active ISCs that simply liked to attend meetings. These people did not recruit or sell

products, but instead were involved in MLM because they enjoyed the positive feeling they received from such ceremonial gatherings.

These meetings, seminars, and rallies serve to initiate the neophytes, “pump up” the downcast, reaffirm the faith of doubters and to unite the masses to a common goal. Butterfield (1985), presented his view of the common goal of one MLM firm by stating that:

[T]he real product behind the sales pitch, is power: the power of the corporate few to rule over the many. Religion, patriotism, smiles and handshakes, "positive" thought, the debasement of national politics...are all techniques to sell the product.

Regardless of purpose, the power of these meetings to uplift, excite, move and motivate is legendary and it is believed that attendance at such gatherings is a form of investment. Although the purpose of these meetings is similar from one firm to the next, it is argued that an Amway meeting would not be particularly motivating to an UndercoverWear distributor. As a result, attending an MLM gathering is a unique and non-transferable experience. Furthermore, the ISC must sacrifice other social engagements, as well as time which could be spent building their business to attend. Therefore, viewed as an idiosyncratic investment, increased meeting attendance should lead to greater continuance commitment.

In addition, MLM plans often promote or sponsor a variety of “self-improvement” type training materials designed to both motivate and educate the ISCs (Klebnikov 1991). These materials offer many of the same benefits as the ceremonial gatherings, and in fact are designed to “tie a distributor over” emotionally until the next meeting. Inspirational

tapes are promoted heavily by some firms (e.g., Amway), and are viewed as a necessary weapon against the negativity and rejection that accompany sales and recruitment activity. However, these tapes also represent an investment in the ISC's distributorship and as such are expected to lead to greater continuance commitment

It has been suggested that ISCs are often not fully prepared for the type and degree of investment that they will have to make in order to succeed in MLM. Furthermore, it has been argued that hidden investments can lead to turnover if resultant outcomes fall below those of an alternative relationship (CL_{alt}). However, social exchange theory suggests that the benefits associated with one relationship are costs associated with another relationship. For example, if a laundry detergent has better cleaning power than another a cost associated with switching to that other brand is reduced cleaning power. Similarly, the idiosyncratic investments made in one relationship are lost if the relationship ends and, therefore, are a cost associated with switching to another. As a result, if investments increase there will be a concomitant decrease in the perceived attractiveness of alternatives (CL_{alt}) due to increased switching costs. Perceived in this manner, relationship specific investments act as barriers to relationship severance; thereby trapping the individual.

To this end, MLM plans attempt to decrease the turnover rates of their independent distributors by encouraging them to make increasing financial and personal commitments to the MLM organization. Butterfield (1985), noted:

A new member can drop out anytime and lose nothing but the price of a starter kit and a few gallons of gasoline. People are kept in and converted by making it expensive for them to quit...the more people they sponsor, the more sacrifices they make, the harder it is for them to resist...

Therefore on the basis of this discussion in concert and the findings from previous research (see Appendix 1), Hypothesis 5 illustrates the nature of the relationship believed to exist between idiosyncratic investments and continuance commitment.

H5. There is a positive relationship between relationship specific investments and continuance commitment.

2.6.4 Relationship Satisfaction: Its Influence on Relationship Commitment

Relationship satisfaction has been described as a comparison of the outcomes realized from a relationship, against some internal standard or set of expectations. Furthermore, it was suggested that this internal comparison level (CL), represents a combination of prior relationship experience and predilection. As a result, satisfaction is the positive state that exists when relationship outcomes meet or exceed one's CL, with dissatisfaction the negative state evoked when outcomes fall below this standard.

Although Appendix 1 demonstrates a voluminous body of research supporting a positive relationship between satisfaction and affective commitment it is believed that the work of Wotruba and Tyagi (1991) is particularly important to the current study. First of all, these authors illustrate one mechanism by which satisfaction is created, namely confirmation of expectations. Secondly, Wotruba and Tyagi (1991) demonstrated the impact of this mechanism on one of the most important measures of behavioural commitment - turnover. Finally, these authors examined this relationship within a marketing context closely aligned to that of the current study - direct selling.

Specifically, Wotruba and Tyagi (1991) found that met expectations were inversely related to turnover and suggested that turnover in DSOs could be decreased by providing potential salespeople with an accurate portrayal (e.g., typical earnings of an individual by the end of their first year) of direct selling. UndercoverWear, an MLM distributor of lingerie, has adopted this recommended approach to recruitment and provides prospects with accurate information on remuneration possibilities. This realistic approach has resulted in a turnover rate amongst first year recruits of only 15% (Skolnik 1984) a level well below the industry average.

Therefore, according to expectancy disconfirmation theory the degree to which expectations have been met will serve as a proxy for satisfaction a construct which has consistently been found to have a positive relationship to affective commitment (see Appendix 1). This hypothesis is found in H6.

H6. There is a positive relationship between relationship satisfaction and affective commitment.

The empirical evidence reported in Appendix 1 indicates that satisfaction is positively correlated with affective commitment, as well as, measures of organizational commitment which purportedly measure calculative commitment (cf. Hrebiniak and Alutto 1972). Contrary to these latter findings, the model of relationship commitment (see Figure 2.0) presumes a negative relationship between satisfaction and continuance commitment. In support of this contention, Meyer, Allen and Smith (1993) found a significant negative correlation between satisfaction and continuance commitment. Although the Meyer et al.

(1993) study provides the most direct support for the existence of a negative relationship between RS and CC, additional empirical support is offered in Appendix 1.

While the Meyer et al. (1993) findings are inconsistent with those reported previously in the OC literature, it is argued that this inconsistency is primarily a result of measurement and definitional confounds (cf. Morrow 1983). For example, Mathieu and Zajac (1990) indicated that attitudinal and calculative measures of organizational commitment contain many items that are indistinguishable from one another. To this end, the study by Meyer et al. (1993) is unique in its inclusion of a three dimensional conceptualization of both occupational and organizational commitment. Furthermore, Meyer et al. (1993) performed a rigorous examination of their constructs to insure that they were, in fact, distinct.

In addition, it is argued that the strong correlation demonstrated in previous research between satisfaction and commitment constructs (see Appendix 1) can be attributed to their attitudinal foundation. For example, satisfaction and affective commitment are similar insofar as they measure an individual's positive disposition to an individual, object or organization. However, Glisson and Durick (1988) cautioned that, despite sharing similar etiologies, it should not be assumed that individuals are simultaneously high or low on both constructs. In fact, Glisson and Durick (1988) reported that their sample had a very low level of satisfaction and a moderate level of OC. Rusbult (1980, p.184) described the complex nature of commitment stating:

An individual's commitment to another, however, cannot be viewed as a simple function of degree of satisfaction with the relationship, nor does it result from a straightforward evaluation of the relative merits of partner and alternative.

Theoretical support for the proposition that satisfaction and continuance commitment are negatively related can be found in the marketing channels research concerning power and dependence. It can be argued that continuance commitment and dependence are similar concepts, an assertion that is supported by the following statement by Emerson (1962):

The dependence of actor A upon actor B is (1) directly proportional to A's *motivational investment* in goals mediated by B, and (2) inversely proportional to the *availability* of those goals to A outside of the A-B relation. (p.32)

Insofar as continuance commitment measures the degree to which one party's attachment to a relationship is based on investments, rewards, or lack of alternatives it is analogous to dependence. Emerson (1962) suggested that power, resides implicitly in another's dependency, providing further evidence of a proposed link between power and dependence. Thus, CC could be seen as a proxy for either the level of dependence experienced by the MLM distributors, or the power associated with the MLM plan/leadership. Given that parallels exist between the dependence and CC constructs, the following studies provide additional support for the proposed negative relationship between RS and CC. Zemanek and McIntyre (1995) found that distributor satisfaction was negatively related to dependence on a manufacturer. In addition, Frazier and Rody (1991) found that distributor power was negatively related to the length of relationship ($r = -.20$ $p < .001$).

Conversely, Oliver (1990b) found that employees with strong instrumental values demonstrated lower levels of affective commitment to their organization. While Oliver (1990b) did not offer a formal explanation for this finding, he did suggest that commitment

was multi-faceted and required more than just a satisfactory stream of rewards in order to be developed. As Oliver (1990b) cautioned, this result might also indicate that there are sample-specific problems with the development and maintenance of commitment. For example, he suggested that blue-collar workers in the U.K. are characterized as having primarily instrumental attitudes, and would be expected to have lower levels of affective commitment. Since Oliver only examined an affective form of commitment it is not known whether these employees were more committed from a continuance perspective.

In essence, it is believed that in the absence of alternatives, a satisfied individual develops an affective “attachment” to a relationship while a dissatisfied individual simply feels “trapped.” For example, if an individual has no comparable relationship alternatives (Low CL_{alt}) and yet their current relationship meets or exceeds their expectations ($outcomes > CL = \text{satisfaction}$), they will view their relationship more positively (AC). It is also believed that these same individuals will report concomitantly less dependence (CC) on the relationship as indicated in Hypothesis 7.

H7. There is a negative relationship between relationship satisfaction and continuance commitment.

Appendix 1 illustrates a number of studies that support the proposed positive relationship between satisfaction and normative commitment. For example, Hackett, Bycio and Hausdorf (1994), found that job satisfaction was positively related to normative commitment. In addition, the Van Dyne, Graham and Dienesch (1994) finding, that job satisfaction is positively related to covenantal relationships, is particularly important to the current study of the MLM channel. The relationship between satisfaction and

identification, is illustrated by Iannacone (1992) who described religious satisfaction as follows:

[T]he pleasure and edification I derive from Sunday services depends not just on my own inputs but also on the inputs of others: how many others attend, how warmly they greet me, how well they sing, how enthusiastically they read and pray, how deep their commitment, and so forth. (p. 274)

From this example it can be seen that an individual's satisfaction within a relationship is dependent not only on one's own experience, but the experience of others. In this regard, it is believed that shared experiences heighten one's own satisfaction that in turn leads to greater identification with the group. Specifically, an individual becomes dependent upon the group for a reward and thus normatively committed to it, as they share a common bond - their involvement in the group.

Iannaccone (1992) suggested that the "collective side" of religion is most evident in activities such as: communion, bible study groups, and hymn singing. It has already been demonstrated that similar types of collective activities are also found in MLM plans and DSOs (Peven 1968). Furthermore, it was suggested that these ritualistic gatherings were emotively charged to enhance identification. Peven (1968), further illustrated this point by stating:

Sociologists and psychologists agree that human sentiments are intensified when affirmed collectively, and the women at the rally seemed to share a common mood of camaraderie, anticipation, and excitement. (p.101)

Thus, it is believed that relationship satisfaction is increased where there is an opportunity for collective affirmation and the resultant satisfaction leads to normative commitment. In support of this contention it has been found that frequent contact and

intimate disclosure enhance attraction and satisfaction while fostering the development of commitment (e.g., Davis and Skinner 1974; Dwyer, Schurr and Oh 1987; Zajonc 1968). Consequently, it is proposed in Hypothesis 8 that relationship satisfaction will have a positive impact on normative commitment.

H8. There is a positive relationship between relationship satisfaction and normative commitment.

2.6.5 Trust: Its Influence on Relationship Commitment

In the current thesis it is suggested that trust, relationship satisfaction, and attraction measure different albeit related aspects of expectations. For example, Frost, Stimpson and Maughan (1978) defined trust as a predisposition toward another; a definition which Martin (1991) suggested, “narrows the notion of generalized expectations to expectations concerning the behaviour of a specific actor” (p.252). Similarly, Dwyer, Schurr and Oh (1987) suggested that trust measures expectations of future rewards and plays a role in relationship development.

As a result, trust can be seen to contain elements of both satisfaction and attraction; as satisfaction with previous interactions are likely to have a significant impact on future expectations. Consistent with this explanation, trust has been found to be positively correlated with: attraction (e.g., Morgan and Hunt 1994; Kumar, Scheer, and Steenkamp 1995a), expectations (e.g., Anderson and Narus 1990; Scheer and Stern 1992), and satisfaction (e.g., Anderson and Narus 1990; Ganesan 1994; Sager and Yi 1996). Although related, attraction, satisfaction and trust are not independent constructs as illustrated by the fact that one can implicitly trust another and yet still not be interested

in entering into a relationship with them (i.e., higher inducements offered elsewhere). Similarly, dissatisfaction with the outcomes of a relationship is not suggestive of a lack of trust. A volume of research supports the existence of the positive relationship between trust and affective commitment (see Appendix 1) proposed in the RCM (see Figure 2.0). The nature of this relationship is described in Hypothesis 9.

H9. There is a positive relationship between trust and affective commitment.

Although there are many potential sources of reward in MLM, it is argued that initial involvement is predominantly driven by an instrumental motive; the pursuit of materialistic or monetary rewards. However, the majority of MLM distributors reportedly earn only meagre profits (e.g., Butterfield 1985; Klebnikov 1991; Smith 1984) and it has been demonstrated that financial success in MLM requires hard work and the development of a large committed downline. During the initial stages of involvement there are essentially no benefits to “free riding” (cf. Wiener and Doescher 1991) in a legitimate MLM plan. In effect an inactive distributor - one that neither sells nor recruits - is unable to share in the efforts of those that are actively involved in building a business. However, once an individual has a downline they can benefit from the selling and recruiting efforts of literally hundreds or thousands of distributors. Thus, without participation (a downline) there is little to be gained, at least financially, from free riding in an MLM plan.

To the extent that co-operation is essential to mutual gain in MLM plans, these networks can be likened to social dilemmas such as: public goods, social fences, and collective social traps. For example, Wiener and Doescher (1991) stated that,

In a social dilemma, a person who contributes to the community's good receives fewer personal benefits than one who does not, and all group members receive more personal benefits if all contribute than if all do not. (p.38)

Although free riding is unprofitable to the neophyte, those at the top of the MLM pyramid¹ can reap the benefits of prior recruiting efforts. In fact, firms such as Amway describe these benefits as "residuals" and equate them to "retirement" income.

In a discussion on "selling brotherhood," Rothschild (1979) argued that in situations where there is a low or negative benefit-cost ratio, involvement will be low with a large number of defections. Arguably, this situation describes the one found amongst the neophyte distributors in MLM plans and DSOs, where the bulk of the turnover occurs in the first 6 months. Although, this turnover was previously attributed to the dissatisfaction resulting from unmet expectations (Wotruba and Tyagi 1991), it is believed that trust plays an important role in the withdrawal decision.

Specifically, it is argued that it is the unfulfilled expectations of distributors that lead to mistrust, and in the absence of some alternative commitment mechanism (i.e., normative commitment fostered through friendships), the individual will withdraw. Furthermore, it is palpable to suggest that mistrust will be particularly acute in those instances where exaggerated income claims have been used to attract prospective distributors. In such cases, distributors develop unrealistic if not fantastic expectations that almost certainly will go unfulfilled.

It was previously argued that satisfaction has a negative influence on continuance commitment, a review of the literature found evidence of a similar relationship between

¹ Here 'pyramid' refers to the shape of the MLM channel structure and not an illegal sales scheme.

trust and continuance commitment (see Appendix 1). Consequently, it is proposed (see Hypothesis 10) that there will be an inverse relationship between trust and continuance commitment.

H10. There is a negative relationship between trust and continuance commitment.

Given the previous discussion, it is not surprising to find that mistrust is cited as one of the four primary barriers to cooperation within the social dilemma literature (Wiener and Doescher 1991). However, trust is an entity-specific expectation (i.e., A trusts that B will act as anticipated) which suggests that one of the following must exist before trust will develop:

- a personal predisposition towards, or a social norm dictating, trust
- prior experience with the entity
- the entity have a reputation of trustworthiness (e.g., testimonial, referral)
- the existence of a guarantee or warranty

Wiener and Doescher (1991) indicated that a strategy used to overcome mistrust in social dilemmas is to develop a civic approach, and to appeal to the common fate of those involved. MLM plans foster a similar atmosphere by socializing ISCs to perceive the MLM leadership as benevolent and dependable, and to subsequently discount or ignore the possibility for opportunism. Wiener and Doescher (1991) also indicated that information reflecting group identification could be used to overcome mistrust. Similarly, MLM distributors are socialized to have faith in the collectivist ideal, and in their leadership, so that they commit to serving the collective good. Furthermore, it is believed that, at some point, distributors are socialized to embrace a “new consensus” (Deighton and Grayson 1995), a community rather than self-interested orientation.

Trust, then, is seen as an essential characteristic amongst those distributors that identify with - are normatively committed to – his/her MLM plan. In this regard, MLM plans can be seen to mirror covenantal organizations those characterized by high levels of trust (cf. Graham and Organ 1993).

Commenting on the efforts of MLM distributors, Klebnikov (1991) suggested that one has to look to religion and politics to find a setting where people work as hard, for so little financial return. In essence, the goals of the neophyte distributors are “shaped” to accommodate the reality of MLM. For example, their efforts might be reinterpreted as an “investment” rather than a sacrifice, and as such, distributors invest willingly because such an investment is perceived as a rite of passage. In a related context, Iannaccone (1992) suggested that free-rider problems in religious movements are mitigated by what appear to be “seemingly unproductive costs.” For example, the Mormon Church is seen to make substantial demands of its membership with respect to both time and money. This example becomes especially germane to the current discussion of MLM firms when it is revealed that the Mormon Church is growing faster than any other religion.

Neophyte distributors are also socialized to believe that their probability of success is enhanced by an unquestioning obedience to their upline mentors (Butterfield 1985). Similar to their religious and covenantal counterparts, MLM leaders are often associated with proselytizing. They preach to and expect obedience from their downline distributors. Speeches, given by the omniscient upline at various ritualistic gatherings, dictate not only how distributors should conduct business, but their private lives as well. Fire-and-brimstone litanies, cover topics such as: inventory levels, meeting attendance, dress codes,

political affiliations, family values, and reading material. Klebnikov (1991), illustrated that in one such "sermon" Bill Britt, a legendary Amway distributor, admonished women to not attempt to "wear the pants in the family," and ordered the men to get rid of their "pornography."

However, such deference or trust in the upline is not forced upon the neophyte distributor, but rather is fostered by the charismatic leadership through reference and expert power. For example, in some MLM firms, distributors earn the right to attend meetings previously unavailable to them as they achieve successively higher status levels (Biggart 1989; Butterfield 1985; Skolnik 1984). The exclusivity of these meetings creates a visible hierarchy in the previously homogeneous group of individuals, and curiosity may be a sufficient motive for some individuals to work hard enough to gain admittance to such meetings. Consequently, the downline bestows expert and referent power upon the upline leadership, as well as, the right (legitimate power) to preach to them. This power is attributed to knowledge obtained in clandestine meetings, meetings that only the upline are privy too. This process of "enlightenment" guarantees that the upline distributors maintain expert power over their subordinate downline. Butterfield (1985) emphasized that being "in-the-know" also enables the upline to push products through the system rapidly, and without question.

Consequently, to achieve their dreams, distributors are expected to blindly follow the dictates of those above them in the MLM hierarchy. In other words, the ISCs are socialized to trust their upline because this faith will be rewarded in the end. There are success stories in MLM plans and to achieve similar success, distributors are taught that

they need only trust in the tenets outlined by those above them and, in turn, proselytize to others. Thus, for many trust serves as the inspiration to continue, to persevere. As Pevin (1968) suggested some DSOs can be likened to religious movements because of their demand for faith and missionary spirit.

Johnston and Snizek (1991), suggested that moral involvement may reduce turnover and maintain investment levels amongst the lower level distributors, those that are receiving small if not negative benefits. Furthermore, Johnston and Snizek (1991) argued that such moral involvement redirects the focus of these distributors away from material rewards, and promotes compliance and product consumption. Klebnikov (1991) indicated that only 19% of Amway's products are purchased by non-Amway consumers, a statistic that emphasizes this latter point.

Conversely, there are distributors that do not see their MLM distributorship as an avenue to wealth, and yet remain highly committed to their MLM plan. While these distributors do not buy into "the dream," they presumably identify with some aspect of the MLM experience that encourages their continued involvement. For these distributors, and there are many according to Smith (1984), identification with the MLM plan is born out of devotion: to products, people, or charismatic appeals rather than a collective goal of financial success. This devotion can be distinguished from affective commitment as it is born out of an individual's identification rather than satisfaction. It is believed that these ISCs will also display a heightened sense of trust; a trust that might be based on a product's efficacy, a speaker's energy, or an individual's sincerity. For example, an individual may be sufficiently satisfied with a product to become affectively committed to

purchase it. However, if this individual does not have faith in the superior performance, value, or image offered by this product they will not identify with it. As a result, it is believed that the existence of trust is an important if not essential condition for the development of normative commitment. The hypothesized relationship between trust and commitment is presented in Hypothesis 11.

H11. There is a positive relationship between trust and normative commitment.

2.6.6 Relationship Commitment and its Consequences

Although not developed to the extent of the previous eleven hypotheses, the proposed model of relationship commitment illustrates eight additional relationships generated from an extensive review of the literature (see appendix 1). Although it has been suggested that relationship commitment is, itself, a positive outcome of the relationship development process (Morgan and Hunt 1994), behavioural intentions are believed to capture the most desired outcomes of successful relationships. The proposed model of relationship commitment examines three of the most desirable outcomes of relationship development: future investment (FI), intent to stay (IS) and compliance (Cp).

In the MLM context, these three behavioural intentions capture the willingness of an ISC to: 1) make additional investments (e.g., selling/recruiting efforts, product inventory) in his/her relationship with the MLM plan, 2) continue their association with the MLM plan and 3) comply with the policies and suggestions of either the MLM firm or their upline. A discussion concerning the impact of relationship commitment upon these three outcomes and hypotheses specific to the MLM context is presented next.

Future Investment: The extent to which an individual plans to maintain or escalate their investment in a relationship is perhaps one of the most important outcome measures from a relationship marketing perspective. A catalogue retailer would benefit greatly from information on the future purchase plans of an individual on their mailing list. For example, if the retailer knew that a customer's first purchase was merely a one-time purchase (e.g., gift) they might refrain from sending this individual any additional catalogues and would not incur any unnecessary expenses.

Ganesan (1994), stated that the decision to develop a long-term orientation toward a channel partner should be investigated, and indicated that such an orientation requires considerable sacrifice. Ganesan (1994) suggested that sacrifice might be illustrated by an increase in relationship specific investments. As a result, future investment is believed to be a better measure of an individual's commitment to a relationship because it captures both continuity and sacrifice components essential to commitment. In this manner, future investment is distinguished from intent to stay which primarily captures an individual's desire to continue an association, a short term orientation or perhaps even a state of inertia - an unwillingness to terminate a relationship because of few alternatives or high exit costs.

To date, there has been little research on the relationship between commitment and future investment. However, recent efforts in the services marketing literature have found that committed customers are more likely to expand a relationship but only when this commitment was born of dedication rather than dependence (Bendapudi and Berry 1997). In another study of service relationships Fullerton and Taylor (1998) reported a positive

correlation between affective commitment and repurchase intentions. Quite simply, it is believed that individuals are only willing to commit additional resources (e.g., effort, money) to a relationship that they are interested in sustaining.

Therefore, in the MLM channel it is believed that ISC willingness to invest in their distributorship will increase as their commitment to the relationship with the MLM plan increases. For example, a distributor's affective commitment might increase immediately after receiving an achievement award which, in turn, might lead to an increase selling effort. Thus, as an ISC's affective bond to the MLM plan, its products and/or their upline increases it is believed that they will commit more resources to the relationship. Affective commitment then, is believed to have a positive influence on future investment as illustrated in Hypothesis 12.

H12. There is a positive relationship between affective commitment and future investment.

In the current thesis it is suggested that committed ISCs will continue to invest in their distributorship regardless of which dimension of commitment is examined. The assertion that continuance commitment and future investment are positively related contradicts Bendapudi and Berry (1997) who found that commitment developed through dependence was not related to relationship expansion. In fact, if the dependence form of commitment appears is narrowly defined as a lack of choice, the Bendapudi and Berry (1997) findings are consistent with Fullerton and Taylor (1998) who found that the choice dimension of continuance commitment was negatively related to repurchase intentions.

However, in the current thesis continuance commitment to a relationship develops because an individual increases their investment (e.g., sacrifice) in it, and/or receives benefits from it unavailable elsewhere (e.g., choice). Consequently, continuance commitment represents a rational evaluation of the rewards and costs associated with remaining in a relationship. For example, following receipt of a commission cheque an ISC might experience an increase in continuance commitment towards the MLM plan. This cheque serves to reinforce the effort = rewards manifesto of direct selling firms and, subsequently, might lead the ISC to increase his/her recruiting efforts. In support, Caldwell, Chatman and O'Reilly (1990), argued that firms with well-articulated reward systems are positively related with instrumental or continuance commitment. Additionally, Sager and Johnston (1989) suggested that high performing salespeople are driven by rewards.

In research on sunk-cost effects Garland (1990) reported that willingness to invest additional resources in a course of action (R&D project) increased as the level of sunk costs increased. It is important to note that Garland (199) did not examine the mediating effects of expected project success upon additional spending. Furthermore, Gundlach, Achrol and Mentzer (1995) found that investments (*credible commitments*) made in a relationship in one period influence intentions to commit (*commitment intentions*) resources in a subsequent period, offering additional support for the notion of escalating commitment. Escalation of commitment is particularly relevant to the MLM context, because it has been shown that an ISC invests considerable resources in his/her distributorship in hope of "success." The effort = rewards manifesto in combination with

sunk cost effects suggests that ISCs will make progressively larger investments to achieve success. Consequently, it is predicted that ISCs will report greater willingness to invest in their distributorships as their continuance commitment to the MLM plan increases. This hypothesis is stated formally as Hypothesis 13.

H13. There is a positive relationship between continuance commitment and future investment.

Consistent with Hypotheses 12 and 13, it is predicted that ISCs will report increased greater future investment intentions as their normative commitment to the relationship increases. Caldwell et al. (1990) found that the employees of firms with well-developed socialization and recruitment procedures had higher levels of normative commitment. Sager and Johnston (1989), introduce the term “salesforce citizens” to describe those individuals exhibiting a high degree of socialization to the organization. Furthermore, Sager and Johnston (1989) suggested that salesforce citizens are important to organizations because they build cohesiveness by socializing and training new salespeople.

It has been argued that MLM firms have strong cultures because they engage in a variety of recruitment and socialization practices and therefore these firms will be characterized by high levels of normative commitment. Furthermore, it is believed that those ISCs exhibiting higher levels of normative commitment - the “network citizens” - will express a willingness to exert greater effort (e.g., invest more) on behalf of the MLM plan. For example, an ISC that has internalized the values of his/her MLM plan may feel obligated to devote increasingly greater amounts of energy towards recruiting and selling

because such efforts benefit everyone in their upline. This belief is stated formally as Hypothesis 14.

H14. There is a positive relationship between normative commitment and future investment.

Intent to Stay: The relationship marketing paradigm suggests that mutually beneficial exchange relations should be fostered and maintained, and therefore a successful relationship is one characterized by stability (i.e., low turnover) as it is believed that both parties work to insure its survival. As a result, it is expected that committed parties to a relationship should by definition report an increased willingness to remain in the relationship. This proposition is overwhelmingly supported by the organizational commitment literature that consistently reports a negative relationship between OC and employee turnover (e.g., Mathieu and Zajac 1990). More recently, Morgan and Hunt (1994) reported a negative relationship between relationship commitment and propensity to leave.

In contrast, research on the relationship between specific dimensions of commitment and withdrawal (e.g., intent to quit, propensity to leave, turnover) is a relatively recent phenomena. The initial findings of these studies suggests that the relationship between commitment and withdrawal intentions is not quite so unequivocal. For example, Hackett et al. (1994), Jaros et al. (1993) and McLeod et al. (1995) each reported strong negative relationships between affective commitment and withdrawal intentions, and a moderate negative relationship between normative commitment and withdrawal intentions (see Appendix 1). The same was not true of continuance

commitment, however, as Hackett et al. (1994) and McLeod et al. (1995) reported conflicting results concerning the relationship between continuance commitment and quitting intentions. Specifically, Hackett et al. (1994) found a weak negative relationship between CC and intent to quit whereas McLeod et al. (1995) reported a weak positive correlation between CC and turnover intentions. In contrast, Jaros et al. (1993) found a strong negative correlation between CC and intent to leave that was similar to that found between AC and intent to leave in magnitude.

Despite the ambiguous findings reported in the literature regarding the continuance form of commitment, it is believed that ISCs will indicate a greater willingness to maintain their relationship with the MLM plan as commitment escalates. Thus, consistent with the findings of Somers (1995) it is believed that an ISC will report greater intentions to remain with their MLM plan regardless of whether their affective, continuance or normative commitment increases. For example, as an ISC's affective attachment to either their distributorship and/or those in the MLM plan (e.g., upline) increases there will be a concomitant decrease in their desire to withdraw from the relationship. Stated differently, as affective commitment increases, ISCs will report increased intentions to remain in the relationship. This hypothesis is stated in formal terms as follows:

H15. There is a positive relationship between affective commitment and intent to stay.

It is also believed that ISCs will report greater willingness to maintain their distributorships following any idiosyncratic investment in their distributorship. For, example, it is believed that an ISC is less likely to quit their MLM plan immediately

following a financial investment (e.g., inventory, training materials) or personal effort (e.g., selling/sponsoring, attending meetings). Previously it was suggested that idiosyncratic investments increase continuance commitment by increasing the cost associated with leaving. Consequently, it is believed that an ISC exhibiting high levels of continuance commitment will also report greater willingness to stay with his/her MLM plan (Hypothesis 16).

H16. There is a positive relationship between continuance commitment and intent to stay.

Finally, it is argued that an ISC's willingness to maintain his/her distributorship is increased in conditions of increasing obligation. For example, an ISC may feel a heightened sense of obligation to the MLM plan and their distributorship immediately following successful selling or sponsorship efforts. In particular, it is believed that such efforts would enhance an ISC's normative commitment particularly if recognized publicly and/or accompanied by elevated status within the organization (e.g., pin level). Efforts and accomplishments (e.g., dreams), particularly those that are publicly recognized, serve to tie an individual to the MLM plan through a coalescing of values. Furthermore, the act of sponsoring is akin to proselytizing and as such, obligates the ISC to remain in the organization at least until the recruit has received training. This relationship is stated formally as Hypothesis 17.

H17. There is a positive relationship between normative commitment and intent to stay.

Compliance: Morgan and Hunt (1994) found that relationship commitment was positively related to both acquiescence and cooperation, where the former was argued to

be a reaction to a channel partner's request and the latter a proactive act on behalf of the relationship. In the current thesis, compliance is studied because it is believed to be a robust construct incorporating both acquiescence and cooperation. In fact, Morgan and Hunt's (1994) single-item measure of acquiescence actually contained the phrase "will likely comply with" indicating that these terms are perhaps interchangeable.

According to Morgan and Hunt (1994) acquiescence is a somewhat passive submission to rules or demands suggesting that power or influence is used, while cooperation refers to action on behalf of mutually beneficial goals. However, it is argued that a firm or individual is just as likely to submit to the rules or demands of a channel partner because experience has proven that such requests, if not mutually beneficial, are merited. As a result, compliance captures an individual's acceptance of the demands, requests or rules made by a relational exchange partner and differs from cooperation (Morgan and Hunt 1994) in that it is reactive rather than proactive. The proactive component of cooperation is partially captured by the future investment construct introduced previously.

Chonko (1986), suggested that commitment is independent of selfish interests and immediate or temporary concerns. As a result, compliance is believed to be germane to the study of commitment and, in particular, the study of commitment in interorganizational relationships.

The MLM channel was previously characterized as one with low barriers to entry, few formal control mechanisms (e.g., contracts) and low exit barriers. It was also indicated that control within an MLM plan is achieved almost exclusively through non-

coercive influence strategies derived from referent, reward and expert sources of power. Given these conditions it is unlikely that an ISC would comply with the demands of his/her MLM firm or upline if they realized that these parties were acting opportunistically. Consequently, even if an ISC felt trapped in an MLM plan by excess inventory (sacrifice) or a lack of alternatives (choice), they would still be under no obligation to comply with upline or company requests. This is not to say that influence attempts would not be used, just that an ISC has almost no formal (e.g., contractual) obligation to comply with such requests.

The distinction between compliance, acquiescence and cooperation is not a trivial one because it is believed that the antecedent conditions for one are quite different from those of another. For example, Morgan and Hunt (1994) found that relationship commitment was directly related to both acquiescence and cooperation whereas trust was only directly related to cooperation. Thus, it is posited that the mediating role of commitment will be different for each of these particular outcomes.

Specifically, it is believed that ISCs act out of their own volition and therefore compliance occurs as a result of trust and/or experience. Previously, it was posited that trust and relationship satisfaction (i.e., confirmation of expectations) are positively related to affective and normative commitment and negatively related to continuance commitment (see Sections 2.64-2.65). Insofar as trust and experience are believed to be important antecedents of compliance it is argued that an individual's willingness to comply is mediated by the affective and normative forms of commitment.

Organizational citizenship behaviour has been found to be positively associated with affective commitment, behaviour that Fullerton and Taylor (1998) likened to the cooperation term employed by Morgan and Hunt (1994). Fullerton and Taylor (1998) argued that willingness to pay more represents a form of citizenship behaviour, and subsequently reported a positive correlation between affective commitment and willingness to pay more intentions. Viewed as a request (i.e., would you pay more) it can be argued that willingness to pay more is also indicative of compliance. As a result, Hypothesis 18 posits a positive relationship between affective commitment and compliance.

H18. There is a positive relationship between affective commitment and compliance.

Similarly, it is believed that normative commitment will have a positive affect upon compliance. Sager and Johnston (1989) found that some salespeople who identified strongly with an organization perceived themselves as working hard to achieve sales goals even if they were not good performers. It was believed that these salespeople, termed salesforce citizens, engaged in citizenship behaviours rather than performance-oriented pursuits as a means to achieve organizational goals. In the services marketing literature it has been suggested that normatively committed consumers will demonstrate their loyalty to a service provider through advocacy (e.g., positive word of mouth).

In interorganizational relationships such as those found in the MLM channel, it is believed that citizenship behaviour could take a variety of forms. For example, a loyal or committed ISC may feel that they are supporting the MLM plan by attending meetings and

consuming the products recommended by his/her upline. Furthermore, it is believed that an ISC with a strong normative bond would be willing to purchase new products, accept price increases and/or adopt new policies on faith. A colloquial term for such an individual would be a “good soldier.”

Stated formally, it is believed that as an individual’s normative commitment to a relationship increases there will be a concomitant increase in their compliance with the requests of his/her exchange partner.

H19. There is a positive relationship between normative commitment and compliance.

Although the proposed model of relationship commitments posits that continuance commitment will have no direct effect upon compliance, there is mixed support for this assertion in the literature. To illustrate, Fullerton and Taylor (1998) found that while the choice dimension of continuance commitment was unrelated to willingness to pay more intentions, the sacrifice dimension of continuance commitment was positively related to such intentions. However, as Morgan and Hunt (1994) indicated, cooperation requires trust and therefore, it is believed that in the absence of trust and with few barriers to exit, it is unlikely that an ISC would comply with demands made by his/her MLM plan or upline.

2.7 Relationship Development Stage Effects

A number of stage theories of relationship development were introduced in Section 2.2. These theories have been criticized for their failure to provide meaningful demarcation of the stages (i.e., cannot be operationalized) through which a relationship

passes, and their inability to account for those relationships which fail to follow a predetermined sequence of stages. Arguably, these stage theories have suffered most from misuse due to overgeneralization. As with any theory there has been a tendency to generalize stage theories to contexts for which they are inappropriate. For example, it is unlikely that one stage theory could explain both the traditional courtship and the arranged forms of marital relationships. Similarly, it is unlikely that one stage model will adequately account for the wide variety of intraorganizational and interorganizational relationships.

As a result, researchers have begun to suggest that it is more appropriate to discuss relationship phases rather than fixed stages. These phases are believed to occur at different times for different exchange dyads thereby supporting the process approach argued for in the current thesis. Specifically, the model of relationship commitment developed in the current thesis explains the development and maintenance of commitment in intraorganizational relationships. As a result, it is believed that this model is applicable across relationship development stages.

Although difficult to operationalize, the relationship stages identified by Scanzoni (1979), Dwyer et al. (1987) and others, there is the potential to examine variation in relationship commitment at distinct points in the life of a relationship. Thus, this thesis simply examines relationship commitment across a series of temporally ordered relationship stages. There are two bodies of literature that are instructive in this regard. The first is research on career stage effects found in career and socialization literature, the second is literature on the honeymoon effect. The applicability of these two research areas to the current thesis will be discussed in the sections that follow.

2.7.1 Career Stage Effects

The career literature suggests that there are three career stages: *establishment*, *advancement*, and *maintenance* (e.g., Morrow and McElroy 1987). This first stage is similar to the *engagement/encounter* stage of socialization found in the organizational socialization research literature (e.g., Fisher 1986), while the second and third career stages expand upon the single *role management/performance* stage of socialization. Regardless of which literature is studied, the initial career or membership stage represents a period of learning for the newcomer or neophyte in which he/she becomes familiar with his/her responsibilities, as well as, the values and objectives of the organization and those within it. Essentially, these newcomers are concerned with establishing themselves within the organization and becoming accepted by those within it.

In the *advancement* stage, organizational participants undergo a shift in motivation. In this second career stage individuals become less concerned with organizational acceptance, and more concerned with achievement and the recognition associated with it. Allen and Meyer (1993) suggested that individuals in this stage want to influence the organization and therefore these individuals want some acknowledgement that they are making a contribution (Buchanan 1974).

Finally, in the *maintenance* stage it is believed that individuals have formed a relatively enduring attitude toward the organization (i.e., its adequacy) and barring any significant evidence to the contrary (i.e., recruiting efforts by another organization) the individual maintain their association.

The three aforementioned career stages parallel the relationship development stages proposed by both Scanzoni (1979) *exploration, consolidation and commitment*; and Murstein (1986) *stimulus, value and role* in the area of interpersonal relationship development. For example, Murstein (1986) suggested that intimate relationships begin with the stimulus stage where partners are primarily attracted to one another by external attributes such as physical traits. The *stimulus* stage is consistent with the establishment career stage as demonstrated by the fact that intimate partners spend a significant amount of time trying to determine if they are satisfied (i.e., are expectations being met) with the relationship. In the *value* stage attachment transcends superficial attraction and instead focuses on shared values and beliefs. The final *role* stage, reflects the point at which the relationship participants become committed to specific roles (i.e., husband and wife) representative of the relationship. This final stage suggests that an individual's identity is in some way tied to the focal relationship. A similar phenomenon exists in employment relationships as demonstrated by references to the "organization (wo)man."

Consequently, it is believed that many of the insights drawn from the career stage and socialization literature can be applied to other relational contexts. In particular, it is argued that career stage research can be applied to the interorganizational relationship being examined in the current thesis.

Despite the agreement that exists amongst researchers on the motivations and objects of commitment found at various career stages, there is little consensus regarding the operationalization of these career stages. For example, researchers have variously used employee age, organizational tenure and positional tenure to define career stages. In

a study on the effect of career stage upon organizational commitment, Allen and Meyer (1993) examined all three methods of defining career stage and found that affective and normative commitment increased with both age and organizational tenure. However, when age was controlled for the relationship between tenure and the affective and normative forms commitment became negligible, suggesting possible cohort or maturity effects.

In addition, Allen and Meyer (1993) found that the continuance form of commitment did not vary across age groups yet did increase with organizational and positional tenure. This latter result did not diminish even after age was controlled for. This finding is consistent with the Becker's (1960) side-bet theory in that an employee's idiosyncratic investments to his/her organization would be expected to increase with tenure.

Although Allen and Meyer (1993) found evidence of career stage effects upon various dimensions of organizational commitment, these effects were modest. Ultimately, Allen and Meyer (1993) concluded that the importance of the career stage concept may be overstated. Despite this less than enthusiastic endorsement of career stage effects, it is believed that Allen and Meyer's (1993) study should be extended to the study of interorganizational relationships. Specifically, it is believed that methodological issues have, to date, masked the true value of the career stage concept. Therefore, it is expected that the three dimensions of commitment do vary across relationship stages, but in a manner which is much more instructive than previous research has indicated.

Allen and Meyer (1993) reported significant age effects upon organizational commitment and yet, age was expected to have little if any significance in most interorganizational exchanges. For example, the age of an individual is likely to have very little bearing on their commitment to a friendship and similarly buyer-seller relationships are thought to be unaffected by age-related effects. Conversely, an individual would be expected to become more committed to their career, position, and organization over time because after a given point fewer alternatives would be available to them. Thus, it is believed that commitment will be unaffected by age-based effects in intraorganizational relationships.

Unfortunately, there has been very little discussion of relationship stages in marketing, and no known empirical examination of this topic. Previous discussions of relationship development in marketing have adopted a holistic or life cycle approach. For example, Dwyer, Schurr and Oh (1987) identified five stages of relationship development: *awareness, exploration, expansion, commitment* and *dissolution*. However, the actual process(es) responsible for individuals and firms moving from one stage (e.g., expansion) to the next (e.g., commitment) remains unexplored in the marketing literature. The current study is believed to offer the first insights into this process.

Although, the work of Dwyer et al. (1987) provides a framework with which to study relationship development there has not yet been any attempt to operationalize stages of interorganizational relationship development. Furthermore, Dwyer et al. (1987) view commitment as an identifiable stage, whereas the current research treats commitment as a continuous construct. Although it is often assumed that commitment develops and

strengthens as an individual/firm progresses from one relationship stage to the next, there is some evidence to suggest that this is not the case. Therefore, what is required is a study that examines the changes in the various dimensions of commitment as a relationship progresses.

To date, there have been no attempts to measure and explain changes in affective, continuance and normative commitment over the course of an interorganizational relationship. Consequently, the current investigation of evolutionary changes in relationship commitment represents an important contribution to the literature. Although no specific hypotheses are offered, the impact of ISC age, relationship tenure, and status upon the three components of recommitment is examined.

2.7.2 Honeymoon Effects

A number of researchers have argued for the existence of a "honeymoon effect" in social and organizational relationships (Fichman and Levinthal 1991; Helmreich, Sawin, and Carsrud 1986; Levinthal and Fichman 1988). For example, Levinthal and Fichman (1988) indicated that relationships exhibit both positive and negative duration dependencies. These authors stated:

In the early stages of these attachments the rate at which these interorganizational relationships ended increased with time. After this early "honeymoon" period, the rate at which relationships ended decreased with time, consistent with notions that assets specific to the relationship develop over time. (p.345)

Specifically, the honeymoon effect is defined as that period - immediately following a relationship's inception - in which a relationship is insulated from dissolution. This insulation, or barrier to exit, is the result of an initial store of assets contributed to the

relationship by its participants; an investment which guarantees the relationship's survival in the short-term (Fichman and Levinthal 1991; Levinthal and Fichman 1988).

Furthermore, it is believed that the premature depletion of these initial assets leads to the dissolution of the relationship in the short term. However, as a relationship develops "relationship-specific" assets are created which enhance the relationship's value (Dwyer, Schurr and Oh 1987; Fichman and Levinthal 1991; Larson 1992; Levinthal and Fichman 1988).

Thus, research by Fichman and Levinthal (1991) and Hudson (1987) counters the traditional notion that there is a "liability of newness" surrounding relationships at their inception. Instead, these authors support the existence of a honeymoon effect which is induced by:

...some initial stock of assets, which (depending on the particular context) can include favorable prior beliefs, trust, goodwill, financial resources, or psychological commitment. (Fichman and Levinthal 1991, p.444)

It was Fichman and Levinthal's (1991) contention that variations in initial endowments would have a significant impact on relationship mortality. Thus, these initial assets can be likened to the provisions taken on a trip; the more provisions carried the longer the trip's potential duration.

In research on intimate relationships this honeymoon period has been labeled the "four-year itch" (Fisher 1992), a reference to the year in which divorce rates are highest. For example, Gray (1993) commented that, "While Western Culture holds fast to the idea that true love flames forever...nature apparently meant passions to sputter out in

something like four years" (p.40). Following a study of 62 cultures Fisher (1992) concluded that the honeymoon effect was a pervasive phenomenon.

The application of the marital metaphor to the study of interorganizational exchange relations and, in particular, those between buyers and sellers (e.g., Dwyer, Schurr, and Oh 1987; Levitt 1983; Lyons, Krachenberg and Henke 1990) was discussed previously. However, business metaphors have been similarly applied to various types of interpersonal relationships. For example, McCall (1966) described marriage as a "restrictive trade agreement," while Gray (1993) suggested that, "In many cultures, love and marriage do not go together. Weddings can have all the romance of corporate mergers, signed and sealed for family or territorial interests" (p.39).

Given that relationship metaphors are used interchangeably it is perhaps not surprising to find that the honeymoon effect has been witnessed in interorganizational and intraorganizational, as well as, interpersonal relationships. For example, the honeymoon effect has been reported in studies of intimate relationships (Sternberg 1986), job performance (Helmreich, Sawin and Carsrud 1986), organizational mortality (Hudson 1987; King and Wicker 1982;), interorganizational relationships (Levinthal and Fichman 1988) and intraorganizational turnover (March and March 1977, 1978; Morita, Lee and Mowaday 1987). Specifically, these studies provide support for a non-monotonic function of relationship mortality, a function indicative of the honeymoon effect. Levinthal and Fichman (1987), described this non-monotonic function as follows:

Given a time interval $[t, t+\Delta]$ within which a relation is at risk of dissolution, the probability of dissolution in that interval is written as $\Pr(t, t+\Delta|t)$, where '|t' indicates that the probability is conditional on the relationship having survived t years. (p.350)

Thus, it is believed that initial investments are responsible for the continuation of relationships but only in the short term. Salancik (1977) suggested that these investments lead to "behavioral inertia" and without reinforcement a relationship atrophies. For example, Diekmann and Mitter (1984) stated that, "One can expect the risk of divorce to be small immediately after the wedding or near a golden wedding (anniversary), but larger between those two events" (p.450).

Therefore, after a period of time - the honeymoon - it is believed that satisfactory relationship performance (e.g., outcomes $> CL$ or at least CL_{alt}) is essential to the continued association of the participants. In essence, performance bolsters waning relationship commitment by creating relationship-specific assets, thereby restocking the relationship with the provisions essential for its continuation.

It appears that previous examinations of career stage effects have neglected to account for the honeymoon effect, a body of literature that appears particularly germane to the study of commitment. Incorporating these two bodies of literature leads to the following proposition: relationship commitment is expected to increase as a relationship progresses but if and only if the relationship survives the honeymoon period. Therefore, it is anticipated that relationship commitment will wane in that stage of the relationship immediately following the honeymoon period and then increase.

Support for the contention that commitment wanes in the early stages of a relationship is provided by Mowday and Lee (1986) who found that military academy cadets experienced a pronounced decrease in their commitment to the academy during their first year. In addition, Meyer and Allen (1987, 1988) found that affective commitment declines in the first year of employment. More recently Meyer, Allen and Smith (1993) found that student nurses experienced decreased affective, continuance and normative commitment over the course of an academic year. Allen and Meyer (1993) indicated that this decrease in affective commitment reflects the fact that employees join organizations with unrealistic expectations and once familiar with the actual work environment become dissatisfied and leave. It is noteworthy that Allen and Meyer's (1993) explanation is consistent with the establishment or first career stage.

Similarly, Wotruba and Tyagi (1991) reported that unfulfilled expectations amongst direct sellers was a significant factor in their decision to quit. Furthermore, Taylor (1978) indicated that direct selling firms experienced their highest turnover in the first year and, in particular, the first six months. It appears then as if the first year could be identified as the "honeymoon period" and therefore, it is expected that the honeymoon effect will occur in the second year. As a result, it is believed that an ISC's commitment to his/her MLM plan will decrease following his/her first year of involvement.

This proposition contravenes previous research on career stage effects (e.g., Allen & Meyer 1993; Gregersen 1993) but only because it allows for an examination of the early stages of organization/relationship involvement. As a result, the current thesis and indeed the honeymoon effect parallels Buchanan's (1974) work on management socialization.

Specifically, Buchanan (1974) argued that rather than examining organizational commitment at different career stages it is more appropriate to study commitment at different stages of influence susceptibility. According to Buchanan (1974), managers are most susceptible to influence in the early years of their career, the same period in which attitudes towards the organization are formed and commitment developed. Specifically, Buchanan identified three stages of managerial tenure: stage 1 (tenure \leq 1 year), stage 2 (1 year < tenure \leq 4 years) and stage 3 (tenure > 4 years).

In contrast, the majority of recent research on career stages (e.g., Allen & Meyer 1993; Gregersen 1993) has adopted the Morrow and McElroy (1987) operationalization of career stages: establishment (tenure \leq 2 years), advancement (2 years < tenure \leq 10 years) and maintenance (tenure > 10 years). In a study of health care professionals, Gregersen (1993) argued for the need to use industry specific operationalizations of career stages citing the compression of tenure time frames in the health care context. Despite this fact, Gregersen (1993) simply argued that the maintenance stage would begin after eight years rather than 10 years.

Therefore, the establishment stage as defined by the preponderance of research on career stage effects (e.g., tenure \leq 2 years) either ignores or masks the potential honeymoon effects believed to occur in or around the first year of employment. The current thesis addresses this issue by examining variations in relationship commitment across two separate temporally-based operationalizations of relationship stages. The first operationalization of stages will be based on a more traditional view found in the career stage literature, while the second will attempt to account for the honeymoon effect.

METHODOLOGY

The primary objective of this thesis is the development and test of a model of relationship commitment in marketing exchanges, which presupposes the use of an explanatory, positivist methodology. Although the primary methodology employed to test the proposed model was quantitative, it was recognized that an exploratory investigation was also required. Specifically, a qualitative study was considered essential to the design and refinement of the primary research instrument.

Consequently, the thesis consists of two complementary research phases: 1) exploratory, consisting of a qualitative research methodology - depth interviews, and 2) explanatory, consisting of a quantitative research methodology - self-administered surveys. A thorough description and justification for the methodologies employed in each research phase is presented in the sections that follow.

3.1 Exploratory Research Phase:

Purpose: The first phase of the research consisted of an exploratory study into the motives and attitudes of independent sales contractors (ISC) involved in network marketing. Primarily, this study was used to refine the primary research instrument by adapting the various measures to the terminology and practices of the MLM channel. However, this exploratory phase was also used to provide greater insight into ISC participation and commitment within the MLM channel. Additionally, it was believed that this perspective might assist in the interpretation and discussion of the quantitative research findings. In this regard, the qualitative study served as both a pre-test of the

primary research instrument and a phenomenological exploration of ISC participation in the MLM channel.

Participants: The qualitative study consisted of a sample of 21 ISCs living in the Metropolitan area of Toronto, Ontario, Canada. These “key informants” (Gilchrist 1992) were recruited with the assistance of the Direct Selling Education Foundation (DSEF) of Canada, and the MLM member firms of the Direct Sellers Association (DSA). Specifically, these ISCs represented six network marketing firms who distribute a variety of products (e.g., clothing, household goods, nutritional supplements) and use a number of selling methods (e.g., party plan, personal selling). Sampling a variety of network firms provided a broad perspective of the range of products and operating practices found in this unique channel arrangement; a requisite given the dearth of research in this area. This sample also reflected the composition of the quantitative research phase as five of these firms would also be participating in that study. Participation in the research was strictly voluntary and no financial remuneration was provided.

The six participating firms were instrumental in the identification of a cross-section of ISCs for participation in this exploratory study. For example, key informants were selected to represent diversity of tenure (e.g., length of involvement), gender and performance (e.g., sales volume, achievement level). Thus, the informant sample was purposely heterogeneous, rather than homogeneous, and was therefore not intended to be representative of the actual composition of ISCs involved in MLM. The resultant non-probability judgement sample consisted of 21 ISCs (5 male and 16 female) and is consistent with the 12-20 participants recommended by Kuzel (1992) for “maximum

variation” sampling. Furthermore, it was believed that the sample was sufficiently diverse to achieve the two objectives for this phase of the research: 1) the development of a research instrument appropriate to the MLM context, and 2) an enhanced understanding of ISC participation in network marketing.

Data Collection: McCracken (1988), suggested that depth interviews are an appropriate method of data collection in research characterized by a desire for depth of insight, and relatively few a priori themes or questions. In preparation for the depth interviews, supplementary research was gathered to orient the researcher to the “language” of the participants, thereby fostering a more comfortable interview climate. Furthermore, it is believed that a more intimate knowledge of the network marketing industry, and the various MLM organizations, enabled the researcher to avoid superficial descriptions in favor of more in depth probing of various topics. Specifically, it is believed that this expanded vocabulary and knowledge added to the researcher’s credibility which, in turn, resulted in a more intimate dialogue.

Supplemental research included participant observation (Bogdewic 1992) and an exhaustive study of books and articles pertaining to network marketing. Specifically, the researcher attended recruiting meetings, sales presentations and group gatherings, and studied a wealth of literature published by a variety of MLM firms. This supplementary data was primarily intended to educate the researcher prior to the interviews. However, this information also complemented that obtained in the other data collection methods to provide a more complete view of network marketing. In this regard, the supplementary data represented the third element required for a triangulation of research methods that

Brody (1992) and Gilchrist (1992) recommend as a means of (dis)confirming the reliability and validity of qualitative data.

Although the actual depth interviews focused on commitment within the MLM channel, they also examined ISC participation more generally. Interviews were relatively unstructured in an attempt to uncover themes and concepts central to the research objectives (Miller and Crabtree 1992). Interviews were recorded (audio-only) and then transcribed for subsequent analysis. Although the use of tape recorders is intrusive, audio-recording does free the researcher from note taking, and enables the interview to be revisited ad infinitum. This permanent record also provided the researcher with the flexibility to extract quotes and perform more thorough analyses, factors essential to the current research. Member checks were used to validate the collected data and provide participants with an opportunity to clarify or expand upon comments made during the interviews.

The 19 interviews (17 individuals and 2 couples) lasted 35-90 minutes and produced 237 single-spaced pages of transcripts, with the average interview 6,980 words in length. The collected data was analysed according to the methodology recommended by McCracken (1988). Specifically, an iterative process was employed to reveal themes and concepts central to the research focus: the mechanisms responsible for the initiation, development, and maintenance of relationship commitment in the MLM channel. This analysis was also intended to ascertain the extent to which commonalities and/or distinctions existed between the participating sales contractors to provide a better understanding of sample hetero(homo)geneity.

The desire for depth of insight and relatively few a priori themes or questions in this research phase suggests depth interviews are the most appropriate data collection technique (McCracken 1988). In this regard, data collection in the initial interviews is most closely aligned with the interpretive paradigm (Stewart 1992). In this methodology, initial interviews were guided by holistic or “grandtour” (McCracken 1988) questions, while subsequent interviews concentrated on depth of understanding with respect to previously identified issues, and therefore featured more direct questions as suggested by Schouten (1991). Consequently, Stewart (1992) indicated that these subsequent, semi-structured interviews more closely followed the positivist paradigm. An example of the type of questions posed during these interviews is found in Table 3.0.

Table 3.0 Sample Interview Questions

The following questions represent only a sample of potential questions, and do not represent a formal interview template. The nature of depth/long interviewing is such that it is an iterative process. Subsequently, one question, topic or interview influences the next and thus, it is not possible to provide a definitive list of questions.

- 1) Please describe the circumstances surrounding your initial involvement in network marketing.
 - 2) How did you first find out about (company name)?
 - 3) Describe your initial reaction to (company name).
 - 4) Describe your relationship with your upline sponsor.
 - 5) Describe the people that are part of your downline.
 - 6) Please tell me about the most difficult aspects of operating your distributorship.
 - 7) Some MLM distributors find that is difficult to attract good recruits, what has your experience been?
 - 8) What do you feel are some of the most satisfying aspects of being a (company name) distributor?
 - 9) What particular goals have you set for either yourself or your distributorship?
 - 10) Think about your initial expectations when you became a distributor, how has the actual experience compared with these expectations?
-

In an effort to maximize the response rate and accuracy of the information received in the explanatory research study, these key informants were subsequently asked to pretest a draft copy of the primary research instrument. This pretest enabled the researcher to address ambiguous questions, while providing insight into measurement items prone to “unwillingness or inability” response errors (Malhotra 1993). Assael and Keon (1982), indicated that “response or measurement errors” can be substantially larger than either sampling or nonresponse errors; demonstrating the importance of this pretest. Finally, this pretest alerted the researcher to a number of factors that might negatively impact participant response rates, such as survey length.

Results: A number of themes were uncovered in this research that are of interest to the study of relationship commitment. First of all, it was discovered that ISC participation in MLM is principally either product or opportunity-driven. For example, a number of ISCs indicated that they had been long-standing customers of their particular MLM plan before having been exposed to the “opportunity-side” of network marketing. In addition, other ISCs reported being “skeptical” and became distributors only after they were confident in the efficacy of the products. The most common road to involvement is perhaps best illustrated by the following comment.

The products are the foundation of this business. It's only in the last two years that I've been working the business. I was a product person for about four years. (F 30)

Many ISCs reported a need to “believe in” the products they distributed because, as one ISC indicated, you have to have a product that “drives you to build your business.”

For others, product involvement was considerably more intense, they expressed a “passion” for the products that could be best described as reverence. These product “love affairs” were frequently illustrated through unsolicited testimonials such as the following:

A life of battling with my weight and this is the only thing that has worked, and it's continuing to work. So, you become very passionate! (F 50s)

It is this product passion that leads many consumers to promote these products through word-of-mouth advertising and, ultimately, to become ISCs. In this regard, ISCs commonly reported that they simply “fell into the opportunity.” However, this product-oriented passion has a particularly positive outcome for the MLM firm - intense brand loyalty. The intensity of the product loyalty found in this channel is illustrated by the fact that individuals continue to purchase even after they surrender their distributorship. Furthermore, many distributors reported that their initial experience with the products convinced them of the quality and efficacy of the firm’s collective product offering. To this end, ISCs commonly expressed loyalty towards each and every product offered by their MLM plan. This fervent passion for and faith in the MLM products is seen here.

Every single one of them. Everything that comes out we have a love affair with... favourites we wouldn't be without. (F 50s)

In contrast, participants that had previous experience in direct selling typically reported that they were initially drawn to the current MLM plan by the opportunity. While product was important to these ISCs they were more likely to discuss the attractiveness of the “concept” or “compensation plan.” Perhaps not surprisingly, each ISC felt that their concept was superior to all others.

Among the opportunity-driven ISCs, products were often commoditized and viewed in terms of facilitating their business. For instance, such ISCs indicated that the products had to “fit” with their interests or offer unique benefits. Some ISCs stressed the importance of consumables to repeat business, while others were drawn to the returns offered by “big ticket” items such as women’s clothing. The following comment illustrates the business-like approach that opportunity-driven ISCs take towards products.

We've got a unique product, and I've looked at the other ones. This is something that I would stick with... I don't feel that I could sell the other products. I find that people would get bored with them. (F 20s)

One ISC suggested that participation motives varied by gender, with men primarily attracted to the opportunity and women attracted to the products. Irrespective of gender, it is believed that opportunity-driven ISC’s have a more tenuous relationship with their MLM plan than product-driven distributors. For example, several ISCs used the term “MLM junkies” to describe individuals that move from opportunity to opportunity in search of “quick income.” Typically, these people look for start up companies and capitalize on the explosive growth which often accompanies new MLM ventures. There was also evidence to suggest that opportunity-driven individuals were more aware of alternate business opportunities.

These findings offer preliminary support for the contention that commitment can be developed by a variety of different mechanisms. However, the most important observation for this thesis was support for the existence of distinctly different expressions of commitment. Specifically, the three components of commitment described by Allen and Meyer (1990) were very much evident in the MLM channel. While evidence of each

component was uncovered during the course of the interviews, the affective form of commitment was the most commonly expressed. For instance, ISCs variously discussed the happiness, joy and pleasure derived from the operation of their distributorship. Some individuals even went so far as to say that they found their distributorship one of “the most rewarding parts” of their life. This affective association is well illustrated by the following quotation:

It's a fun thing, it's not something that's work, I'd hate to think this is work, but I do work it full time! (F 40s)

Interestingly, this affective commitment appeared to insulate ISCs from the negative stressors (e.g., skepticism, rejection) experienced in the operation of their business. MLM plans are characterized by an intensely “positive” climate, one that ISCs readily admitted scared some people. It is this positive atmosphere that is perhaps most responsible for the religious comparisons that continue to stigmatize MLM. For example, one ISC commented:

That scared my husband when he started. He said it's not possible for people to be happy all the time. I said, like oh god, you actually see something negative in people being happy... it's true it does scare people. (F 30)

Continuance commitment was also present in the MLM channel as demonstrated by participants that suggested that certain idiosyncratic investments precluded them from either quitting or switching to another opportunity. Somewhat surprising, however, was the fact that these ISCs unanimously identified time rather than financial type investments as the ones that bound them to their distributorship. Although somewhat unexpected, this finding supports claims made by those in the industry that an MLM distributorship

requires only a limited financial investment. Evidence of continuance commitment was demonstrated by the following response to a question regarding whether an ISC would consider quitting and moving to another MLM opportunity:

I've worked too hard at what I am now, and I'm right in the middle [with respect to the achievement levels], so it's either go forward or slide back...why would I want to do something else? (F 40s)

Finally, a number of distributors expressed normative commitment to their MLM by referring to common or core values within their particular organization which help to solidify their relationship with both the organization and each another. ISCs are heavily dependent upon one another as success is impossible without the efforts of one's genealogical downline and, in addition, are buoyed by the recognition and support received from fellow distributors. ISCs are "the company" and their fortunes are inextricably linked, an arrangement that fosters an obligation to support both the firm and other ISCs. The normative dimension of commitment is evident in statements such as this:

The commitment is there for better or worse... company may be in a down period, maybe the media is going after it... you stay with the company! (M 52)

Perhaps the most dramatic finding in this phase of the research was the degree to which ISCs reported being "committed" to their MLM firm. In today's business environment it is unlikely that an individual will remain with one company for an entire career. However, when asked about their future intentions, most ISCs indicated that they viewed their association as "life long." For example, some ISCs indicated that they would operate their distributorship for life, while others stated a similar commitment to product usage. Interestingly, a handful of ISCs indicated that they would like to continue their

involvement with the MLM firm, but that they would like to move over to the “corporate side” and a more traditional career.

An equally important part of this qualitative research phase was the refinement of the various scales and measures to be included in the explanatory research instrument. Specifically, 18 of the key informants that participated in the depth interviews were asked to review and complete a draft copy of the primary research instrument. Furthermore, key informants (typically the primary contact) at each of the five participating firms, as well as the president of the DSA, were asked to comment on the design and wording of the survey instrument and the letters of introduction. Ten ISCs (a 56% response rate) completed and returned this draft survey. Another ISC telephoned the researcher to comment on the layout of the survey, but failed to complete and return the survey.

This pre-test proved to be particularly useful as a number of potentially contentious or ambiguous survey questions and scale items were addressed as a result of this exercise. For the most part, these issues related to the misuse of specific MLM terms or the misapplication of certain terms to specific firms. To illustrate, “upline” – a term commonly used in the MLM industry – was found to be an ambiguous term as it was interpreted in a variety of ways. Specifically, it was found that this term could variously be used to refer to: 1) an individual’s sponsor, 2) the person that they look to for guidance or 3) any of those that precede an ISC in the firm’s genealogy. This ambiguity was addressed in the proposed questionnaire by clearly distinguishing between sponsors and immediate genealogical upline when necessary.

Despite the length of the proposed research instrument, there were only a few measures and scale items that had to be rephrased. Perhaps surprisingly, none of the respondents commented on the length of the survey and in fact some respondents indicated that additional items might be included. Based on the findings of this qualitative study and the positive survey pre-test the explanatory research methodology was undertaken.

3.2 Explanatory Research Phase:

The methodology selected for this phase of the thesis was governed by its central objective: the development and test of a model of relationship commitment in interorganizational marketing exchanges. Furthermore, the methodology employed to test the model of relationship commitment (Figure 2.0) was constrained by two factors: 1) the presence of latent constructs in the proposed causal model, and 2) the current methodological practice found in the commitment literature (e.g., Morgan and Hunt 1994). In combination, these factors suggest the use of a confirmatory factor analytic program such as Calis, EQS, or LISREL (see Waller 1993, for a review of these programs).

Purpose: The second phase of the research consists of an explanatory study of the antecedents and consequences of relationship commitment as experienced by the independent sales contractors in the network marketing channel. Specifically, this phase of research tests both the proposed and a competing model of relationship commitment.

Sampling Frame: The quantitative study consisted of a sample of 3,000 independent MLM distributors living in Canada (Anglophones). These ISCs were selected

using a two-step sampling approach (Malhotra 1993). First, a nonprobability judgement sampling method was used to identify five DSA member firms. These five firms were represented in the qualitative phase of the research and were selected to represent a variety of product categories (e.g., housewares, nutritional supplements, giftware) and customer contact methods (e.g., party plan, personal sales), yet all were characterized as network marketing firms. This heterogeneous sample was chosen as a response to Weitz and Jap's (1995) admonition for research into commitment in different relational contexts.

Second, a sample of 600 distributors from each participating MLM plan was selected. Although a probability sample of ISCs involved in each company was desired, a number of constraints (e.g., lack of access to mailing lists) precluded the use of any probability sampling method. Thus, the primary sampling objective at this stage was to secure as representative a sample as possible. The actual representativeness of each sample was determined after all the responses were received by comparing survey respondents against available company data regarding demographic (e.g., age, gender, status level, marital status), tenure, and/or sales performance (e.g., sales volume) statistics.

The particular sampling method utilized in this explanatory research phase was governed by two principle factors: 1) a consistent method of sampling was to be used across participating firms, and 2) the resultant sample had to be as representative of the ISC population as possible. In addition to these constraints, a number of other factors constrained the selection of the final sampling methodology. First of all, firms in the direct marketing industry are very protective of their customer/distributor mailing lists and, not surprisingly, the researcher was denied direct access to these lists. Second, the five

participating firms differed dramatically in the extent to which they were able to access and manipulate their mailing lists.

To insure consistency, the specific sampling method used in this thesis was determined in concert with the five participant firms. Specifically, it was decided that each firm would insert the primary research instrument into product shipments being sent to company ISCs. Albeit convenient, it was recognized that this sampling method would likely over-represent the most “active” distributors, because those ISCs that regularly placed orders for either resale or personal consumption were more likely to be included in the sampling frame. However, it was believed that the potential impact of this bias is less than that inherent in alternative sampling methods.

For example, inconsistent methods of sampling might have introduced spurious company-effects which would make interpretation of thesis findings difficult if not impossible. In addition, the researcher was concerned about the potential biases which might have resulted if participant firms were solely responsible for the selection of their respective sample of 600 ISCs. For instance, there was concern over the extent to which companies maintained accurate customer and distributor databases in light of the high turnover rates experienced in this industry. It was believed that dated or inaccurate distributor information would adversely affect response rates and/or result in a sample comprised of “inactives” or wholesale customers. A sample composed of these latter individuals represents a much more significant problem than one over-represented by the most active distributors as they would, by definition, have to be excluded from any analysis of distributor commitment.

Data Collection: Data collection in the explanatory phase of the study required participants to complete a self-paced questionnaire. This questionnaire (see Appendix 2) consisted of the multi-item measures for each of the constructs in the relationship commitment model (see Figure 2.0), as well as, demographic and distributorship-related descriptive information. Questionnaires were distributed to the ISCs according to the methodology outlined previously, along with cover letters from the Direct Selling Education Foundation of Canada, and the researcher (see Appendix 2). Upon completion, surveys were returned to the researcher in pre-addressed, postage-paid envelopes.

Surveys were distributed in August – September 1997 with the majority of responses being received by November 1997. However, as reminder notices appeared in company newsletters after this point, returns were accepted into January 1998.

In the lone study that specifically incorporated an MLM distributor sample, Johnston and Snizek (1991) failed to report a response rate and, consequently, there was no benchmark against which to gauge either the expected or resultant response rate for this study. However, previous research involving samples of direct salespeople have typically reported response rates of 20-30% (Crawford and Garland 1988; Wotruba 1989, 1990; Wotruba and Tyagi 1991).

Although there is always a certain amount of resistance to surveys, it was recognized a priori that there might be an even greater reluctance amongst the ISCs in the MLM channel. For example, it was expected that ISCs might be suspicious of any research on the industry as a result of the exposés that have appeared in books, magazines, and numerous media stories. Thus, failure to fully complete or return the survey might

reflect ISC skepticism towards research conducted by “outsiders” (i.e., those that are neither members of their MLM firm nor the industry), regardless of its stated purpose.

In a literature review, Yu and Cooper (1983) found that factors such as personalization, preliminary notification, and follow-up letters can significantly increase response rates. In addition, Armenakis and Lett (1982) suggested that letters of introduction from noncommercial research sponsors further increased response rates. As skepticism amongst survey recipients was anticipated, two letters of introduction (one from the researcher and one from the DSEF) were included with the survey instrument. These letters explained the purpose of the research and demonstrated that the study had the support of both the participating MLM firms and the industry trade association (DSA). Ultimately, it was hoped that these letters would help to alleviate participant concerns thereby improving response rates. Each participating MLM firm also agreed to print survey completion reminders in their monthly newsletters.

One concern that was raised during the proposal of this thesis was the length of the proposed questionnaire. Specifically, it was suggested that the length of the survey would require significant time and effort thus increasing refusal rates. However, Craig and McCann (1978) found that survey length was not a determinant of response rates. Furthermore, the survey instrument fell within the acceptable page limit recommended by Erdos (1974) for mail surveys: six 8.5” x 11” pages.

Ultimately, it is the instrument design, and specifically question format, that determines the degree of effort required to complete a survey. For example, open-ended questions generally require more time to complete and greater effort on the part of the

participant. The current research instrument was almost exclusively composed of multiple-choice and dichotomous response format questions, thus minimizing respondent effort. Consequently, it was not anticipated that response rates would be adversely affected by either the length or format of the research instrument.

Respondents: Although extensive efforts were made to alleviate ISC concerns and to facilitate the survey completion process, there was a relatively low response rate to the survey. In total, 490 surveys were returned. Although this response rate (16.3%) is somewhat lower than that reported in previous studies of direct sellers (e.g., Wotruba 1989, 1990; Wotruba and Tyagi 1991) it falls within the range typically reported in channel studies, and exceeds that reported by Morgan and Hunt (1994). Fourteen surveys were incomplete and had to be eliminated from subsequent analysis. An additional 29 surveys received from individuals that had never been, or were not currently active distributors (e.g., wholesale customers), were also removed leaving an effective sample of 447.

In an attempt to gain insight into the factors most responsible for ISC refusals to participate, post survey discussions were held with the management of the participating firms. These managers had daily contact with those “in the field” (ISCs) and were, therefore, able to relay the thoughts and feelings of survey recipients. There was some evidence to suggest that only experienced ISCs were qualified to complete the survey. For example, one company official indicated that ISCs new to the company and, in particular, those new to MLM felt that they had insufficient experience to answer many survey questions. To illustrate, distributors that had not yet begun to “build their

business” were reluctant to comment on questions that addressed recruiting activities, business expenses or revenues. As a result, some MLM neophytes felt that it would be better to refuse to participate than to return a survey with missing or incomplete responses.

Company officials also indicated that there were those individuals that refused to participate because they were either no longer or had never been “active” distributors. In some of the participating MLM plans individuals qualify to receive wholesale prices with the payment of a membership fee, or the purchase of a distributor kit. As stated previously, upwards of 90% of purchases in some MLM firms are made by wholesale customers that have no intention to build a business. Although these “inactives” would still receive product shipments, like the MLM neophyte, they would be unable to adequately answer many of the survey questions.

Finally, a few survey recipients indicated that they had refused to participate because they were skeptical of the survey and its true purpose. This feeling existed despite the fact that the survey was accompanied by a product shipment, two letters of introduction and was subsequently discussed in company newsletters. For instance, some distributors expressed concern that the survey was actually a form of industrial espionage - an attempt by a rival direct selling firm to gain competitive information. There were also those ISCs that felt that survey findings once published would be used by the government to introduce regulatory (i.e., tax) initiatives that would harm ISCs and the industry.

The objectives of the current thesis parallel those of Morgan and Hunt (1994) and

thus the following quotation is offered as support for the adequacy of the size of the current sample. Morgan and Hunt (1994, p.28) stated:

Though sample generalizability is a common concern in social science research, especially when response rates are small, it is important to note that at this point we are providing an initial test of a theoretical model in a particular context. The important issues here are (1) whether our sample is an appropriate context for testing our theory and (2) whether our sample of respondents has variance to be explained. Because we are not attempting to generalize an established model to a new population or project a descriptive statistic from a sample to some larger population, the possibility of nonresponse bias is a nonissue in research such as ours.

Although Morgan and Hunt (1994) provide theoretical justification that negates the issue of nonresponse bias in the current thesis, for methodological rigor, the presence of such a bias was examined using the procedure proposed by Armstrong and Overton (1977). Means and standard deviations for the focal constructs in the proposed and rival models are presented for both the early and late respondent samples in Table 3.01.

Table 3.01 Descriptives for Early and Late Respondent Samples

Variable	Possible Range	Early Respondents	Late Respondents
		\bar{X} [s.d.] n=120	\bar{X} [s.d.] n=131
AC	8-56	43.44 [8.48]	44.64 [9.20]
CC	8-56	33.04 [11.84]	30.32 [11.20]
NC	4-28	14.84 [5.60]	15.46 [5.52]
RC	20-140	91.32 [19.53]	90.42 [20.53]
RSI	0-	149.79 [17.69]	153.81 [25.79]
BO	18-126	44.37 [17.63]	43.74 [17.75]
RA	4-28	22.03 [4.55]	20.82 [5.40]
RS	20-140	108.53 [17.42]	105.12 [17.24]
TRUST	8-56	45.39 ^a [12.45]	48.25 [9.74]
FI	4-28	19.04 [5.01]	17.63 [6.15]
IS	1-7	5.59 [1.61]	5.92 [1.47]
Cp	4-28	22.40 [4.30]	22.02 [4.55]

Note: Means with different superscripts, are significantly different from one another at the $p < .05$ level.

ANOVA results indicated that the only significant ($p < .05$) difference between early and late respondents was for the Trust construct. Thus, nonresponse bias does not appear to be a problem in the current research context.

Measures: The origin and characteristics of the various measures employed in the primary research instrument are outlined in Table 3.02. Existing measures were used in this research whenever possible and, as a result, most constructs used to test the proposed model of research commitment have been proven to be both reliable and valid measures of the intended constructs. However, it was necessary to adapt each of the constructs to the MLM context and therefore most scale items have been reworded to reflect both the idiom and unique characteristics of the MLM channel. A complete list of the items used to measure the various constructs in the proposed model of relationship commitment is presented in Appendix 3.

In certain instances no multi-item construct measures were found suitable for the MLM context and in these cases formative measures were used. The validity and reliability of each of the constructs in the relationship commitment model was a concern, and therefore the research instrument contained multiple measures for most constructs with all but one (intent to stay) comprised of multi-item scales. Although some scales were formative, the actual scale items were either adapted from those previously validated or were developed and refined during the qualitative interviews and pre-test. Therefore each survey measure had at least face validity prior to inclusion in the final research instrument. Table 3.02 illustrates measure characteristics while a discussion of the origin and actual scale items contained in the survey instrument is presented in Appendix 3.

Table 3.02 Overview of Survey Measurement Items

Measure	Scale Origin ¹	Scale Type
Relationship Commitment Model:		
Burnout [BO]	Maslach & Jackson (1981)	18 item, 7pt Likert-type
Compliance [Cp]	Morgan & Hunt (1994)	4 item, 7pt Likert-type
Future Investment [FI]	Formative	4 item, 7pt Likert-type
Intent to Stay [IS]: Intent to Quit*	Wotruba (1989)	1 item, 7pt Sem. Diff.
Relationship Attractiveness: [RA]	Formative	4 item, 7pt Likert-type
Relationship Commitment: [RC]	Allen & Meyer (1990)	20 item, 7pt Likert type
Affective [AC]	Allen & Meyer (1990)	8 item, 7pt Likert type
Continuance [CC]	Allen & Meyer (1990)	8 item, 7pt Likert type
Normative [NC]	Allen & Meyer (1990)	4 item, 7pt Likert type
Relationship Satisfaction [RS]:	Formative	20 item, 7pt Likert-type
Relationship Specific Investment: [RSI]	Formative	
Hours/week		1 item, Ratio
Status Level		1 item, Ratio
# of Meetings		1 item, Ratio
Trust [T]	Larzelere & Huston (1980)	8 item, 7pt Likert-type
Demographic & Distributorship:		
Age		1 item, Ratio
Education		1 item, Nominal
Employment Status: Participant		1 item, Nominal
Spouse		1 item, Nominal
Gender		1 item, Nominal
Household Income		1 item, Ordinal
Marital Status		1 item, Nominal
Number Dependents		1 item, Ratio
Distributorship: Status Level		1 item, Nominal

¹Measure origin indicates the source from which scale items were drawn and not adoption of that specific scale. All scales were modified to address the unique characteristics of the MLM channel.

* indicates that the measure is reverse coded.

Measure Assessment: A rigorous examination of each measure in the proposed and rival models of relationship commitment was performed prior to testing either the hypotheses or the models. Specifically, internal homogeneity of each of the focal constructs was tested through an analysis of the factor structure and reliability of each scale. First of all, a principle components factor analysis with oblique rotation was performed for each of the multi-item measures in the proposed model of relationship commitment. An oblimin oblique rotation was used because it was believed a priori that

any dimensions found in the measured constructs would not be independent of one another. An examination of factor loadings, eigen values, and scree plots supported the unidimensional nature for all but the normative commitment scale where two factors were identified. Further examination revealed that four of the NC items loaded on a factor that captured a general attitude towards organizational loyalty rather than an ISC's felt obligation to remain with a particular MLM plan. Consequently, it was decided that only four of the original eight items should be used to form the NC scale. The factor loadings for the three factor solution are reported in Table 3.03.

Table 3.03 Rotated Factor Matrix

Variable	Factor 1	Factor 2	Factor 3
AC 1	.70005	.10825	.10565
AC 2	.56562	.05244	.08504
AC 3	.35751	.16457	.34312
AC 4	.59345	.15317	-.00296
AC 5	.76486	.06575	.02967
AC 6	.69173	.15795	.14809
AC 7	.75742	.13801	.30272
AC 8	.74457	.08636	.10285
CC 1	.02593	.54338	-.10643
CC 2	.33128	.56781	.30215
CC 3	.37354	.69200	.18944
CC 4	.12081	.56243	-.07941
CC 5	-.03052	.72180	.10534
CC 6	.00474	.63204	.16448
CC 7	.14980	.59991	.14627
CC 8	.40201	.55088	.14518
NC 4	.18291	.06273	.76855
NC 5	.31257	.27863	.51332
NC 6	.14600	-.05369	.77127
NC 7	-.04105	.11412	.67724

The unbalanced number of items in the AC, CC, NC scales necessitated that these scales be weighted to form the unidimensional conceptualization of relationship commitment. Each construct was subsequently given equal weight in the formation of the

aggregate measure of RC because to date there is no research to suggest that these constructs contribute differentially to RC. Thus, it was decided that each measure of commitment would be divided by its respective number of items and then summed to form the unidimensional conceptualization of RC (see Equation 1). Each of the three dimensions of commitment would therefore have a range of 1-7, and the RC measure a range of 3-21.

$$RC = \sum \frac{AC}{8} + \frac{CC}{8} + \frac{NC}{4} \quad (1)$$

Next, a reliability analysis was performed for each of the constructs, with internal homogeneity being examined through both item-to-total correlations and coefficient alpha. Chronbach alpha values for the focal commitment constructs as well as most others in the proposed model are reported in Table 3.04. These alpha values were found to meet or exceed the .7 level recommended by Nunnally (1978) suggesting a satisfactory level of reliability. However, one antecedent; relationship attractiveness ($\alpha=.5826$), and one consequent of relationship commitment; compliance ($\alpha=.6760$) failed to meet the .7 alpha level.

Subsequent examination of the compliance scale revealed that the removal of one additional item would have produced a scale with an alpha coefficient greater than .7. However, eliminating this item would result in a measure that solely captured ISC compliance with upline requests. As a more general measure of compliance with company requests was desired, it was decided that this scale item should be included despite its slightly negative impact on scale reliability.

Table 3.04 Reliability Coefficients for Constructs in the Proposed and Rival Models of Relationship Commitment

Relationship Commitment Model Constructs	Number of Items	Chronbach's α
Burnout [BO]	18	.8731
Compliance [Cp]	4	.6760
Future Investment [FI]	4	.7384
Intent to Stay [IS]:	1	---
Relationship Attractiveness [RA]:	4	.5826
Relationship Commitment [RC]:	3	.6621
Affective [AC]	8	.8329
Continuance [CC]	8	.7975
Normative [NC]	4	.6960
Relationship Satisfaction [RS]:	20	.9041
Relationship Specific Investment [RSI]:	3	.6550
Hours/week	1	---
Status Level	1	---
# of Meetings	1	---
Trust [T]	8	.9237

The relationship attractiveness scale was a formative measure that initially had five items, one of which was removed following factor analysis. Although this four item scale failed to achieve an alpha level in excess of .7, it was found to have a number of benefits over two alternative measures included in the research instrument. First of all the measure offered greater parsimony as it was composed of eight fewer items than either of the other two measures. Also, the measure was found to be more robust in that it measured ISC perceptions of alternative products/direct selling opportunities and specifically: their availability, comparability and the ease with which ISCs could switch to them. In contrast, the two longer scales examined only the relative advantage of the current MLM firm/opportunity to an alternative supplier, which may or may not have been a direct selling organization. The four items in this scale measured alternative availability and were

subsequently reverse-coded and summed to measure the perceived attractiveness of the ISC-MLM firm relationship. The validity of this measure is demonstrated later in this section.

Another formative measure employed in this thesis captured the relationship specific investments construct. As indicated previously, five idiosyncratic investments were measured in this study in order to capture various types of time and financial resource investments. However, data screening indicated that there was a number of problems with these variables, specifically problems related to violations of normality. For example, a summative measure of distributor monthly expenses revealed a mean of \$1427.53 (s.d. 3299.78) with a median of \$547.50, suggesting that this measure was positively skewed, as was supported by the value of skewness (6.38). No attempt was made to transform this particular measure as such a transformation would make subsequent interpretation extremely difficult. Also, there were too many respondents in the tail of the distribution to consider removing them and so this investment measure was eliminated.

Another financial measure which had to be eliminated from the final RSI scale was product inventory. Only 68% of respondents indicated that they maintained an inventory of products for resale, and while they represent the majority, deletion of 32% of respondents from subsequent analysis was not possible.

Ultimately, RSI was a summative measure composed of three items: number of functions attended per month, number of hours spent per week operating the distributorship, and status level. The number of distributor status levels (wholesale

members were excluded from analysis) employed by the five MLM firms in the current thesis ranged from 8-14 levels. It was necessary to have a measure of achievement that was consistent across the five firms, therefore each respondent's status was converted to a proportion by dividing their particular level by the total number of levels in their company. For example, an ISC that is at the third of eight levels would be classified as having achieved 37.5% (e.g., 3/8) of their firm's status levels.

In order to sum these three disparate scale items it was first necessary to standardize each of the measures. Although a standard z-score could have been used, a t-score was utilized as it produced a positive value and therefore, the resultant RSI measure for each respondent would be a positive value.

Next, the critical assumptions of normality and homogeneity of variance were tested for each of the scales. Although some evidence of skewness and kurtosis was found amongst the focal constructs, these values were within the commonly accepted range of -1 to 1. Although, desirable to have skewness and kurtosis values that are close to 0, in practice it is recognized that such distributions are unlikely to occur. Furthermore, it is commonly accepted that large samples ($N=200$) seldom deviate enough from normality to substantively effect the analysis (Tabachnick and Fidell, 1996). For this reason and also for ease of interpretation, no transformations were performed on any of the focal measures.

Next, the validity of each construct and specifically the convergent and nomological validity were examined. Although no alternative measures of burnout (BO) were included in the research instrument, convergent validity was tested by examining the

degree to which burnout was related to similar constructs. Burnout is fundamentally an affective construct and therefore, should be correlated to any constructs that also capture affect. Thus burnout was expected to be, and was, negatively correlated with a general measure of satisfaction (SAT) ($r = -.47, p < .001$).

Nomological validity of the BO construct was illustrated by examining its relationship to theoretically linked constructs. For example, ISCs demonstrating higher levels of burnout should be more likely to withdraw from both the organization and their distributorship. Indeed, burnout was seen to be positively correlated with intent to withdraw (IW) ($r = .32, p < .001$). Also, burnout was seen to have a negative impact on ISC involvement as demonstrated by the negative relationship between burnout and the number of functions attended/month (INVFUNC) ($r = -.16, p < .01$), hours/wk spent operating the business (INVHRS) ($r = -.10, p < .05$) and the number of years that ISCs would like to operate their distributorships (TIMEOP) ($r = -.15, p < .01$).

The nomological validity of BO was further demonstrated by examining its relationship to ease of recruitment (RECEASE), a construct believed to contribute to ISC burnout because it captures the difficulty (stress) associated with recruitment. Ease of recruitment was a formative two item scale that measured ISC attitudes towards recruiting downline distributors. As expected, RECEASE and BO were found to be negatively correlated ($r = -.31, p < .001$). Therefore, the researcher was confident in both the reliability and validity demonstrated by the burnout construct.

Convergent validity for the formative measure of relationship attractiveness (RA) was first tested by examining its relationship with the two other measures of relative

attractiveness. The first scale CLCOMP examined ISC attitudes about their MLM company relative to the closest competitor, while the second CLOPP measured ISC perceptions of their MLM business relative to another business opportunity. It was found that RA was positively correlated with both CLCOMP ($r=.22, p<.001$) and CLOPP ($r=.36, p<.001$).

ISCs were also asked about the frequency with which they were contacted about alternative opportunities (OPPFREQ). It was believed that those ISCs contacted more often would be more likely to be exposed to comparable or even superior alternatives and, as a result, these ISCs were expected to be more critical of their own MLM plan. As expected a negative relationship was found to exist between RA and OPPFREQ ($r=-.12, p<.05$) further demonstrating convergent validity.

Nomological validity was demonstrated by examining the relationship between RA and those scales that signalled an ISCs desire to continue their association with their MLM firm. It was expected that ISCs reporting higher levels of relationship attractiveness would be more satisfied with various aspects of their involvement and more willing to maintain this association. These assumptions were supported as illustrated by the positive correlation between RA and SAT ($r=.51, p<.001$) and TIMEOP ($r=.24, p<.001$). Furthermore, a negative relationship between RA and IW ($r=-.49, p<.001$) was found.

The convergent validity of the relationship satisfaction (RS) construct was tested by examining the relationship of this confirmation of expectation measure with the more general measure of ISC satisfaction – SAT. These measures were seen to be highly

correlated ($r=.67$, $p<.001$) providing strong support for the validity of this formative measure.

To illustrate the nomological validity of the RS construct, its relationship with trust (T) was first examined. It was believed that expectations, and particularly those created by the MLM firm's management or its distributors, once confirmed would enhance ISC trust. Indeed a positive relationship between RS and T ($r=.38$, $p<.001$) was found.

Nomological validity was also reflected in the relationship between RS and those measures that capture attitudes regarding continued association. For example, it was found that RS was positively related to TIMEOP ($r=.34$, $p<.001$) and negatively related to IW ($r=-.35$, $p<.001$).

The three item formative measure - relationship specific investments (RSI) - was tested for convergent validity by examining other idiosyncratic investments ISCs had made in the relationship. For example, a positive correlation was demonstrated between RSI and ADOPT ($r=.16$, $p<.001$) a measure that examined the extent to which an ISC had adopted the products distributed by his/her firm for personal use. RSI was also related to the dollar volume of inventory maintained by ISCs (INVPROD: $r=.09$, $p<.05$), as well as, the number of years spent operating a distributorship (YRSDIST) ($r=.10$, $p<.05$). These relationships offer additional evidence for the convergent validity of this formative measure.

It was expected that ISCs with large investments in their relationship with a MLM firm would be more likely to make future investments and remain with the organization. Indeed, the nomological validity of the RSI measure was demonstrated by its positive

relationship to future investments (FI: $r=.12$, $p<.01$) and TIMEOP ($r=.15$, $p<.001$), and its negative correlation with IW ($r=-.26$, $p<.001$).

The research instrument contained only one measure of Trust (T), the final antecedent in the relationship commitment model. Only one scale was used as the Larzelere and Huston (1980) had previously been found to be both valid and reliable. Therefore convergent validity was not be directly tested.

However, it was previously demonstrated that RS and T were positively correlated demonstrating nomological validity. In addition, T was found to be positively correlated with compliance (Cp) ($r=.60$, $p<.001$) and SAT ($r=.62$, $P<.001$) while negatively correlated with IW ($r=-.31$, $p<.01$), providing further support for the nomological validity of the trust scale.

Evidence for the construct validity of the affective (AC), continuance (CC) and normative (NC) commitment constructs was, in part, demonstrated by the strong positive correlations ($r=.34$ to $r=.41$, $p<.001$) found to exist between the constructs (see Table 4.03). These strong positive inter-correlations are consistent with the three-dimensional conceptualization of relationship commitment in this thesis. Further support for the validity of these constructs is presented in the following paragraphs.

Affective commitment was seen to be positively correlated with SAT ($r=.66$, $p<.001$), CLCOMP ($r=.27$, $p<.001$) and CLOPP ($r=.33$, $p<.001$), each a measure of ISC attitudes towards either his/her MLM firm or distributorship. Thus, the positive correlations between AC and these constructs is evidence of the construct's nomological validity. Nomological validity for the AC construct was further demonstrated by its

negative correlation with IW ($r = -.54$, $p < .001$) and its positive relationship to TIMEOP ($r = .35$, $p < .001$). As expected these relationships indicate that individuals with a strong affective commitment to a relationship are less likely to withdraw from it.

Continuance commitment measures the degree to which an individual feels tied to a relationship because of the non-transferable investments made in it and/or the inability to replace the benefits derived from it. Consequently, construct validity was demonstrated by the relationship between CC and constructs such as ADOPT ($r = .25$, $p < .001$), CLCOMP ($r = .18$, $p < .01$), CLOPP ($r = .24$, $p < .001$). Nomological validity for this construct was demonstrated by its negative relationship with IW ($r = .28$, $p < .001$).

Construct validity for NC was more difficult to ascertain as this construct measured the extent to which ISCs felt obligated to remain in their current MLM relationship. This obligation represents a value held by the distributors and consequently its relationship with any variables that reflect the degree to which ISCs report shared values with their organization would demonstrate construct validity. A positive relationship was found between NC and one of the items in the RA scale ($r = .19$, $p < .001$) that tapped into the existence of shared values (*It would be hard to find an organization that more fully embodies my values*). The nomological validity of this construct was demonstrated by its relationship with TIMEOP ($r = .16$, $p < .001$) and IW ($r = -.13$, $p < .01$).

Future investment (FI), intent to stay (IS) and compliance (Cp) constructs were positively inter-related (see Table 4.) as would be expected of three positive outcome variables. For example, it was expected that an ISC planning to invest more time and/or money in his/her MLM distributorship (FI) would also be more intent to remain in the

relationship (IS). Similarly, it was expected that this distributor would have developed sufficient trust in his/her MLM firm to exhibit greater willingness to comply with company requests (Cp). As a result, the positive correlations between these three constructs provides evidence of each measure's construct validity.

Construct validity for the FI scale was further demonstrated by its relationship to TIMEOP ($r=.21, p<.001$) and IW ($r=-.29, p<.001$). Alternatively, nomological validity was demonstrated by the relationship between FI and RSI ($r=.12, p<.01$) as it is believed that high levels of current investments would likely continue at least in the short term.

Intent to stay was a single-item scale that was actually a reverse-coded intention to quit measure. Therefore, construct validity was demonstrated by the negative correlation between IS and IW ($r=-.34, p<.001$). Intent to stay was also positively correlated with TIMEOP ($r=.38, p<.001$) lending further support for the construct validity of this measure. The nomological validity of the IS construct was demonstrated by its relationship with CLCOMP ($r=.20, p<.001$), CLOPP ($r=.18, p<.001$) and SAT ($r=.27, p<.001$). As expected a satisfied ISC was found to be more likely to continue his/her relationship with the MLM firm.

The final construct in the relationship commitment model is compliance (Cp), a formative measure developed to capture ISC willingness to comply with company and upline requests. Consistent with the positive relationship between Cp and IS, compliance was negatively correlated with IW ($r=-.36, p<.001$) providing further support of construct validity. Compliance was positively correlated with both SAT ($r=.54, p<.001$) and CREDIBLE ($r=.63, p<.001$). This latter measure contained items such as *I have benefited*

from use of products recommended by my upline and captured the extent to which ISCs felt that they had benefited from previous requests and recommendations. The positive correlation between Cp and these two constructs provides evidence of the measure's nomological validity as it is believed that and ISC will be more likely to comply with a future request if they have had positive experiences with the firm and in particular previous requests made by the firm.

In conclusion, the focal constructs in the proposed model of relationship commitment were believed to be accurately reflected by the measures employed in the research instrument. Specifically, these measures were seen to be both reliable and valid measures of the intended constructs.

3.3 Ethical Considerations

The proposed methodology was presented to, and approved by, the Ethics Review Committee of the Faculty of Management (University of Manitoba). In this review it was demonstrated that the anonymity of the ISC participants would be protected and that the data would be securely stored for the required seven years.

ANALYSIS OF DATA

4.1 Introduction

This chapter presents an analysis of the data collected according to the explanatory research methodology discussed in the preceding chapter. However, any discussion of the conclusions and implications resulting from the findings presented in this chapter will be reserved for the next chapter.

This chapter begins with a descriptive profile of survey respondents and examination of the representativeness of this sample. A preliminary test of the nineteen hypotheses developed in Chapter 2 is presented next, followed by the tests of the proposed and competing models of relationship commitment. The chapter concludes with an examination of relationship stage effects.

4.2 Respondents

A profile of survey respondents is presented here neither to support nor reject the generalizability of results - as it has already been demonstrated that generalizability is not a concern for this type of research - but rather to present a benchmark sample against which future replications and/or extensions of this research may be compared. Consequently, respondents to the current research instrument are defined and compared against the population of ISCs in the five participant MLM firms, as well as, the MLM channel in general.

Unfortunately, the participating firms maintained very little demographic information about their ISCs (e.g., gender, age) and only slightly more descriptive data

concerning distributorship characteristics (e.g., purchases, size of downline). The lack of available distributor information can, in part, be attributed to the high turnover rates experienced by firms in this channel. Specifically, high turnover amongst ISCs makes the development and maintenance of extensive distributor databases time and cost prohibitive. Furthermore, information of this nature is often not required at the corporate level because it is the ISCs that are responsible for promoting products in the MLM channel. Analogously, a tire manufacturer is unlikely to maintain demographic data on the salespeople employed by their independent dealer network.

Unfortunately, the relatively limited amount of information on distributors made it difficult, if not impossible, to determine if respondents in this sample truly reflect the composition of ISCs at either the firm or MLM channel level. Therefore the following represents only a rough attempt to gauge the representativeness of the current sample by comparing it against the limited information available. For example, 80.3% of respondents in the current sample were female which is consistent with Dunkel (1995) who suggested that fully 85-90% of MLM participants are women. The average age of respondents was 43.91 years (s.d. = 11.63) which was comparable to the average age of ISCs in one the participating nutritional supplement companies (45 years). Furthermore, the majority (87.0%) of ISCs indicated that they were either married or had a common law partner and 61.6% reported having at least one dependent child (\bar{X} = 1.33 children, s.d.= 1.31).

It has been suggested that participation in MLM and direct selling is often motivated by personal factors (e.g., dependent children) that, at least temporarily, prohibits participation in more traditional careers. It has also been suggested that

involvement in direct selling is countercyclical to that of the general economy, with the highest rates of participation occurring in recessionary periods (Good and Hassay 1995). However, data provided by the current sample of ISCs challenges this conventional wisdom and perhaps signals a shifting trend in industry participation.

For example, the majority of ISCs in the current sample were well-educated and almost half indicated that they were fully employed. For example, it was found that 38.9% of ISC respondents were employed at least part-time ($\bar{X} = 32.25$ hrs, s.d. = 14.92) in a conventional position (e.g., professional/ technical 38.2%, managerial/administrative 15.7%, other 12.4%, clerical 11.5%), while an additional 10.6% were reported to be self-employed. These statistics support the commonly held belief that participation in direct selling is a secondary source of income and one that is often driven by economic necessity (e.g., major purchase, loss of job). It was also found that ISCs were very well-educated with 68% of respondents indicating that they had attended, if not graduated from, college or university. This finding might also reflect an educational bias in the sample in that those with greater levels of education might have been more familiar with, and likely to complete, a self-administered survey.

Distributor experience and achievement were also measured and, as anticipated (see Section 3.2), the sample was found to be over-represented by experienced and successful ISCs. A giftware company executive reported the average tenure amongst ISCs in their firm to be 1.33 years, while ISC respondents from this firm were observed to have an average tenure of 2.20 years (s.d. = 1.26). In contrast, ISCs in the current sample reported that they had been active distributors in the current MLM plan for an average of

4.26 years (s.d. = 4.14). Further evidence of the skewed experience level of respondents was the fact that 45% of the sample had previous experience with at least one direct selling firm, and 5.41 years (s.d.= 6.63) of accumulated direct selling experience.

Interestingly, 17.5% of those ISCs observed to have prior experience were still actively distributing products for the first direct selling firm they had become involved with. Perhaps not surprisingly, the majority of ISCs reported having this “first experience” with one of the four most well-known firms in the industry (e.g., Amway 25%, Avon 4.6%, Mary Kay 4.6%, Tupperware 18.7%).

Distributor success or performance was measured by examining achievement levels. These achievement levels, akin to military ranks, are used to classify ISCs according to sales and/or recruiting activity. Thus, these achievement levels represent both an ISC’s business-building acumen and financial performance as each successive level represents an escalation in remuneration (i.e., car allowances, wholesale discounts, retail markups, commissions and bonuses). Perhaps more importantly, these achievement levels reflect an individual’s status within the organization and hereafter are referred to as status levels. Fortunately, information on the number of ISCs at various achievement levels was available for each of the participating firms.

As mentioned previously, the sample was also found to be over-represented by successful distributors as reflected by the distribution of ISCs across status levels. For example, the median respondent was seen to have attained more than one third of their respective firms’ status levels ($\bar{X} = .412$, s.d.= .24). To put this reported level of achievement into perspective, information provided by the participating firms indicated

that typically only 1-12% of ISCs attain this type of success. Table 4.0 illustrates the distribution of ISCs at each status level in the sample and population for each of the five firms.

While the actual reason for the over-representation of ISCs in the higher status levels is unknown, a few explanations are offered here. The first, and most probable explanation, is that those in the upper status levels were more capable of completing this survey. For example, it was previously reported that novice distributors and, in particular, those new to direct selling/MLM might have felt that they had insufficient experience to answer certain questions in the research instrument. Having had more time to develop their distributorship, experienced ISCs would also be more likely to have achieved greater success. Thus, it is not surprising that the sample was also found to be over-represented by ISCs in the upper status levels.

Second, the sample was to some extent a product of the data collection method, as those ISCs that place frequent product orders would be either heavy users or productive distributors. By definition ISCs that buy/sell in significant quantities would be more successful and therefore more likely to have achieved higher status. Consequently, the method used to distribute the research instrument may have contributed to the large number of distributors in the upper status levels.

Third, there may be a tendency for ISCs to exaggerate status level in much the same way that survey respondents often exaggerate income. For example, active ISCs are “working on” the next status level, and there may be a tendency to demonstrate optimism

Table 4.0 Percentage of Respondents per Status Level by Company

Status Level	Company 1 %n (%N)	Company 2 %n (%N)	Company 3 %n (%N)	Company 4 %n (%N)	Company 5 %n (%N)
1	* (90.71%)	(*) (10%)	(2.8%)	(27.1%) (86.3%)	(*) (99.56%)
2		(59.0%) (70%)	(70%)	(4.0%) (5.8%)	(92.60%) (.35%)
3		(29.2%) (10%)	(66.7%) (17.14%)	(40.1%) (4.8%)	
4		(6.2%) (6%)	(13.9%) (7.23%)	(7.9%) (1.5%)	(19.7%) (.09%)
5		(6.1%) (4%)	(11.1%) (3.56%)	(8.5%) (.5%)	
6	10% (5.16%)		(0%) (1.19%)	(2.3%) (.5%)	
7	6.7% (3.08%)		(2.8%) (.51%)	(3.4%) (.3%)	
8	47.8% (.71%)		(2.8%) (.19%)	(3.4%) (.1%)	
9	7.8% (.15%)		(0%) (.16%)	(3.4%) (.2%)	
10	13.3% (.10%)				
11	4.4% (.04%)				
12	10% (.07%)				
13					
14					

%n - percentage of respondents in sample

%N - percentage of distributors in firm

* - wholesale member level and/or status levels not represented in respondent sample

when reporting status level. Although possible, it is unlikely that ISCs would have exaggerated their status to the extent seen here.

Although the overall response rate was 14.9%, participation was not uniform across the five participating firms. Response rates ranged from 8.1% for one nutritional supplement company, to 39.6% for a distributor of giftware. As previously demonstrated, this variation in response rates did not have an effect on the primary research purpose –

the test of the proposed model of relationship commitment because there were no significant differences in the key model constructs between the test and holdback samples.

However, to determine if there were any significant differences in the focal constructs across the five firms a series of one-way ANOVAs were performed, the results of which are presented in Table 4.01. Significant differences were found to exist between firms for all but four of the variables examined: CC, BO, RS, Cp. Although some variation in these constructs between firms is to be expected, consistent differences between firms would be suggestive of company-specific effects that would serve as confounds in subsequent analyses. In particular, company-specific effects become more pronounced in any analysis requiring ISCs to be aggregated into groups; for instance the test of the proposed and competing models of relationship commitment.

Fortunately, this is not a concern as Table 4.01 revealed no particular pattern to the differences between these companies. For example, respondents from Company 4 were found to be significantly younger than the ISCs from the other four companies, and yet these ISCs only differ significantly from their counterparts on a few of the examined variables. More importantly, few intercompany differences were seen observed for the twelve focal constructs contained in the two models of relationship commitment.

However, potential explanations for the kinds of differences observed in Table 4.01 are offered. First of all, it should be emphasized that the five participant MLM plans have heterogeneous product offerings, compensation plans and approaches to direct selling (e.g., party-plan versus traditional personal selling). As mentioned previously, ISCs typically become involved in MLM after they have had a positive product

Table 4.01 Key Variable Profile of Respondents by Company

Variable	Company 1 \bar{X} [s.d.]	Company 2 \bar{X} [s.d.]	Company 3 \bar{X} [s.d.]	Company 4 \bar{X} [s.d.]	Company 5 \bar{X} [s.d.]
AGE	47.75 ^a [9.75]	52.63 ^c [12.04]	46.47 ^a [7.79]	36.11 ^b [8.22]	48.95 ^{ac} [10.89]
YRSDIST	3.60 ^a [1.81]	6.28 ^c [5.00]	4.72 ^{ac} [2.18]	2.20 ^b [1.26]	8.06 ^d [6.40]
INVFUNC	3.24 ^{ac} [2.76]	1.80 ^b [2.47]	4.00 ^c [2.98]	2.20 ^b [1.91]	2.60 ^{ab} [2.56]
INVHRS	21.62 ^{ac} [20.33]	7.64 ^b [8.94]	14.79 ^{ab} [12.54]	23.52 ^c [13.63]	17.68 ^a [13.67]
STATPRO	71.76 ^a [0.14]	19.12 ^b [0.08]	35.56 ^c [0.13]	36.03 ^c [0.23]	38.45 ^c [0.15]
AC	45.97 [9.22]	40.23 ^a [12.18]	47.11 [6.99]	41.83 ^a [8.83]	47.62 [7.26]
CC	32.38 [11.73]	28.14 [12.26]	27.64 [9.52]	32.41 [11.45]	32.70 [11.04]
NC	17.16 ^a [6.04]	14.23 ^{bc} [5.75]	15.03 ^{abc} [5.82]	13.80 ^b [5.24]	16.00 ^{ac} [5.87]
RC	94.51 ^a [23.60]	82.62 ^b [25.90]	89.45 ^{ab} [14.80]	87.37 ^b [19.49]	95.39 ^a [18.85]
RSI	166.95 ^c [25.32]	130.39 ^b [17.31]	150.85 ^a [17.92]	148.43 ^a [19.14]	148.17 ^a [21.22]
BO	42.91 [18.42]	41.36 [17.86]	48.97 [17.33]	44.12 [15.89]	41.84 [17.52]
RA	20.04 ^a [5.87]	20.26 ^a [6.83]	21.76 ^a [3.62]	21.06 ^a [4.73]	24.30 ^b [3.34]
RS	105.83 [17.12]	102.89 [21.25]	101.42 [15.06]	107.40 [17.13]	107.40 [16.15]
TRUST	45.58 ^{ab} [11.18]	48.81 ^{ab} [9.90]	48.61 ^{ab} [10.62]	44.41 ^a [12.65]	48.93 ^b [9.62]
FI	19.16 ^a [5.86]	16.20 ^b [7.64]	16.57 ^{ab} [6.09]	19.07 ^a [4.93]	16.49 ^b [5.89]
IS	6.34 ^a [1.24]	5.63 ^{bc} [1.83]	5.56 ^{abc} [1.52]	5.42 ^b [1.72]	6.05 ^{ac} [1.28]
Cp	21.23 [4.36]	21.36 [5.04]	22.72 [5.52]	22.11 [4.42]	21.60 [4.86]

Note: Means with different superscripts, are significantly different from one another at the $p < .05$ level.

experience. It is reasonable to assume then, that a firm distributing nutritional products will attract a slightly different demographic group than a firm distributing educational software.

Second, some MLM plans resemble wholesale buying groups insofar as a significant percentage of their products are consumed by their own ISCs (e.g., health/personal care products). An MLM plan of this type would arguably foster a different relationship with its ISCs than a plan that generates a relatively small percentage of its sales from the personal consumption of its distributors (e.g., housewares, clothing). An ISC associated with a plan of this latter type might, for instance, view his/her association more formally - as a business partnership – acknowledging his/her primary role as a wholesaler or retailer of the supplier's products. Alternatively, MLM plans primarily composed of wholesale consumers might be characterized by less formal relationships paralleling those in social institutions (e.g, clubs, church groups).

Companies 1, 2, 3 and 5 in Table 4.01 are primarily distributors of health and personal care products while Company 4 distributes a narrow line of giftware. Company 5 is unique to this sample, in that its membership is almost exclusively comprised of wholesale customers, as demonstrated by the distribution of ISCs across status levels (refer to Table 4.0). The ISCs in Company 4 reported spending more time operating their business (INVHRS) than those in the other firms, and yet were the least likely to remain with their MLM plan. Given its products and distributor characteristics, Company 4 might best be described as having a corporate culture and its ISCs categorized as opportunity rather than product-driven. This corporate culture would be quite different from the consumer culture which appears dominant amongst the product-driven membership of Company 5.

4.3 Hypothesis Testing

The remaining sections of this chapter focus on the analysis of the data collected during the quantitative research phase. Although some interpretation of these findings is presented here, a detailed discussion of all findings is presented in Section 5 - *Conclusions and Implications*.

Table 4.02 contains the means and standard deviations for each of the variables contained in the proposed and rival models of relationship commitment and correspond to the sample (n=251) that was used to calculate the correlation/covariance matrix in Table 4.03.

Table 4.02 Means and Standard Deviations for Proposed and Rival Model Variables

Variable	Mean (n=251)	Standard Deviation
Affective Commitment (AC)	43.42	9.44
Continuance Commitment (CC)	31.36	11.53
Normative Commitment (NC)	14.96	5.81
Relationship Commitment (RC)	89.74	21.11
Relationship Specific Investments (RSI)	166.95	17.31
Burnout (BO)	42.91	17.86
Relationship Attractiveness (RA)	20.04	6.83
Relationship Satisfaction (RS)	105.83	21.25
Trust (T)	45.58	9.90
Future Investment (FI)	19.16	7.64
Intent to Stay (IS)	6.34	1.83
Compliance (Cp)	21.23	5.04

The Pearson correlation coefficients in Table 4.03 were calculated using a one-tailed test of significance and listwise deletion of missing data. Listwise deletion of data is considered favourable to pairwise deletion because it facilitates the interpretation of results because listwise deletion includes only those subjects that have scores representing each

Table 4.03 Correlation/Covariance Matrix–Listwise Deletion of Missing Data

	AC	BO	CC	CP	FI	IS	NC	RA	RC	RS	RSI	T
AC		-8.961	.657	2.340	1.894	.717	.544	3.316	2.437	11.320	7.980	5.408
BO	-.456		-.729	-26.27	-21.86	-10.58	-1.846	-25.32	-11.54	-134.2	-61.77	-85.87
CC	.409	-.029		1.662	2.324	.064	.675	3.587	3.421	7.195	12.119	2.057
CP	.475	-.336	.260		7.373	1.349	.969	8.027	4.972	31.058	13.108	30.588
FI	.301	-.219	.284	.294		.886	1.821	4.261	6.039	32.152	16.772	8.472
IS	.418	-.389	.029	.198	.101		.109	2.232	.890	10.309	2.225	3.824
NC	.352	-.075	.336	.158	.232	.051		1.027	3.145	3.577	6.204	.762
RA	.592	-.285	.492	.360	.149	.287	.147		7.930	38.475	24.477	22.234
RC	.730	-.218	.789	.374	.355	.193	.755	.525		22.092	26.304	8.228
RS	.586	-.438	.287	.404	.327	.385	.148	.440	.424		39.054	76.383
RSI	.321	-.157	.375	.133	.133	.036	.200	.218	.393	.101		19.149
T	.435	-.445	.127	.617	.134	.222	.049	.395	.245	.393	.077	

Correlations are below the diagonal, and covariances above the diagonal. Correlations > |.11| are significant at the $p < .05$ level and correlations > |.19| are significant at the $p < .001$ level. $n = 251$.

and every construct. Therefore, pairwise deletion facilitates between and within subjects comparisons across the entire range of constructs which is important when building and testing models such as the proposed model of relationship commitment.

The correlation coefficients presented in Table 4.03 provide initial support for 14 of the 19 relationships in the proposed model of relationship commitment as reflected by their significant correlation coefficients. A summary of these findings is presented in Table 4.04. Contrary to expectations, it was found that the RS-CC and T-CC relationships were both significantly and positively correlated (Table 4.03), thus rejecting H7 and H10. It had been proposed in Sections 2.6.4 (H7) and 2.6.5 (H10) that these antecedents would be inversely related to CC. Additionally, the hypothesized positive relationship between $T \rightarrow NC$ (H11) was not supported ($r = .05$, ns).

**Table 4.04 Summary Results for the Initial Test of Relationships
in the Proposed Model of Relationship Commitment**

Hypothesis	Proposed Relationship	Result
H1: Relationship Attractiveness-Affective Commitment	Positive	Supported
H2: Relationship Attractiveness-Continuance Commitment	Positive	Supported
H3: Relationship Attractiveness-Normative Commitment	Positive	Supported
H4: Burnout-Affective Commitment	Negative	Supported
H5: RSI-Continuance Commitment	Positive	Supported
H6: Relationship Satisfaction-Affective Commitment	Positive	Supported
H7: Relationship Satisfaction-Continuance Commitment	Negative	Rejected
H8: Relationship Satisfaction-Normative Commitment	Positive	Supported
H9: Trust-Affective Commitment	Positive	Supported
H10: Trust-Continuance Commitment	Negative	Rejected
H11: Trust-Normative Commitment	Positive	Rejected
H12: Continuance Commitment-Future Investment	Positive	Supported
H13: Continuance Commitment-Intent to Stay	Positive	Rejected ¹
H14: Affective Commitment-Future Investment	Positive	Supported
H15: Affective Commitment-Intent to Stay	Positive	Supported
H16: Affective Commitment-Compliance	Positive	Supported
H17: Normative Commitment-Future Investment	Positive	Supported
H18: Normative Commitment-Intent to Stay	Positive	Rejected ¹
H19: Normative Commitment-Compliance	Positive	Supported

¹Correlation coefficient not significant when listwise deletion of missing data was used.

Listwise deletion significantly reduced the number of respondents (n=251) included in this and subsequent analyses. However, Table 4.05 indicates that there was no significant variation between the means and standard deviations of the focal constructs calculated using listwise versus pairwise deletion of missing data. It was also found that the correlation coefficients reported by the pairwise method (Table 4.06) were consistent with those generated by the listwise method (Table 4.03) in that they similarly support and/or reject all but two of the 19 hypotheses developed in Sections 2.6.1-2.6.6.

Specifically, it was found that the correlation coefficients in Table 4.02 indicate that only the CC-IS and NC-IS relationships differed from those reported in Table 4.06.

**Table 4.05 Comparison of Means and Standard Deviations
Pairwise versus Listwise Deletion of Missing Data**

Variable	Pairwise \bar{X} [s.d.] (n)	Listwise \bar{X} [s.d.] (n=251)
Affective Commitment (AC)	43.93 [9.43] (421)	43.42 [9.44]
Continuance Commitment (CC)	31.52 [11.49] (395)	31.36 [11.53]
Normative Commitment (NC)	15.00 [5.76] (414)	14.96 [5.81]
Relationship Commitment (RC)	89.74 [21.11] (367)	89.74 [21.11]
Relationship Specific Investments (RSI)	150.14 [23.06] (421)	151.89 [22.33]
Burnout (BO)	43.57 [17.09] (333)	44.04 [17.66]
Relationship Attractiveness (RA)	21.38 [5.20] (381)	21.40 [5.04]
Relationship Satisfaction (RS)	105.95 [17.50] (443)	106.75 [17.37]
Trust (T)	46.40 [11.47] (439)	46.88 [11.19]
Future Investment (FI)	18.02 [5.96] (445)	18.31 [5.67]
Intent to Stay (IS)	5.76 [1.60] (434)	5.76 [1.54]
Compliance (Cp)	21.79 [4.67] (440)	22.20 [4.43]

To elaborate, the listwise method reported nonsignificant correlations for these two relationships thus rejecting hypotheses H13 and H18, while the pairwise method found these relationships to be significant and positive CC→IS ($r=.16$, $p<.001$, $n=385$) and NC→IS ($r=.16$, $p<.001$, $n=404$).

Except for the two aforementioned relationships, the summary of results in Table 4.03 was found to be consistent regardless of which method was used to handle missing data (i.e., pairwise or listwise deletion). Specifically, preliminary support was found for

Table 4.06 Correlation/Covariance Matrix –Pairwise Deletion of Data

	AC	BO	CC	CP	FI	IS	NC	RA	RC	RS	RSI	T
AC		-8.626	.765	2.378	2.489	.933	.680	3.847	2.867	11.527	10.261	5.716
BO	-.463		-.582	-24.36	-20.59	-10.20	-1.537	-22.91	-10.87	-128.9	-45.10	-81.77
CC	.452	-.024		1.477	2.269	.374	.696	4.058	3.572	6.828	13.298	2.058
CP	.430	-.332	.219		8.422	1.557	.722	8.362	5.153	30.972	11.453	31.276
FI	.354	-.214	.269	.304		1.935	2.146	5.612	6.985	30.977	16.649	8.987
IS	.496	-.387	.159	.210	.204		.376	3.039	1.678	11.114	4.600	4.707
NC	.398	-.064	.334	.108	.252	.162		1.608	3.547	3.341	6.230	.788
RA	.635	-.280	.533	.349	.185	.371	.214		9.825	37.935	32.744	22.230
RC	.769	-.211	.784	.349	.372	.324	.773	.586		23.088	28.557	9.141
RS	.561	-.446	.273	.380	.301	.397	.134	.428	.418		59.575	75.998
RSI	.377	-.119	.403	.107	.123	.123	.191	.275	.404	.149		10.864
T	.429	-.434	.125	.601	.131	.255	.048	.370	.255	.379	.042	

Correlations are below the diagonal, and covariances above the diagonal. Correlations $> |.10|$ are significant at the $p < .05$ level and correlations $> |.14|$ are significant at the $p < .001$ level.

14 of the 19 hypotheses while H7, H10 and H11 were supported by neither method.

Therefore, the decreased sample size associated with listwise deletion did not appear to introduce any substantive theoretical or statistical confounds. Rather, the listwise correlation-covariance matrix used in this, and subsequent analyses, simply lead to a smaller available sample.

4.4 Model Testing

The adequacy of the proposed model of relationship commitment was tested using a split-half design that included a cross-section of respondents from each of the MLM firms. The method used to assign ISCs to the two groups was the same one used previously to examine nonresponse bias. This method was selected because as demonstrated previously (see Table 3.01) only the mean for Trust was found to be

significantly different across the early and late respondent groups. As a result, this method was believed to be superior to another method that might introduce unspecified confounds.

LISREL 8.2 (Jöreskog and Sörbom 1998) was used to test the proposed and competing models of relationship commitment found in Figures 4.0 and 4.01. The methodology is similar to the one employed by Morgan and Hunt (1994) except that the current context compares a nonparsimonious three component conceptualization of relationship commitment against a more parsimonious global or unidimensional conceptualization. Hereafter, the three component model is referred to as the “proposed” model and the unidimensional model as the “rival” model.

The early respondents group (Sample 1) was first used to evaluate the appropriateness of the proposed and rival models of relationship commitment. This Sample 1 was then used to refine the proposed (hereafter modified) model of relationship commitment. Next, the proposed, rival and refined models were retested with the late respondents group (Sample 2).

The comparison of the proposed and rival models of relationship commitment served two functions. First, the identification of the “better-fitting” model will help to identify the mechanisms responsible for the development and maintenance of relationship commitment. Second, this comparison will help to determine whether the three-dimensional conceptualization of relationship commitment actually improves the explanatory power of the model, thereby supporting the hypothesized processes.

Figure 4.0 The Covariance Structure Model for the Proposed Model of Relationship Commitment

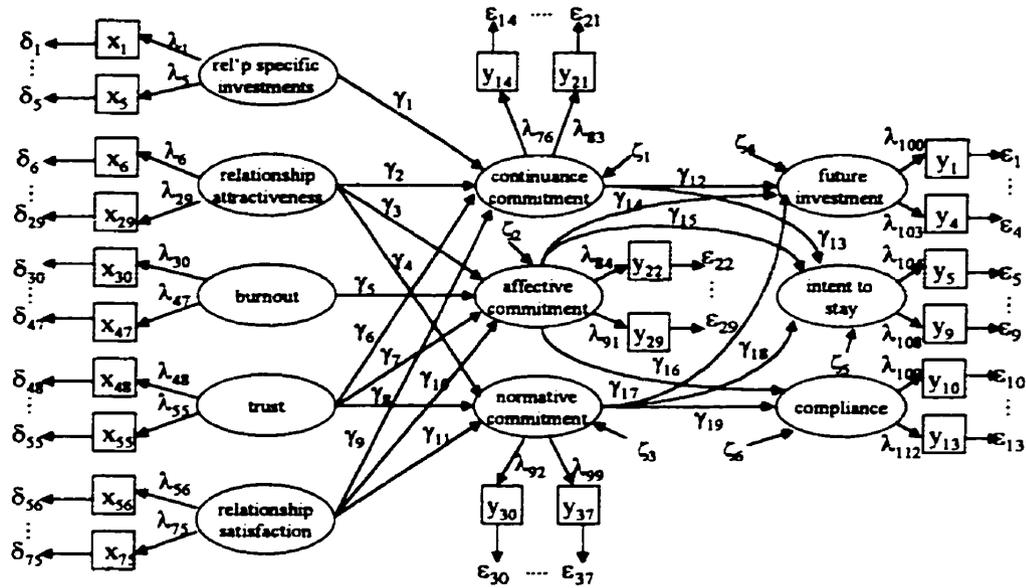
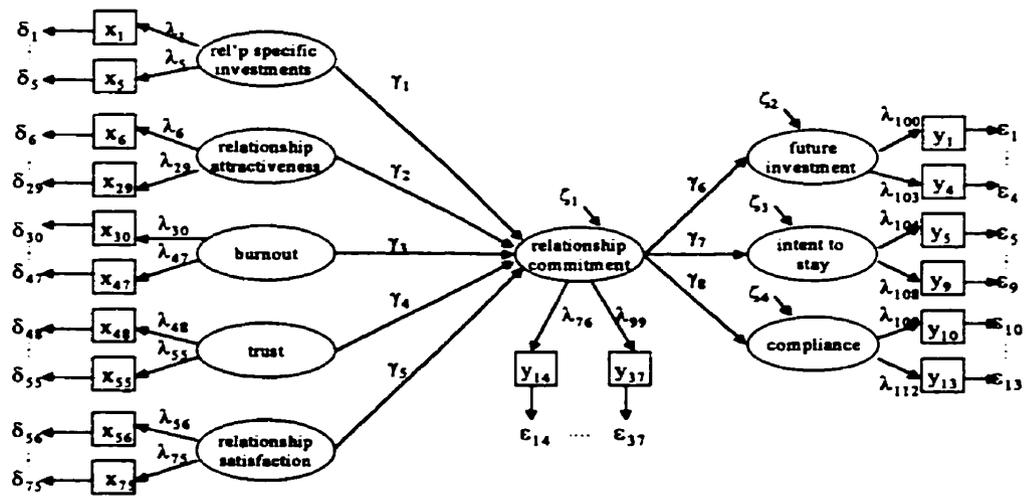


Figure 4.01 The Covariance Structure Model for the Rival Model of Relationship Commitment



The test and refinement of a structural model of relationship commitment required a relatively large sample because the statistical theories, upon which structural equation modeling programs were developed, are based on large sample properties (Bagozzi and Yi 1988). For example, Fornell and Bookstein (1982) indicated that the maximum likelihood covariance estimation techniques, central to the LISREL program, require large samples. The 447 responses received were believed to be adequate for the split-half design in that both Sample 1 and Sample 2 surpassed the sample size of 100-200 recommended by Bagozzi and Yi (1988). However, the actual samples ($n=120$ and $n=131$) used to test and refine the various models were significantly smaller than anticipated due to the fact that listwise deletion was employed in the generation of the correlation/covariation matrices presented in Tables 4.07 and 4.08.

Bagozzi and Yi (1988) and Byrne (1989) suggested that the first step in determining the adequacy of a proposed model is to examine the reasonability of parameter estimates. Initial indicants of a misfitting or misspecified model are negative variances, correlations greater than 1.0, and either covariance or correlation matrices that are not positive definite (Byrne 1989). Problems of this nature are typically the result of data that violates standard assumptions (i.e., normality). For example, Bagozzi and Yi (1988) indicated that excessive skewness or kurtosis might affect parameter estimates and subsequently model fit. Problems of this nature were not anticipated because each measure had been purified to insure that it did not violate any of the requisite assumptions

**Table 4.07 Correlation/Covariance Matrix with Listwise Deletion of Data
(Sample 1)**

	AC	BO	CC	CP	FI	IS	NC	RA	RC	RS	RSI	T
AC		-7.007	.568	1.724	.787	.816	.411	2.796	2.109	11.212	1.905	6.362
BO	-.374		2.955	-16.32	-7.755	-9.076	-2.355	-12.94	-6.406	-111.0	-24.36	-84.62
CC	.360	.113		1.155	.706	-.007	.666	3.052	3.427	5.004	7.507	1.519
CP	.377	-.215	.182		2.160	1.661	1.050	6.163	3.929	27.129	-.408	29.254
FI	.148	-.088	.095	.100		.790	.804	.360	2.296	11.860	-7.115	4.900
IS	.478	-.321	-.003	.241	.098		.217	2.409	1.025	14.060	-2.734	4.304
NC	.276	-.095	.321	.174	.115	.096		.968	3.038	2.288	1.049	1.676
RA	.578	-.161	.453	.315	.016	.330	.152		6.816	30.335	16.930	23.600
RC	.677	-.124	.790	.312	.157	.218	.741	.512		18.504	10.461	9.556
RS	.605	-.362	.194	.362	.136	.503	.094	.383	.363		-21.61	94.159
RSI	.101	-.078	.287	-.005	-.080	-.096	.042	.211	.202	-.070		15.578
Trust	.481	-.386	.082	.547	.079	.215	.096	.417	.262	.434	.071	

Correlations are below the diagonal, and covariances above the diagonal. Correlations > |.15| are significant at the p<.05 level and correlations > |.28| are significant at the p<.001 level. n=120

(i.e., homogeneity of variance, linearity, and multivariate normality). In addition, none of the focal constructs were so strongly correlated as to warrant concern about multicollinearity.

According to Byrne (1989) the second step in assessing model fit is to examine the adequacy of the measurement model. This is accomplished by examining the squared multiple correlation (R^2) between each of the observed variables and their respective latent constructs, as well as the coefficient of determination. The value of R^2 should be positive and less than 1.0, with higher values representing greater reliability of the observed measure. As discussed previously (see the Measure Assessment of Section 3.2) each measure appearing in the relationship commitment model was purified to insure that it was

**Table 4.08 Correlation/Covariance Matrix with Listwise Deletion of Data
(Sample 2)**

	AC	BO	CC	CP	FI	IS	NC	RA	RC	RS	RSI	T
AC		-10.78	.768	2.949	3.021	.609	.661	3.903	2.761	11.744	13.321	4.378
BO	-.526		-4.212	-35.70	-35.37	-11.95	-1.358	-37.22	-16.34	-157.5	-95.27	-86.82
CC	.476	-.170		2.077	3.588	.184	.709	3.900	3.429	8.686	17.107	3.044
CP	.561	-.442	.326		11.947	1.133	.925	9.574	5.950	34.274	26.313	32.564
FI	.426	-.324	.418	.427		1.200	2.850	7.040	9.459	48.661	41.498	13.747
IS	.360	-.459	.090	.169	.133		-.008	2.277	.785	7.487	4.230	2.968
NC	.415	-.056	.368	.147	.336	-.004		1.162	3.272	4.987	10.732	-.238
RA	.626	-.388	.517	.389	.212	.287	.156		8.965	44.223	33.933	22.831
RC	.777	-.299	.797	.425	.500	.174	.771	.539		25.418	41.161	7.184
RS	.590	-.515	.361	.437	.459	.296	.210	.475	.479		101.50	65.400
RSI	.448	-.208	.475	.224	.262	.112	.302	.244	.519	.228		17.019
Trust	.390	-.503	.224	.734	.230	.208	-.018	.434	.240	.390	.068	

Correlations are below the diagonal, and covariances above the diagonal. Correlations > |.14| are significant at the p<.05 level and correlations > |.26| are significant at the p<.001 level. n=131

a valid and reliable measure. Consequently, the proposed, rival and refined models were examined with composite measures for each of the focal constructs, this methodology that is consistent with that employed by Ganesan (1994) and Morgan and Hunt (1994).

Finally, the overall goodness-of-fit for the proposed and rival models must be examined. Although numerous fit indices are available in LISREL, according to Bagozzi and Yi (1988) the chi-square test (χ^2) represents one of the most commonly used indicators. Specifically, this indicator examines the fit between the unconstrained sample data and the hypothesized model and is a likelihood ratio test statistic. A nonsignificant χ^2 -test ($p>.05$) indicates that the hypothesized model adequately represents the sample data (i.e., is a good fit). The χ^2 -test is especially useful when comparing the adequacy of

competing models. First and foremost a non-significant chi-square test indicates good model fit. However, if both models are characterized by significant chi-square tests then a comparison of χ^2 values can still be used to determine which model more accurately describes the sample data. Thus, it was believed that this test statistic would be instructive in assessing the adequacy of the proposed and rival models. In addition, a χ^2/df ratio was calculated. Although a somewhat subjective index, it is generally believed that a χ^2/df ratio in excess of 2.0 demonstrates poor model fit (Byrne 1989).

Despite its popularity, the χ^2 -test is susceptible to sample size effects. Specifically, as sample size increases there is an increased likelihood of falsely rejecting a true model. The size of sample 1 ($n=120$) and sample 2 ($n=131$) were not large enough to adversely affect model fit in the model evaluation phase, and unlikely to be an issue in the reported significance of the χ^2 -test for the full sample ($n=251$).

A number of other statistics and indices available in LISREL were used to evaluate the adequacy of the proposed and rival models. For example, the root mean square error of approximation (RMSEA), goodness-of-fit index (GFI), the adjusted goodness of fit index (AGFI), comparative fit index (CFI: Bentler 1990), and the parsimonious normed fit index (PNFI: James, Mulaik, and Brett 1982). The RMSEA statistic accounts for not only the error of approximation in the population, (e.g., accounts for the impact of sample size on model fit) but also measures the discrepancy per degree of freedom that occurs as parameters are added to the model. It is believed that RMSEA values between .05 and .08 are indicative of a good fitting model.

The GFI and AGFI indicate the amount of relative variance and covariance in the sample data that is jointly explained by the hypothesized model, and have values between 0 and 1. The AGFI differs from the GFI only to the extent that it adjusts for degrees of freedom. It should be noted that these indices are not statistical tests and that while independent of sample size and robust to departures from normality (Jöreskog and Sörbom 1984) they are only subjective indicators. Bagozzi and Yi (1988) indicated that an AGFI in excess of .90 is a rule of thumb criteria that suggests a good model fit.

Alternatively, the CFI (Bentler 1990) measures the fit of the hypothesized model's covariance matrix with that of the sample data. Although the range of values for the CFI also fall between 0 and 1.0, with higher values indicative of better fitting models, it should be noted that the likelihood of obtaining a high CFI (i.e., > .90) decreases with the complexity (number of constructs) of the model. Thus, proposed and rival models can be compared such that the model with the higher CFI is believed to more adequately fit the sample data.

Finally, Morgan and Hunt (1994) argued that model parsimony as well as fit should be considered and yet is not accounted for in the indicators of model fit discussed to this point. As a result, Morgan and Hunt (1994) suggested that the PNFI (James et al. 1982) be used when evaluating competing models, because a parsimonious model often has greater utility than a complex model with greater explanatory power. In this thesis, the proposed model of relationship commitment (Figure 4.0) has twice as many paths as the rival model (Figure 4.01) and, a comparison of the PNFI values for these respective models was believed to be a crucial determinant of model appropriateness. Morgan and

Hunt (1994) also suggested that it is important to compare the PNFI and CFI values to understand the tradeoffs that exist between explanatory power and parsimony.

The extent to which the proposed, rival and modified structural models of relationship commitment were able to adequately explain the data (e.g., goodness-of-fit) will be discussed in a moment. However, before this the LISREL analysis results - parameter estimates, t-values and squared mean correlations (R^2) - for the structural models obtained in each sample will be examined. The results for the proposed model of relationship commitment are presented in Table 4.09. As mentioned previously, the proposed and rival models were first tested in Sample 1, and then re-tested using Sample 2. However, for ease of comparison the results for the two samples are presented together in the tables that follow.

The results of the LISREL analysis in Sample 1 indicated that several of the relationships in the proposed model either failed to achieve significance or had the opposite effect of that hypothesized. It should be noted that three significance levels are reported for the LISREL parameter estimates in the current thesis $p < .01$, $p < .05$ and a particularly liberal $p < .10$ level. Although not common practice, researchers have included this latter significance when testing new models, conducting research in new research contexts or when faced with small sample sizes; each of which apply to the current research context. Continuance commitment was found to have a significant ($p < .05$), negative effect upon intent to stay. Perhaps the most noteworthy result in Table 4.09 is the low R^2 value associated with future investment (FI) and normative commitment (NC). These R^2 values indicate that the proposed antecedents account for only 3% of the

Table 4.09 Results of the LISREL Analysis for the Proposed Model of Relationship Commitment in the Split-half Samples

Path	Sample 1 (n=120)		Sample 2 (n=131)	
	Estimate [t-value]	R ²	Estimate [t-value]	R ²
Relationship Attractiveness → Affective Commitment	.37 ^a [4.70]	.54	.41 ^a [5.11]	.54
Burnout → Affective Commitment	-.23 ^a [-2.91]		-.23 ^a [-2.91]	
Trust → Affective Commitment	.12 ^c [1.53]		-.01 [-.17]	
Relationship Satisfaction → Affective Commitment	.36 ^a [4.51]		.28 ^a [3.61]	
Relationship Specific Investments → Continuance Commitment	.22 ^a [2.57]	.27	.36 ^a [4.64]	.40
Relationship Attractiveness → Continuance Commitment	.43 ^a [4.32]		.39 ^a [4.34]	
Trust → Continuance Commitment	-.16 ^b [-1.76]		-.01 [-.08]	
Relationship Satisfaction → Continuance Commitment	.11 [1.25]		.10 [1.23]	
Relationship Attractiveness → Normative Commitment	.13 [1.23]	.03	.12 [1.20]	.07
Trust → Normative Commitment	.03 [.27]		-.15 ^c [-1.57]	
Relationship Satisfaction → Normative Commitment	.03 [.32]		.21 ^b [2.10]	
Affective Commitment → Future Investment	.12 [1.24]	.03	.26 ^a [2.94]	.22
Continuance Commitment → Future Investment	.03 [.31]		.25 ^a [2.93]	
Normative Commitment → Future Investment	.07 [.80]		.15 ^b [1.83]	
Affective Commitment → Intent to Stay	.54 ^a [5.72]	.28	.45 ^a [4.82]	.20
Continuance Commitment → Intent to Stay	-.20 ^b [-2.44]		-.07 [-.78]	
Normative Commitment → Intent to Stay	.01 [.13]		-.17 ^b [-2.07]	
Affective Commitment → Compliance	.36 ^a [3.91]	.14	.59 ^a [6.70]	.35
Normative Commitment → Compliance	.08 [.89]		-.10 ^c [-1.41]	

Note: ^a p < .01; ^b p < .05; ^c p < .10

variance in the FI and NC measures. In fact none of the antecedents believed to influence future investment or normative commitment was found to be significant.

The results of the LISREL analysis for the proposed model in the second sample were, for the most part, consistent with those of the first sample with a few notable exceptions. The most notable exception was the significant, negative relationship between

Trust and NC, and between NC and the two outcome measures intent to stay (IS) and compliance (Cp). It is premature to offer explanations for these findings here.

An overview of the various fit statistics and indices associated with each of the relationship commitment models are presented in Table 4.10. A more thorough comparison of these results will appear later in this section, but first the adequacy of the proposed model is examined.

Although the proposed model of relationship commitment represents a better fit to the Sample 1 than Sample 2 data, the goodness-of-fit criteria in Table 4.10 suggest that the proposed model represents only a moderate fit to either Sample 1 or Sample 2 data. For example, the result of the χ^2 test was significant ($p < .001$) while the chi-square/degrees of freedom ratio (χ^2/df) exceeds 2.0 in both samples indicating a poorly fitting model. Furthermore, the RMSEA value exceeds the .05-.08 value reflective of a close fitting model. The GFI and CFI values for the proposed model in the first sample were quite high suggesting a moderate fit to the data.

Table 4.10 Overall Fit Indexes for the Proposed, Rival and Modified Models of Commitment

Model	Evaluative Criteria							
	χ^2	df	χ^2/df	RMSEA	GFI	AGFI	PNFI	CFI
Proposed – Sample 1	85.00	26	3.27	.13	.89	.72	.36	.81
Proposed – Sample 2	185.55	26	7.14	.20	.81	.53	.33	.72
Rival – Sample 1	82.08	18	4.56	.16	.88	.69	.33	.68
Rival – Sample 2	154.07	18	8.56	.21	.82	.56	.33	.67
Modified – Sample 1	39.37	21	1.87	.08	.94	.83	.34	.94
Modified – Sample 2	42.51	21	2.02	.09	.94	.83	.36	.96
Proposed – Full Sample	211.34	26	8.13	.16	.87	.68	.36	.77
Rival – Full Sample	187.08	18	10.39	.18	.87	.68	.35	.71
Modified – Full Sample	54.91	21	2.61	.08	.96	.88	.36	.96

Next, the rival structural model of relationship commitment was tested with LISREL 8.2. The rival model was analyzed for fit first with the Sample 1 data and then retested using the Sample 2 data. The results of these analyses are presented in Table 4.11. Again, it was found that very little of the variance in future investment could be accounted for by the rival model of commitment and, in particular, the global relationship commitment construct. However, this finding was not consistent across samples as relationship commitment was seen to account for 25% of the variance in FI in Sample 2. A more consistent result was the low R² value reported for the intention to stay measure in both Samples 1 and 2.

Table 4.11 Results of the LISREL Analysis for the Rival Model of Relationship Commitment in the Split-half Samples

Path	Sample 1 (n=120)		Sample 2 (n=131)	
	Estimate [t-value]	R ²	Estimate t-value]	R ²
Relationship Specific Investments → Relationship Commitment	.14 ^c [1.70]	.31	.39 ^a [5.23]	.49
Relationship Attractiveness → Relationship Commitment	.40 ^a [4.16]		.35 ^a [4.24]	
Burnout → Relationship Commitment	.03 [.40]		.04 [.47]	
Trust → Relationship Commitment	-.00 [-.03]		-.02 [-.21]	
Relationship Satisfaction → Relationship Commitment	.23 ^b [2.48]		.25 ^a [3.09]	
Relationship Commitment → Future Investment	.16 ^c [1.71]	.03	.50 ^a [5.70]	.25
Relationship Commitment → Intent to Stay	.22 ^b [2.38]	.05	.17 ^b [1.98]	.03
Relationship Commitment → Compliance	.31 ^a [3.40]	.10	.42 ^a [4.85]	.18

Note: ^a p < .01; ^b p < .05; ^c p < .10

A somewhat surprising result was the nonsignificant estimate for the path between trust and relationship commitment (RC), as well as, burnout and RC. As burnout was seen to have a negative impact upon affective commitment in the proposed model for both samples it would appear that the global measure of commitment masks the effect of this affect dimension-specific measure. Furthermore, trust was seen to have differential effects

upon the three dimensions of commitment and it is not surprising to find that these effects are offset in the aggregate measure of relationship commitment.

Based on these findings it might be expected that the rival model was found to be inferior to that of the proposed model in terms of goodness-of-fit. The criteria in Table 4.10 confirm that the rival model of relationship commitment represented a less adequate fit to the data in Sample 1 and Sample 2 than the previous model. The χ^2/df ratio and RMSEA value were higher for the rival model in both samples indicating that this model does not represent as strong a fit to the data. Furthermore, the CFI for the proposed model is superior to that of the rival model in both samples.

Thus the proposed model - a three-component conceptualization of relationship commitment - more accurately reflected the data in both the test and holdback samples. However, neither model constitutes a statistically “good-fit,” suggesting that modifications to these models were required. The decision to modify the proposed model rather than rival model was based on the fact that it was: a) a better fitting model and b) developed in conjunction with the literature. This approach to model modification is consistent with the conservative strategy endorsed by Mueller et al. (1994), which suggests that revisions to a literature-based model should be limited to adding paths and, as a result, all initial paths remain in the model regardless of significance level. This approach is believed to be appropriate for research involving small sample sizes, as was the case in the test and holdback samples.

The decision to modify the proposed model is an acknowledgement that the model is too restrictive, and that certain paths need to be freed to improve its fit with the data.

However, the decision of which paths to add to the proposed model must be based on substantive as well as statistical grounds. Although modification indices are typically used to determine which paths should be added, only those paths which are theoretically plausible should be added. To this end, Mueller et al. (1994) cautioned against letting the data drive the model, and indicated that this process should be conducted sequentially with only one path added to each new model.

Consistent with Morgan and Hunt (1994) and Mueller et al. (1994) the first substantive reason for adding paths to the model was the possibility of direct as well as indirect effects of antecedent measures upon outcomes. For example, it is reasonable to assume that relationship commitment does not fully mediate the relationship between its antecedents and consequences. On the other hand parsimony and practicality argue against freeing each of the antecedent-outcome paths. In total, two direct antecedent-outcome paths were added to the model, both of which were justified from a substantive and statistical standpoint. First of all, a path was added from trust to compliance because Morgan and Hunt (1994) found a significant relationship existed between these measures in their rival model. Second, a path from burnout to intent-to-stay was freed because it was believed that the burnout measure might reflect a momentary state that could have a negative influence on intent-to-stay without fully impacting affective commitment. Both of these additional paths were found to improve the fit of the modified model in Sample 1.

Three other paths were added to the model. The first was a path from relationship specific investments to affective commitment. This path is plausible when one considers that the investments included in this measure have a strong social component (e.g.,

attending meetings). Consequently, it was believed that such investments have positive side effects (benefits) that serve to increase affective commitment.

Finally, the modification indexes suggested that two additional paths should be added to the model between affective and continuance commitment and normative commitment. These paths are consistent with previous research that has found that the three measures of commitment are either related or have scale items that cross-load. The current data suggest that the affective and continuance forms of commitment are either a) antecedents of normative commitment, and therefore develop before it, or b) mediating variables between the proposed antecedents and normative commitment.

Table 4.12 presents the results of the LISREL analysis of the modified model in both the test (Sample 1) and holdback (Sample 2) samples. It can be seen that all but one of the parameter estimates for the additional paths was significant in the test sample, while each of these paths was significant in the hold back sample. Furthermore, and perhaps more important was the significant increase in R^2 achieved for the affected constructs. For example, the addition of the AC→NC and CC→NC paths improved the R^2 for normative commitment from 3% to 13% in the test sample and from 7% to 27% in the holdback sample. Another important contribution of the modified model was the inclusion of the T→Cp path that improved the R^2 of compliance from 14% to 32% in sample 1 and from 35% to 63% in Sample 2.

Although the significant contribution made by the five additional paths is important, their contribution to the proposed model is ultimately determined by the degree to which they improve the fit of the previous model. Returning to Table 4.10 it can

Table 4.12 Results of the LISREL Analysis for the Modified Model of Relationship Commitment in the Split-half Samples

Path	Sample 1 (n=120)		Sample 2 (n=131)	
	Estimate [t-value]	R ²	Estimate [t-value]	R ²
Relationship Attractiveness → Affective Commitment	.36 ^a [4.49]	.54	.36 ^a [4.82]	.60
Burnout → Affective Commitment	-.13 ^b [-1.90]		-.19 ^a [-2.63]	
Trust → Affective Commitment	.12 ^c [1.53]		-.02 [.32]	
Relationship Satisfaction → Affective Commitment	.37 ^a [4.52]		.25 ^a [3.47]	
Relationship Specific Investments → Affective Commitment*	.03 [.50]		.26 ^a [4.18]	
Relationship Specific Investments → Continuance Commitment	.22 ^a [2.57]	.27	.36 ^a [4.64]	.40
Relationship Attractiveness → Continuance Commitment	.43 ^a [4.32]		.39 ^a [4.34]	
Trust → Continuance Commitment	-.16 ^b [-1.76]		-.01 [-.08]	
Relationship Satisfaction → Continuance Commitment	.11 [1.25]		.10 [1.23]	
Relationship Attractiveness → Normative Commitment	-.12 [-1.01]	.13	-.22 ^b [2.05]	.27
Trust → Normative Commitment	.03 [.27]		-.17 ^b [-2.00]	
Relationship Satisfaction → Normative Commitment	-.11 [.95]		-.01 [-.12]	
Affective Commitment → Normative Commitment*	.29 ^b [2.31]		.49 ^a [4.22]	
Continuance Commitment → Normative Commitment*	.29 ^a [2.89]		.29 ^a [3.15]	
Affective Commitment → Future Investment	.12 [1.22]	.03	.25 ^a [2.72]	.25
Continuance Commitment → Future Investment	.03 [.31]		.25 ^a [2.76]	
Normative Commitment → Future Investment	.07 [.80]		.14 ^c [1.65]	
Affective Commitment → Intent to Stay	.49 ^a [4.97]	.28	.25 ^b [2.36]	.23
Continuance Commitment → Intent to Stay	-.17 ^b [-1.98]		-.05 [-.52]	
Normative Commitment → Intent to Stay	.00 [.03]		-.11 [-1.25]	
Burn → Intent to Stay*	-.12 ^c [-1.38]		-.35 ^a [-3.61]	
Affective Commitment → Compliance	.12 ^c [1.35]	.32	.31 ^a [4.38]	.63
Normative Commitment → Compliance	.09 [1.20]		.03 [.49]	
Trust → Compliance*	.48 ^a [4.97]		.61 ^a [7.66]	

Note: *Path not included in the proposed model of relationship commitment.
^a p < .01; ^b p < .05; ^c p < .10

be seen that the modified model represents a significant improvement over the proposed and rival models in terms of goodness-of-fit. In fact, the goodness-of-fit criteria in Table 4.10 suggest that the modified model of relationship commitment represented a close fit to the data in both Sample 1 and Sample 2. Specifically, both the χ^2/df and RMSEA values are within the acceptable range and suggest a close fitting model. Furthermore, the CFI

for the modified model is very high in both sample 1 (.94) and sample 2 (.96) without any substantial decrease in the PNFI value. In fact, the PNFI value is actually larger in sample 2 than in either of the previous models.

Although the modified model represents a close fitting model in both the test and holdback sample it was necessary to confirm the adequacy of this model in the full sample (n=251) and to determine if it was indeed superior to the proposed and rival models. The results of the LISREL analyses for the proposed and modified models can be found in Table 4.13 and for the rival model in Table 4.14 (see Appendix 4 for Sample LISREL output). Except for the change in R² values for the mediating and outcome measures, the significance and direction of paths in these three models are consistent with those reported in Samples 1 and 2.

To compare the fit of the three models it is once again necessary to return to Table 4.10. As would be expected the modified model represents the best fit to the data in the full sample. In fact, the modified model arguably represents a very close fit to the data with GFI and CFI values in excess of .90 and AGFI value close to .90 and a PNFI of .36, that is the highest value achieved across models and across samples. Furthermore, the RMSEA for the modified model in the full sample is within the suggested .05-.08 range. Although the chi-square test for the modified model was significant and its χ^2/df value greater than 2, it is believed that this model represents a very good fit with the data.

Finally, Table 4.15 summarizes the results of the LISREL analyses for the proposed and rival models in terms of the 19 hypotheses developed in Sections 2.6.1-

Table 4.13 Results of the LISREL Analysis for the Proposed and Modified Models of Relationship Commitment in the Full Sample

Path	Proposed Model		Modified Model	
	Estimate [t-value]	R ²	Estimate [t-value]	R ²
Relationship Attractiveness → Affective Commitment	.37 ^a [6.63]	.52	.33 ^a [6.11]	.55
Burnout → Affective Commitment	-.17 ^a [-3.30]		-.15 ^a [-2.93]	
Trust → Affective Commitment	.09 ^c [1.69]		.10 ^b [1.95]	
Relationship Satisfaction → Affective Commitment	.31 ^a [5.52]		.32 ^a [5.78]	
Relationship Specific Investments → Affective Commitment*			.19 ^a [4.11]	
Relationship Specific Investments → Continuance Commitment	.28 ^a [5.01]	.33	.28 ^a [5.01]	.33
Relationship Attractiveness → Continuance Commitment	.42 ^a [6.36]		.42 ^a [6.36]	
Trust → Continuance Commitment	-.11 ^b [-1.81]		-.11 ^b [-1.81]	
Relationship Satisfaction → Continuance Commitment	.11 ^b [1.91]		.11 ^b [1.91]	
Relationship Attractiveness → Normative Commitment	.11 ^c [1.56]	.03	-.18 ^b [-2.29]	.19
Trust → Normative Commitment	-.04 [-.57]		-.07 [-1.04]	
Relationship Satisfaction → Normative Commitment	.11 ^c [1.58]		-.07 [-.97]	
Affective Commitment → Normative Commitment*			.41 ^a [4.89]	
Continuance Commitment → Normative Commitment*			.29 ^a [4.16]	
Affective Commitment → Future Investment	.20 ^a [3.06]	.11	.19 ^a [2.92]	.13
Continuance Commitment → Future Investment	.17 ^a [2.67]		.17 ^a [2.57]	
Normative Commitment → Future Investment	.11 ^b [1.79]		.11 ^c [1.64]	
Affective Commitment → Intent to Stay	.50 ^a [7.49]	.22	.39 ^a [5.38]	.24
Continuance Commitment → Intent to Stay	-.15 ^a [-2.54]		-.11 ^b [-1.87]	
Normative Commitment → Intent to Stay	-.08 ^c [-1.33]		-.06 [-1.04]	
Burn → Intent to Stay*			-.22 ^a [-3.48]	
Affective Commitment → Compliance	.48 ^a [7.52]	.23	.23 ^a [4.01]	.44
Normative Commitment → Compliance	-.01 [-.19]		.05 [.98]	
Trust → Compliance*			.51 ^a [8.24]	

Note: *Path not included in the proposed model of relationship commitment.

^a p < .01; ^b p < .05; ^c p < .10

2.6.6. Specifically, each of the relationships in the proposed model of relationship commitment is identified as either supported or rejected according to the standardized estimates obtained from the LISREL analyses. In addition, each of the rejected hypotheses there is accompanied by an explanation as to whether the path was contrary to expectations or nonsignificant.

Table 4.14 Results of the LISREL Analysis for the Rival Model of Relationship Commitment in the Full Sample

Path	Estimate [t-value]	R ²
Relationship Specific Investments → Relationship Commitment	.30 ^a [5.50]	.40
Relationship Attractiveness → Relationship Commitment	.36 ^a [5.84]	
Burnout → Relationship Commitment	.04 [.72]	
Trust → Relationship Commitment	-.00 [-.03]	
Relationship Satisfaction → Relationship Commitment	.25 ^b [2.48]	
Relationship Commitment → Future Investment	.35 ^a [5.61]	.13
Relationship Commitment → Intent to Stay	.19 ^a [3.05]	.04
Relationship Commitment → Compliance	.37 ^a [5.91]	.14

Note: ^a p < .01; ^b p < .05; ^c p < .10

Table 4.15 Summary of Results from the LISREL Analysis of the Proposed and Modified Models of Relationship Commitment

Hypothesis	Hypothesized Relationship	Proposed Model	Modified Model
H1: Relationship Attractiveness → Affective Commitment	Positive	Supported	Supported
H2: Relationship Attractiveness → Continuance Commitment	Positive	Supported	Supported
H3: Relationship Attractiveness → Normative Commitment	Positive	Supported	Rejected ¹
H4: Burnout → Affective Commitment	Negative	Supported	Supported
H5: Relationship specific investments → Continuance Commitment	Positive	Supported	Supported
H6: Relationship Satisfaction → Affective Commitment	Positive	Supported	Supported
H7: Relationship Satisfaction → Continuance Commitment	Negative	Rejected ²	Rejected ²
H8: Relationship Satisfaction → Normative Commitment	Positive	Supported	Rejected ³
H9: Trust → Affective Commitment	Positive	Supported	Supported
H10: Trust → Continuance Commitment	Negative	Supported	Supported
H11: Trust → Normative Commitment	Positive	Rejected ³	Rejected ³
H12: Continuance Commitment → Future Investment	Positive	Supported	Supported
H13: Continuance Commitment → Intent to Stay	Positive	Rejected ¹	Rejected ¹
H14: Affective Commitment → Future Investment	Positive	Supported	Supported
H15: Affective Commitment → Intent to Stay	Positive	Supported	Supported
H16: Affective Commitment → Compliance	Positive	Supported	Supported
H17: Normative Commitment → Future Investment	Positive	Supported	Supported
H18: Normative Commitment → Intent to Stay	Positive	Rejected ¹	Rejected ³
H19: Normative Commitment → Compliance	Positive	Rejected ³	Rejected ³

Note: ¹ Estimate is negative and significant

² Estimate is positive and significant

³ Estimate is not significant

What is noteworthy in this table is the fact that the majority of rejected relationships in both the proposed (3 of 5) and modified models (5 of 7) involve the normative commitment construct. Furthermore, most of these rejected paths were found to be nonsignificant suggesting that small sample size may be somewhat of an issue here. However, these results when taken in conjunction with the initial test of hypotheses, suggest that there may be more fundamental issues concerning the normative commitment construct. For example, the etiology and measurement of the normative commitment must be questioned in view of these findings. Despite these issues, the majority of hypotheses in the proposed model of relationship commitment were supported by the results obtained in the initial and model testing phases providing considerable support for the model in this, its first empirical test.

4.5 Relationship Stage Effects

The impact of relationship stage upon commitment was also examined in this thesis. As discussed in Section (2.7.0) there have been no previous attempts to operationalize the temporal stages through which an interorganizational relationship passes. It was therefore necessary to draw on the related career stage effects literature to assist in this regard. Fortunately, the relationship between an ISC and his/her MLM plan is believed to be quite similar to the intraorganizational relationships studied in the career stage literature. It was not unreasonable, then that the demarcations of relationship stages employed by career stage researchers would be applied in the current thesis.

Specifically, the preponderance of career stage researchers (e.g., Morrow and McElroy 1987; Allen & Meyer 1993) identified three career stages based on

organizational tenure (less than 2 years, 2-10 years, and more than 10 years). The actual delineation of stages employed in this study was compressed to accommodate the fact that some firms in this sample had been operating in Canada for less than 5 years. Gregersen (1993) argued that industry specific operationalizations of career stage are required and, as a result, the compression of stages in this thesis appears warranted.

Consequently, the first temporal operationalization of relationship stages was as follows: *Exploration* (tenure <2 years), *Expansion* ($2 \leq \text{tenure} \leq 4\text{yrs}$) and *Maintenance* (tenure > 4 years). The three relationship stage labels reflect prior research on career stages (Morrow and McElroy 1987), intimate relationships (Scanzoni 1979), and interorganizational relations (e.g., Dwyer et al. 1987).

As demonstrated by the results of the series of one-way ANOVAs found in Table 4.16, significant differences were found to exist in the degree of commitment experienced by ISCs in the *exploration* stage of their relationship with the MLM plan (<2 yrs) and those in the *maintenance* stage (>4 yrs). Specifically, it was found that ISCs in the maintenance stage reported significantly higher levels of affective, continuance, and normative commitment than ISCs in the exploration stage. These findings are consistent with those reported previously by Allen and Meyer (1993).

However, a noteworthy and perhaps more important finding relates to the composition of ISC commitment. Specifically, ISCs reported higher levels of affective than continuance or normative commitment at each relationship stage. In fact, a within subjects repeated measures ANOVA revealed that AC, CC, and NC were found to be significantly different from one another across the three stages. This finding is believed to

Table 4.16 Relationship Commitment Model Measures at Three Levels of Relationship Tenure

Variable	tenure < 2yrs	2yrs ≤tenure≤ 4yrs	tenure > 4 yrs
	\bar{X} [s.d.]	\bar{X} [s.d.]	\bar{X} [s.d.]
Affective Commitment	5.28 [1.30]	5.45 [1.07]	5.78 ^a [1.07]
Continuance Commitment	3.62 ^a [1.34]	4.24 [1.49]	4.02 [1.37]
Normative Commitment	3.67 [1.33]	3.62 [1.40]	4.07 ^a [1.50]
Relationship Commitment	12.49 ^a [3.25]	13.24 ^{ab} [2.92]	13.76 ^b [3.04]
Relationship Specific Investments	144.66 ^a [20.34]	153.05 [19.89]	153.77 [26.72]
Burnout	41.10 [18.23]	44.16 [15.86]	44.15 [17.60]
Relationship Attractiveness	20.63 [5.06]	21.43 [5.00]	22.08 [5.32]
Relationship Satisfaction	108.49 [18.24]	105.68 [16.62]	104.73 [17.50]
Trust	46.38 [11.28]	45.15 [11.97]	47.23 [11.42]
Future Investment	20.24 ^a [5.54]	18.01 [5.43]	16.78 [6.08]
Intent to Stay	5.81 [1.68]	5.56 [1.58]	5.97 [1.44]
Compliance	21.55 ^{ab} [4.86]	22.60 ^a [4.40]	21.22 ^b [4.75]

Note: Means with different superscripts, are significantly different from one another at the $p < .05$ level.

be a reflection of the interorganizational exchange relationship being examined; one defined as having few formal contracts, numerous relationship (MLM plans) alternatives, and relatively few barriers to entry/exit.

Therefore, ISCs appear to be more motivated to maintain their relationship with their MLM plan because they want to (AC) rather than because they feel obligated (NC) or forced (CC) to do so. This contention is supported by both the previous LISREL

analysis that found AC to be the only dimension of commitment to be significant and positively related with intent to stay. In addition, a step-wise regression for intent-to-stay revealed that only the affective form of commitment successfully entered the equation and was the only dimension with a significant T-statistic.

The second temporal operationalization of relationship stages was skewed towards the early years of involvement to capture potential “honeymoon effects.” For consistency, the same stage labels introduced previously were used to demarcate the three temporal stages: *Exploration* (tenure ≤ 1 years), *Expansion* ($1 < \text{tenure} \leq 2$ yrs) and *Maintenance* (tenure > 2 years).

The results of the one-way ANOVAs for this second temporally ordered set of relationship stages are presented in Table 4.17. Immediately apparent is the fact that these results are in stark contrast to those found in Table 4.16. Specifically, the second operationalization provides compelling evidence to suggest the existence of a honeymoon effect. For example, significant differences were found in the degree of commitment experienced by ISCs in the *expansion* ($1 < \text{tenure} \leq 2$ yrs) and *maintenance* stages (>2 yrs). Specifically, ISCs in the maintenance stage reported significantly higher levels of continuance and normative commitment than those ISCs in the expansion stage.

Furthermore, there is a decrease in affective, continuance and normative commitment between the exploration and expansion stages that is followed by an increase in the maintenance stage. The means for AC, CC, and NC were not found to be significantly different across the exploration and expansion phases, nor was there any significant difference between the exploration and maintenance stage levels of

Table 4.17 Relationship Commitment Model Measures at Three Levels of Relationship Tenure

Variable	tenure ≤ 1yr	1 yr <tenure ≤ 2yrs	tenure > 2 yrs
	\bar{X} [s.d.]	\bar{X} [s.d.]	\bar{X} [s.d.]
Affective Commitment	5.39 [1.30]	5.28 [1.19]	5.61 [1.10]
Continuance Commitment	3.73 ^{ab} [1.36]	3.60 ^a [1.35]	4.15 ^b [1.44]
Normative Commitment	3.93 ^{ab} [1.45]	3.43 ^a [1.20]	3.87 ^b [1.47]
Relationship Commitment	13.19 ^{ab} [3.34]	12.04 ^a [2.91]	13.53 ^b [3.02]
Relationship Specific Investments	142.81 [21.68]	145.90 [17.53]	154.17 ^a [23.97]
Burnout	38.15 [18.87]	44.58 [18.11]	43.85 [16.49]
Relationship Attractiveness	20.45 [5.62]	21.10 [4.23]	21.76 [5.28]
Relationship Satisfaction	111.36 ^a [17.25]	106.10 ^{ab} [17.96]	104.93 ^b [17.20]
Trust	46.98 [11.38]	45.29 [11.76]	46.37 [11.60]
Future Investment	20.70 [5.92]	19.92 [5.25]	17.14 ^a [5.74]
Intent to Stay	5.92 [1.71]	5.87 [1.55]	5.73 [1.54]
Compliance	22.00 [4.71]	21.45 [4.81]	21.83 [4.67]

Note: Means with different superscripts, are significantly different from one another at the $p < .05$ level.

commitment. Although there was some decrease in commitment between the first and second years of involvement, this decrease was not significant and therefore there is no statistical evidence to support the existence of a honeymoon effect.

Table 4.17 also indicates that a significant decrease in relationship satisfaction occurs between the exploration and maintenance stages. As the relationship satisfaction construct employed reflects confirmation of initial expectations, it appears that certain

expectations cease to be met sometime following the first year of involvement in MLM. For example, ISCs might have set unrealistic revenue or recruitment objectives when they first became a distributor only to realize one year later that these expectations are not achievable. This finding supports Allen and Meyer's (1993) contention that employees commonly experience a "reality shock" during the first year in an organization, and argued that this reality shock is caused by either unrealistic expectations or simply those that have not been met. It was suggested that an employee's affective reaction to the organization would be altered at this point.

Once again, this affective response does not provide confirmation for the proposed honeymoon effect *trust, future investment, compliance* and, perhaps most importantly, *intent to stay* all declined between the exploration and expansion stages. However, none of these latter decreases were significant. ISCs also reported an elevated tendency for *burnout* between these two relationship stages and when taken in conjunction with the previous stage to stage changes, do provide some evidence of the honeymoon phenomenon. Although, these results are clearly not strong enough to conclusively support the existence of a honeymoon effect.

Another method commonly used to demarcate career stages discussed in Section 2.7.0 is age. Morrow and McElroy (1987) argued for three specific age cohorts: individuals less than 31 years of age, those 31–44 years old and finally, those over the age of 44. Allen & Meyer (1993) used this same delineation of age-based stages in their comparison study on the effects of various operationalizations of career stage on commitment.

Despite the strong relationship between age and the various measures of commitment reported in the career stage literature, such a relationship was not anticipated amongst the ISCs in the current sample. Specifically, it was argued in Section 2.7.0 that age would be an irrelevant factor in interorganizational relationships. This assumption had not previously been tested and, as a result, potential age and or cohort effects were also examined. This same definition of stages introduced by Morrow and McElroy (1987) was employed in the current thesis.

The results of the one-way ANOVAs comparing the means for the various relationship commitment model constructs across these three age levels are presented in Table 4.18. Although there is evidence of increased commitment with age, the only significant increase was seen to occur in the affective commitment construct. These results will be discussed in greater detail in the *Conclusion and Implications* section but appear to support the assumption that age is not as important to the maintenance and development of interorganizational relationship as it might be in interpersonal or intraorganizational relationships.

Although career stage researchers (e.g., Allen and Meyer 1993; Morrow and McElroy 1987) have examined organizational and positional tenure, it is believed that these studies have failed to examine the impact of a related, but potentially more instructive method of defining career stages. Specifically, it is believed that status or achievement is potentially more relevant indicator of an individual's progression from one career stage to another. For example, the transition from entry-level to middle and

Table 4.18 Relationship Commitment Model Measures at Three Age Levels

Variable	< 31 yrs	31-44 yrs	>44 yrs
	\bar{X} [s.d.]	\bar{X} [s.d.]	\bar{X} [s.d.]
Affective Commitment	5.22 [1.37]	5.39 [1.11]	5.66 ^a [1.16]
Continuance Commitment	3.85 [1.41]	3.96 [1.43]	3.95 [1.48]
Normative Commitment	3.52 [1.43]	3.67 [1.41]	3.89 [1.47]
Relationship Commitment	12.69 [3.08]	12.95 [3.04]	13.36 [3.31]
Relationship Specific Investments	140.99 ^a [17.64]	151.79 [20.54]	151.34 [26.41]
Burnout	43.80 [13.30]	44.36 [18.28]	42.71 [16.63]
Relationship Attractiveness	20.00 [5.45]	21.50 [5.09]	21.67 [5.23]
Relationship Satisfaction	109.15 [18.05]	105.96 [16.84]	104.61 [18.00]
Trust	44.74 [13.24]	46.37 [11.65]	47.03 [10.68]
Future Investment	19.16 [5.61]	18.77 [5.71]	16.91 ^a [6.20]
Intent to Stay	5.58 [1.78]	5.65 [1.60]	5.95 [1.53]
Compliance	22.23 [4.53]	21.87 [4.52]	21.62 [4.86]

Note: Means with different superscripts, are significantly different from one another at the $p < .05$ level.

ultimately, senior management positions reflects not only individual accomplishment but career progress as well.

The MLM channel proved to be an excellent context for the study of the impact of a performance-based operationalization of relationship stages because of its hierarchical categorization of distributors. Specifically, the status levels in MLM firms are indicative of both an ISC's personal achievement (i.e., sales and recruiting) and a measure of relationship progress. For example, the neophyte distributor is essentially concerned with

learning how to use and distribute the products supplied by his/her MLM firm.

However, it is not until (s)he begins to have success recruiting and building a downline that they begin to achieve recognition from and status within the MLM plan.

Arguably, the existence of relationship milestones such as those found in the MLM context can be found in both interorganizational and intraorganizational exchange relationships. For example, it is believed that there is a certain degree of status associated with “buying direct” or qualifying for a “major account program,” just as there is in becoming a high school, college or university senior. Essentially, it is believed that a relationship evolves or intensifies after certain relationship-specific benchmarks are achieved. In support of this contention, Mowday and Lee (1986) found that situational factors (e.g., passing basic training) had a powerful influence on the development of commitment in their study of military academy cadets.

Therefore, in order to operationalize these performance-based stages it was decided to divide the sample into three cohorts using the “proportion of status levels achieved” measure discussed earlier. Specifically, it was decided that the three relationship stages would be formed by dividing these status levels into three equal proportions: stage 1 (<34% of status levels achieved), stage 2 (34%≤status levels achieved<67%) and finally stage 3 (status levels achieved<67%).

The impact of these performance-based stages upon the relationship commitment model constructs can be seen in the results of the one-way ANOVAs presented in Table 4.19. Specifically, it can be seen that affective, continuance, and normative commitment were higher in stage 3 than in stage 1. In fact, continuance commitment was seen to

Table 4.19 Relationship Commitment Model Measures at Three Status Levels

Variable	Status < 34%	34% ≤status≤ 67%	Status > 67%
	\bar{X} [s.d.]	\bar{X} [s.d.]	\bar{X} [s.d.]
Affective Commitment	5.19 ^a [1.25]	5.78 [1.05]	5.89 [0.87]
Continuance Commitment	3.61 ^a [1.37]	4.16 ^b [1.42]	4.76 ^c [1.34]
Normative Commitment	3.54 ^a [1.38]	3.99 ^b [1.48]	4.00 ^{ab} [1.44]
Relationship Commitment	12.26 ^a [3.08]	13.86 [3.09]	14.49 [2.65]
Relationship Specific Investments	137.70 ^a [14.33]	155.44 ^b [16.60]	186.91 ^c [23.91]
Burnout	43.79 [15.73]	42.58 [17.38]	45.23 [20.81]
Relationship Attractiveness	20.63 ^a [5.13]	21.97 [5.38]	22.67 [4.48]
Relationship Satisfaction	104.81 [18.19]	106.58 [16.67]	108.91 [16.69]
Trust	46.33 [11.71]	46.52 [11.63]	46.36 [10.16]
Future Investment	18.31 [6.09]	17.51 [5.86]	18.23 [5.66]
Intent to Stay	5.47 ^a [1.75]	6.09 [1.28]	6.00 [1.57]
Compliance	21.77 [4.84]	21.76 [4.46]	21.95 [4.63]

Note: Means with different superscripts, are significantly different from one another at the $p < .05$ level.

become significantly higher with each successive stage. These results suggest that the recognition provided by these status levels serve to bind ISCs to the MLM plan by creating relationship specific investments. Furthermore, progressive increases in status lead to increased positive affect to the MLM supplier, thereby supporting the previous contention that such recognition is highly prized by ISCs and is an important relationship outcome.

Table 4.20 presents correlations between each component of commitment and the three relationship stage variables: age, tenure and status. Also presented in Table 4.20 are the partial correlations between these same variables with the other relationship stage-variables partialled out. This approach follows that of Allen and Meyer (1993) and enables one to view the relationship between each of the relationship stage variables and commitment independent of the other two.

The results in Table 4.20 are largely in agreement with that of previous research on career stage effects (e.g., Allen and Meyer 1993; Morrow and McElroy 1987). For example, the relationship between tenure and commitment is reduced when age is controlled for, and actually becomes non-significant in the case of continuance and normative commitment. Similarly, the correlation between age and the three components of commitment is diminished when tenure is controlled for. Furthermore, it was found that the tenure and age variables were only weakly correlated with the three components of commitment if at all.

More noteworthy is the relatively strong correlation found to exist between status and each of the components of commitment. Furthermore, this relationship was found to be enduring in that it was only slightly diminished after age and tenure were controlled. Thus, it appears that the relationship stages defined by the status variable have considerable impact on the development and maintenance of commitment in the interorganizational relationships of the MLM channel.

Table 4.20 Correlations and Partial Correlations between Relationship Stage Variables and Three Dimensions of Commitment

Variable	Affective Commitment	Continuance Commitment	Normative Commitment
Age	.15 ^{***}	.03	.13 ^{**}
Age (Tenure)	.07 [*]	.00	.09
Age (Status)	.10 [*]	-.02	.11 [*]
Tenure	.17 ^{***}	.07 [*]	.11 [*]
Tenure (Age)	.10 [*]	.05	.05
Tenure (Status)	.13 ^{**}	.03	.10 [*]
Status	.27 ^{***}	.31 ^{***}	.15 ^{***}
Status (Age)	.24 ^{***}	.29 ^{***}	.11 [*]
Status (Tenure)	.25 ^{***}	.29 ^{***}	.12 [*]

Note: Variables in parentheses have been partialled out. *P<.05, **P<.01, ***P<.001

However, the significance of this status variable approach to defining relationship stages becomes most evident when its influence on the other relationship commitment model constructs is compared to the other stage variables. For example, relationship attractiveness is seen to increase across relationship stages, but only significantly so in the status operationalization (see Tables 4.16-4.19).

Another interesting finding concerns the contradictory relationship between the stage variables and relationship satisfaction. Although relationship satisfaction was found to decrease with each progressive relationship stage in the age and tenure approaches, it was seen to increase with the status approach. Although no significant increase was found from one stage to the next the contradictory nature of this relationship is noteworthy. Specifically, this finding suggests that an ISC will perceive his/her initial expectations of the relationship to be met, but only if (s)he has first achieved some “measure” of success.

In contrast, without this recognition ISCs become progressively less satisfied with the relationship over the course of their involvement and as they themselves age.

One consistent finding across each of the stage approaches was the significant increase in the relationship specific investment (RSI) variable seen to occur from the early to late stages. Although it appears that ISCs devote more time to their relationship as it progresses, this result is somewhat overstated because of the way these investments are measured. Specifically, RSI is a component measure that includes a tenure component.

Burnout was also found to be consistent from one relationship stage to the next and across the age, tenure and status operationalizations. Although burnout is primarily an individual-specific construct and can potentially occur at anytime, it is somewhat surprising that those ISCs in the earliest stages of their relationship are not affected more than those in the later stages. In particular, it was anticipated that those at the lower status levels might be more apt to burnout. However, there is some evidence to suggest that burnout might contribute to the decreased affect experienced by ISCs in the post honeymoon period (see Table 4.17).

Perhaps most important to the current study is the relationship between the various relationship stages and the behavioural outcome measures. After all, it is these positive outcomes that motivate organizations to develop and maintain commitment. Therefore, it is important to know what influence relationship stages have upon future investment, compliance and intent to stay.

First of all, compliance was only found to significantly change in the first tenure-based operationalization of relationship stages (see Table 4.16) when it decreased between

the second and third stages. It appears that an ISC's willingness-to-comply mirrors the degree of trust they have in the MLM firm, which also did not significantly change from one stage to another.

One particularly interesting finding concerns ISC willingness to make future investments in the MLM relationship. In the age and tenure based stages, future investment was seen to decrease with successive relationship stages, whereas no significant changes were evident across the status-based stages. This finding appears to suggest that ISCs experience a renewed sense of purpose as they achieve one status level and begin to pursue the next. In direct contrast, willingness to make future investments in the MLM relationship decreases as ISCs progress through the age and tenure based stages.

Finally, and perhaps most important to interorganizational relationships, and especially the MLM channel, is the intent to stay measure. There was some evidence to suggest that intentions to stay are highest in the final relationship stage as would be expected. However, the only significant difference between stages was found between the first and the subsequent two stages in the status-based stage approach.

Therefore, the relationship stage evidence indicates that ISCs are more likely to maintain and intensify their commitment to their MLM firm after successfully passing certain relationship stages or milestones. For example, evidence was found to suggest that relationship commitment declines following the first year of involvement and then begins to gradually increase beyond this point. In addition, there is evidence to suggest that ISCs

become increasingly committed to the MLM firm with each successive status level they attain.

At this point it was decided to examine the fit of the modified model of relationship commitment at various relationship stages. One issue that constrained this analysis was the small sample size ($n=251$) available for analysis. Here the data were divided into three relationship stage groups thereby reducing the sample available even further. In fact, sample size here falls below that suggested by Bagozzi and Yi (1988) and therefore, the reliability of the following results is somewhat questionable.

In an attempt to maximize group size it was determined that only two of the approaches used earlier would provide groups in excess of 60 for each of the stages. The standardized estimates and t-values from the LISREL analysis for the modified model across three ISC tenure groups can be found in Table 4.21. The overall fit indices for the modified model for the three tenure samples are presented in Table 4.22. Although the chi-square test for each of these models was found to be significant, there is evidence to suggest that the modified model represented a good fit to the data in each of these samples. Specifically, the χ^2/df , GFI and CFI values indicate a close fit to the data.

The results of the LISREL analysis in Table 4.21, in conjunction with the overall fit indexes, are interesting in that they suggest that the modified model of commitment is in fact a process model. For example, the model presents paths which may or may not be significant across all levels of tenure but which are important at one or more phases of a relationship. For example, trust is seen to have a negative impact on continuance commitment but only for ISCs with less than 2 years in the relationship.

Table 4.21 Results of the LISREL Analysis for the Modified Model of Relationship Commitment across Three Tenure Levels

Path	<2 years (n=60)		2-4 years (n=92)		>4 years (n=87)	
	Estimate [t-value]	R ²	Estimate [t-value]	R ²	Estimate [t-value]	R ²
Relationship Attractiveness → Affective Commitment	.30 ^a [2.62]	.60	.29 ^a [2.97]	.57	.38 ^a [4.40]	.62
Burnout → Affective Commitment	-.12 [-1.12]		-.13 ^c [-1.43]		-.10 [-1.22]	
Trust → Affective Commitment	.09 [.77]		.16 ^b [1.73]		.09 [1.17]	
Relationship Satisfaction → Affective Commitment	.38 ^a [3.32]		.33 ^a [3.44]		.30 ^a [3.31]	
Relationship Specific Investments → Affective Commitment*	.21 ^b [2.41]		.10 [1.17]		.23 ^a [3.02]	
Relationship Specific Investments → Continuance Commitment	.32 ^a [3.08]	.46	.25 ^a [2.68]	.32	.27 ^a [2.68]	.30
Relationship Attractiveness → Continuance Commitment	.52 ^a [3.68]		.39 ^a [3.61]		.45 ^a [3.91]	
Trust → Continuance Commitment	-.29 ^b [-2.28]		-.08 [-.84]		-.03 [-.33]	
Relationship Satisfaction → Continuance Commitment	.33 ^a [2.63]		.16 ^a [1.70]		-.07 [-.65]	
Relationship Attractiveness → Normative Commitment	-.24 ^c [-1.46]	.31	-.15 [-1.18]	.18	-.21 ^c [-1.53]	.21
Trust → Normative Commitment	-.31 ^b [-2.03]		.13 [1.23]		-.18 ^c [-1.66]	
Relationship Satisfaction → Normative Commitment	.02 [.11]		-.06 [-.57]		.00 [.00]	
Affective Commitment → Normative Commitment*	.52 ^a [2.99]		.35 ^a [2.75]		.37 ^b [2.46]	
Continuance Commitment → Normative Commitment*	.29 ^b [2.05]		.23 ^b [2.04]		.35 ^a [3.01]	
Affective Commitment → Future Investment	.34 ^b [2.39]	.19	.14 [1.30]	.12	.16 ^c [1.48]	.14
Continuance Commitment → Future Investment	.17 [1.22]		.19 ^b [1.80]		.25 ^b [2.20]	
Normative Commitment → Future Investment	-.01 [-.10]		.14 [1.30]		.06 [.53]	
Affective Commitment → Intent to Stay	.62 ^a [3.90]	.36	.27 ^b [2.31]	.12	.25 ^b [2.32]	.38
Continuance Commitment → Intent to Stay	-.12 [-1.00]		-.20 ^b [-1.85]		.14 ^c [1.41]	
Normative Commitment → Intent to Stay	-.15 [-1.27]		.05 [.42]		-.18 ^b [-1.90]	
Burn → Intent to Stay*	-.08 [-.60]		-.13 [-1.22]		-.42 ^a [-3.91]	
Affective Commitment → Compliance	.45 ^a [3.27]	.51	.10 [1.09]	.42	.26 ^a [2.77]	.50
Normative Commitment → Compliance	-.21 ^b [-1.96]		.15 ^c [1.74]		.10 [1.19]	
Trust → Compliance*	.37 ^a [2.95]		.54 ^a [5.17]		.54 ^a [5.23]	

Note: *Path not included in the proposed model of relationship commitment.

^a p < .01; ^b p < .05; ^c p < .10

Table 4.22 Overall Fit Indexes for the Modified Model of Commitment across Three Status Levels and Three Tenure Stages

Model	Evaluative Criteria							
	χ^2	df	χ^2/df	RMSEA	GFI	AGFI	PNFI	CFI
Tenure 1 (<2 years)	33.77	21	1.61	.10	.91	.72	.34	.95
Tenure 2 (2-4 years)	42.76	21	2.04	.10	.92	.76	.32	.90
Tenure 1 (>4 years)	28.07	21	1.34	.05	.95	.84	.35	.98
Status 1 (<34%)	52.64	21	2.51	.14	.88	.63	.32	.89
Status 2 (34%-67%)	42.33	21	2.02	.10	.92	.75	.33	.92
Status 3 (>67%)	34.62	21	1.65	.08	.94	.82	.34	.95

In contrast, the direct influence of burnout on ISC intent-to-stay was found to become stronger with age and significant only amongst ISCs with more than four years invested in the relationship. Also important is the enduring relationships found to exist between RA→AC, RS→AC, RSI→CC, RA→CC, AC→NC, CC→NC, AC→IS and T→Cp. These relationships were significant in each of the groups and perhaps can be considered the backbone of the relationship commitment model.

The standardized estimates and t-values from the LISREL analysis for the modified model across three status tenure levels are presented in Table 4.23. The overall fit indexes for the modified model, in each of the three status samples, are presented in Table 4.22. Again the χ^2 test for each of the models was found to be significant, but there is evidence to suggest that the modified model does adequately fit the data in each of these samples. Specifically, the χ^2/df , GFI and CFI values indicate a close fit to the data.

The results obtained with this method of operationalizing relationship stages are consistent with those reported for the tenure-based stages. For example, a number of the same relationships found to be significant across tenure stages were also significant across status levels: RA→AC, RS→AC, RA→CC, AC→NC, CC→NC, and T→Cp. There

Table 4.23 Results of the LISREL Analysis for the Modified Model of Relationship Commitment across Three Status Levels

Path	<34% (n=62)		34%-67% (n=88)		> 67% (n=101)	
	Estimate [t-value]	R ²	Estimate [t-value]	R ²	Estimate [t-value]	R ²
Relationship Attractiveness → Affective Commitment	.27 ^a [2.6749]	.66	.34 ^a [3.86]	.59	.37 ^a [3.92]	.48
Burnout → Affective Commitment	-.24 ^b [-2.28]		-.13 ^c [-1.58]		-.14 ^c [-1.68]	
Trust → Affective Commitment	.13 ^c [1.44]		.27 ^a [2.89]		.00 [0.00]	
Relationship Satisfaction → Affective Commitment	.30 ^a [2.87]		.29 ^a [3.13]		.31 ^a [3.38]	
Relationship Specific Investments → Affective Commitment*	.17 ^b [1.97]		-.11 ^c [1.51]		.14 ^b [1.77]	
Relationship Specific Investments → Continuance Commitment	.15 [1.30]	.33	.10 [.93]	.20	.18 ^b [2.10]	.34
Relationship Attractiveness → Continuance Commitment	.26 ^b [1.93]		.43 ^a [3.57]		.51 ^a [4.67]	
Trust → Continuance Commitment	.00 [0.01]		-.21 ^b [-1.74]		-.04 [-.43]	
Relationship Satisfaction → Continuance Commitment	.32 ^b [2.36]		.15 [1.28]		.03 [0.36]	
Relationship Attractiveness → Normative Commitment	.04 [.29]	.23	-.19 ^c [-1.40]	.12	-.31 ^b [-2.50]	.29
Trust → Normative Commitment	-.05 [-.38]		.07 [.52]		-.16 ^c [-1.71]	
Relationship Satisfaction → Normative Commitment	-.27 ^c [-1.65]		-.06 [-.43]		-.01 [-.11]	
Affective Commitment → Normative Commitment*	.35 ^b [1.94]		.25 ^c [1.63]		.54 ^a [4.35]	
Continuance Commitment → Normative Commitment*	.37 ^a [2.58]		.31 ^a [2.63]		.29 ^a [2.78]	
Affective Commitment → Future Investment	.46 ^a [3.41]	.30	-.03 [-.29]	.06	.25 ^b [2.34]	.18
Continuance Commitment → Future Investment	.06 [.51]		.20 ^b [1.75]		.23 ^b [2.26]	
Normative Commitment → Future Investment	.11 [.95]		.11 [.97]		.08 [.74]	
Affective Commitment → Intent to Stay	.36 ^a [2.60]	.47	.52 ^a [4.52]	.34	.11 [.91]	.11
Continuance Commitment → Intent to Stay	.06 [.52]		-.01 [-.11]		-.26 ^b [-2.50]	
Normative Commitment → Intent to Stay	-.15 ^c [-1.40]		-.10 [-1.12]		.08 [.74]	
Burn → Intent to Stay*	-.40 ^a [-3.03]		-.14 ^c [-1.41]		-.22 ^b [-2.11]	
Affective Commitment → Compliance	.28 ^b [2.50]	.56	.07 [.67]	.43	.35 ^a [3.62]	.41
Normative Commitment → Compliance	.05 [.49]		.08 [.95]		-.01 [-.16]	
Trust → Compliance*	.56 ^a [4.56]		.60 ^a [5.10]		.44 ^a [4.67]	

Note: *Path not included in the proposed model of relationship commitment.

^a p < .01; ^b p < .05; ^c p < .10

were, however, some notable exceptions as the RSI→CC and AC→IS paths in the proposed model were not significant across the three status levels. In addition, two paths were found to be significant across the three status levels that were not significant in each of the three tenure groups. These two paths involved the burnout construct and specifically its negative relationship with both affective commitment and intent to stay.

The preceding analysis provides further support for the modified model of relationship commitment developed in Section 4. The model adequately fits the data across ISCs at three stages of tenure and status. The model achieves its best fit with the data gathered from those at higher status and tenure levels. This result is not surprising because, as previously mentioned, the respondent sample was over-represented by those in the higher status and tenure levels. Despite this fact the model of relationship commitment appears robust to such cross group analyses.

CONCLUSIONS AND IMPLICATIONS

5.1 Introduction

This final section presents a discussion of the conclusions and implications drawn from the analyses of the preceding chapter. The chapter begins with conclusions regarding the research hypotheses and then proceeds to discuss the proposed and modified models of relationship commitment. Next, conclusions about the relationship stage effects are offered, followed by a discussion of the contribution of the modified model to both theory and practice. Finally, this section concludes with a discussion of the limitations of the current thesis and the potential implication of this thesis for future research.

Conclusions about Research Hypotheses

Wilson (1995) argued for a general model of commitment that could be applied to different types of relationships, and demonstrated the need for such a model in the following statement.

The causal path to commitment that describes a channel relationship may be quite different than the causal path for a buyer-seller relationship. Although many of the variables in the two models would be the same, how they are operationalized and connected in the models will vary depending upon the situation. (p.343)

The methodology employed in the current thesis addressed Wilson's (1995) entreaty by developing a general model of relationship commitment and then testing it in an interorganizational exchange context. The particular marketing context chosen for study was unique to the marketing literature focussing on the independent sales contractors (ISCs) of the multilevel marketing channel. This channel is characterized by relatively low

barriers to entry/exit, high rates of turnover amongst ISCs, and diversity of products and sales strategy. Although these characteristics distinguish the MLM channel from some exchange relationships, the ISC-MLM firm relationship has many parallels in marketing. For example, the interorganizational relationships in the MLM channel are similar to more conventional marketing relationships between retailers-consumers and manufacturers-distributors. In addition, there are parallels between the MLM channel and intraorganizational exchange relationships such as those that exist between franchisor-franchisee and supplier-sales representative. In summary, the MLM channel and specifically the relationship between MLM firms and their ISCs, was an appropriate context to test the proposed model of relationship commitment and its underlying hypotheses.

The majority of the nineteen literature-based hypotheses generated in Sections 2.6.1- 2.6.6 were supported by the data presented in the previous chapter. For example, the correlation coefficients presented in Table 4.03 provided cursory support for fourteen of these nineteen hypotheses. Stronger support for these hypotheses was demonstrated by the results of the LISREL analysis reported in Table 4.13. The parameter estimates in Table 4.15 again offered support for 14 of the 19 relationships in the proposed model of relationship commitment. The remainder of this section is focussed on a discussion of those relationships supported by neither the correlation nor LISREL analyses.

Prior to discussing the various relationships in the proposed and modified models it is important to note that these models do not allow for reciprocal relationships between constructs, and yet, it is quite likely that many of the relationships in these models are bi-

directional. Thus, while the relationship between RS and CC is discussed in terms of RS causing or influencing CC, in all likelihood elevated levels of CC lead to higher levels of RS through a process of self-justification. Although the existence and likelihood of these bi-directional relationships is acknowledged, the relationships in the proposed and modified models will only be discussed in terms of the causal ordering generated in the literature review and used to define the LISREL model.

The first conflicting finding concerns the relationship between relationship satisfaction (RS) and continuance commitment (CC). Although a negative relationship between RS and CC was hypothesized (H7: Section 2.6.4), the results of the correlation and LISREL analyses found this relationship was actually positive. Thus, continuance commitment was found to be higher amongst those ISCs that had experienced higher levels of satisfaction, where relationship satisfaction was defined as the extent to which initial expectations about the MLM experience had been met. Therefore, confirmed expectations appear to increase an ISC's need to continue his/her association with the MLM firm.

Hypothesis 7 was based on the belief that confirmed expectations would decrease continuance commitment because ISCs would experience increased affective attachment to the MLM firm and thus, decreased feelings of dependence. However, Becker's side-bet theory (1960) central to Allen and Meyer's (1990) conceptualization of continuance commitment may provide an explanation for the positive RS→CC relationship observed in the current thesis. Specifically, Becker (1960) suggested that idiosyncratic investments and unique benefits enhance commitment by increasing the cost of leaving.

Therefore, relationship satisfaction as measured in the current thesis may represent an emotional benefit, one unavailable elsewhere. For example, confirmed expectations (RS) might increase continuance commitment by increasing the relative value of a relationship. Thus, the positive RS→CC relationship witnessed in this study may be mediated by the relative attractiveness (RA) of the relationship. In fact, a partial correlation analysis revealed that RS and CC were not significantly correlated ($r=.09$, ns) once RA was controlled for. This finding is consistent with Sims and Kroeck (1994) who reported a non-significant relationship between RS and CC. Although the mediating effect of RA upon the RS→CC relationship was not tested in the LISREL analysis, RA was found to have a much stronger impact upon CC than RS according to the parameter estimates in Table 4.13. Taken in concert, these results support the notion that the impact of relationship satisfaction upon continuance commitment is mediated by the relative attractiveness of the relationship.

Hypothesis 13 also failed to be supported by the correlation and LISREL analyses. Specifically, this hypothesis argued that ISCs would report greater willingness to sustain their relationship (IS) as continuance commitment increased. Results of the initial test of this hypothesis revealed a non-significant correlation while a significant negative parameter estimate was reported by the LISREL analysis. This result demonstrates considerable support for the three-component conceptualization of commitment over a more general uni-dimensional construct, as well as, the importance of structural equation modelling to theory development. Specifically, this result suggests that the continuance form of commitment had a deleterious effect upon an ISC's intent to stay. The implication of this

result to relationship marketing will be explored in a subsequent section, the current section will attempt to explicate this result.

With few exceptions (e.g., McLeod, Iverson and Bittigieg 1995; Meyer, Allen and Smith 1993) previous research (see Appendix 1) has consistently reported a positive relationship between CC and IS type measures. Although the negative relationship observed between CC and IS in the current context appears to be an anomaly, Jaros et al. (1993) reported a negative relationship between CC and four separate measures of withdrawal intentions. Furthermore, Meyer et al. (1993) found that student nurses were less likely to continue in nursing as their continuance commitment increased and yet, this relationship was only found to be significant at the beginning of the school year.

Reviewing the results of the current thesis and previous research indicates that the ambiguous results concerning the CC→IS relationship may be either context specific or even spurious. For example, in those research contexts characterized by high levels of affective commitment (AC) relative to CC, the CC-IS relationship was found to be negative. To illustrate, both the current research context (AC: 5.75; CC: 4.05, range 1-7) and the aforementioned Meyer et al. (1993) sample of student nurses (AC: 5.57; CC: 3.84, range 1-7) exhibited high mean levels of AC relative to CC. In contrast, the studies in Appendix 1 that reported a negative relationship between CC and intent-to-quit were found to have CC values comparable to or in excess of AC.

The student nursing sample studied by Meyer et al. (1993) is consistent with the definition of an interorganizational relationship employed in the current thesis. To illustrate, it is reasonable to assume that students are less tied to the nursing profession

than registered nurses employed in the field. Therefore, it appears that relational exchanges in which affective commitment is the dominant binding force will be weakened by efforts to increase continuance commitment. For example, an individual may volunteer his/her time at a charitable organization (i.e., food bank, literacy group) because they enjoy helping others. However, this same volunteer may be asked to supervise other volunteers, serve on a board or participate in fundraising activities which, if agreed to, will elevate his/her continuance commitment. It is not hard to see how activities such as these might lead the volunteer to feel trapped or overburdened by the demands of the organization thereby diminishing his/her willingness to volunteer in the future.

Newton (1995) found that volunteers and employees of nonprofit organizations have similar levels of commitment (affective), and concluded that volunteer turnover appears to occur because of personal limitations of time and energy. This assertion supports the previous example by suggesting that volunteers only have so many hours to devote to the organization and additional demands may be responsible for driving them from the organization. Implications of this finding will be discussed in greater detail in subsequent sections.

Contradictory results were also reported for the relationship between trust (T) and CC (H10: Section 2.6.5), in that the initial test of this hypothesis revealed a significant, positive correlation between these two variables thereby rejecting H10. However, the results of the LISREL analysis (Table 4.13) revealed that the T→CC path was significant and negative which supports H10. Geyskens et al. (1996) argued that individuals involved in relationships characterized by low levels of trust remain because they need to, while

those channel members expressing higher levels of trust would have decreased calculative commitment. Given that trust was very high amongst ISCs in the current sample, as demonstrated by the sample mean in Table 4.02 (45.58: range 8-56), the positive correlation between T and CC reported in the initial test of H10 is even more surprising.

Becker's side-bet theory (1960) is revisited in an attempt to reconcile the conflicting results concerning the nature of the T-CC relationship. In an economic climate punctuated by the layoffs associated with "rightsizing" trust, in itself, might be perceived as a valuable commodity. To this end, the degree to which an ISC trusts his/her MLM firm might lead to an increase in CC by increasing the relative value of the relationship (RA).

Although not immediately apparent, this explanation is consistent with the aforementioned study by Geyskens et al. (1996). Specifically, Geyskens et al. (1996) examined the impact of dependence and interdependence asymmetry on CC, where dependence captured both "motivational investment" and "availability of alternatives." This latter construct is similar to RA and therefore, the impact of relationship attractiveness (RA) upon the T-CC relationship was examined. A partial correlation analysis, controlling for RA, resulted in a negative yet non-significant correlation for the T-CC relationship ($r = -.08$, ns). This finding is consistent with previous research of Allen and Meyer (1990, 1993) and is more consistent with the negative T→CC path obtained in the LISREL analysis. It would appear then that the impact of trust upon the continuance form of commitment is mediated by the attractiveness of the relationship.

Martin (1991) proposed that the relationship between trust and satisfaction is an iterative one, such that the positive (negative) outcome of a “trusting episode” would lead to (dis)satisfaction. Interestingly, it appears that both trust and relationship satisfaction can lead to increased CC but only if they are perceived to be unavailable or at least not available to the same extent elsewhere. This finding gives credence to Becker’s side-bet theory because investments (if transferable) and benefits (if available elsewhere) do not constitute side-bets that facilitate the development of continuance commitment.

It should also be noted that the measures of T and CC employed in the current thesis were perhaps incompatible insofar as trust was primarily upline specific, and CC firm specific. Therefore, if trust in one’s upline is unrelated to trust in the supplying firm, then it is possible that the trust expressed by an ISC towards his/her upline has little effect upon his/her need to continue their association (CC) with his/her MLM supplier.

Similarly, an ISC’s trust in his/her upline may be insufficient to obligate him/her to the MLM firm (NC). Thus, the aforementioned measurement issue might also explain why the hypothesized positive relationship between T→NC (H11) was rejected by both the initial correlation ($r=.05$, ns) and subsequent LISREL analyses. In both analyses the relationship between these variables was found to be positive but nonsignificant.

There may be a secondary measurement issue that could explain the nonsignificant relationship between T and NC. In fact, this and the two hypotheses yet to be discussed involved the normative commitment (NC) construct. A general discussion of the NC construct, its etiology and measurement precedes the discussion concerning these hypotheses.

It has been suggested that antecedents of NC include socialization experiences both pre (e.g., values instilled by parents about employee loyalty) and post organizational entry (Allen and Meyer 1993). It has also been suggested that NC may develop in a manner consistent with the norm of reciprocity insofar as benefits received by an employee serve to obligate him/her to the employer (Meyer, Allen and Smith 1993). However, Allen and Meyer's (1990) NC scale primarily captured individual beliefs concerning organizational loyalty and was, as a result, limited to the pre-organizational form of socialization. In fact, the measure of NC employed in this thesis was refined so that pre organizational entry values were de-emphasized in favour of a balance between the three aforementioned processes.

Despite efforts to refine the NC measure, the resultant four-item scale was still heavily influenced by pre-entry socialization and therefore potential cohort effects. For example, Allen and Meyer (1993) found that older employees expressed greater NC than younger employees, and argued that the older individuals in their study (those born before 1940) might represent a cohort socialized to value organizational loyalty. Although a positive correlation between age and NC ($r=.13$, $p<.01$) was found in the current thesis, there were no significant differences between the mean levels of NC for the three age cohorts presented in Table 4.20. As a result, there was little evidence of a cohort effect in the current sample of ISCs.

The NC measure was also found to be significantly correlated with RA ($r=.21$, $p<.001$), RS ($r=.15$, $p<.001$) and RSI ($r=.18$, $p<.001$) following a partial correlation analysis controlling for age. This finding offers further evidence that age-based cohort

effects upon NC in the current sample were minimal and indicates that the NC measure was, at least to some extent, related with antecedents presumed responsible for its development.

Thus, it is believed that the four-item NC scale did measure the degree to which an ISC felt obliged to remain with his/her MLM firm. What is not known is the extent to which the scale captured the underlying motivation for this obligation - the identification and internalization of organizational values. Obviously, this measurement issue is of considerable concern in light of the fact that such values are the central motivating principle in the covenantal form of social relations (see Table 2.0). In fact, it is possible that only one of the items in the four-item NC scale captured the kind of internalization of values that develops as a result of post-entry organizational socialization.

Arguably, the economic climate that existed at the time these data were collected; one characterized by downsizing, rightsizing, and layoffs may also have had a negative impact on ISC evaluations of normative commitment. Furthermore, freedom and control over one's own destiny is the mantra of most direct selling firms, one that is believed to be especially powerful in recessionary periods. If MLM firms recruit ISCs by promoting the benefits associated with being an entrepreneur (e.g., financial independence), it might not be surprising that these ISCs would be less likely to express values associated with organizational (where organization refers to employers) loyalty.

Therefore, the fact that ISCs were not found to report high levels of NC might actually be indicative of post organizational entry socialization and the internalization of an anti-organization value. Once again, the limitation of the current NC scale appears to be

its focus on an obligation to organizations in general rather than the etiology of the construct – the degree to which values are internalized, and perhaps even more importantly the nature of these norms and values. The implications of this are discussed in subsequent sections, at this point the existence of such measurement issues are presented because they may explain why three of the hypotheses involving the NC construct in the proposed model were not supported. Each of these hypotheses will now be examined.

Previously it was suggested that the nonsignificant $T \rightarrow NC$ (H11) path might reflect the fact that an ISC's trust in his/her upline is unlikely to obligate them to his/her MLM firm. Trust was measured in this way because the majority of interaction in the MLM channel was believed to occur between an ISC and his/her upline. As a result, trust in the upline was considered to be a reasonable surrogate for trust in the MLM firm. However, this assumption may have been somewhat limiting given that the MLM firm, not the upline, is typically responsible for product quality, order processing, invoicing and ISC compensation. It is quite possible that the inconsistency between the trust and normative commitment measures is responsible for the nonsignificant relationship reported in the current thesis.

The two final hypotheses unsupported by the data were concerned with the relationship between normative commitment and its relationship to intent-to-stay (IS) and compliance (Cp). While it was hypothesized that there would be a positive relationship between NC and these relationship outcomes, neither the $NC \rightarrow IS$ (H18) nor the $NC \rightarrow Cp$ (H19) paths were supported by the data. Furthermore, the results of the correlation and LISREL analyses were found to be contradictory for both of these relationships.

Table 4.03 illustrates a positive but nonsignificant correlation between NC and IS, while the LISREL analysis indicated a negative parameter estimate for the NC→IS path. Although contradictory, neither of these results supports the existence of a positive relationship between felt obligation and intent-to-stay (H18). Although these results fail to support Hypothesis 18, they are not entirely unexpected. For example, Jaros et al. (1993) also found that normative commitment did not significantly contribute to withdrawal intentions. In an attempt to explain this result, Jaros et al. (1993) stated:

We can speculate that withdrawal cognitions and quitting occur relatively spontaneously. They might correspond more closely to fluctuations in emotional states and personal estimates of sunk costs than to more stable, value-based, or even spiritual, identifications” (p.987).

Alternatively, Meyer and Allen (1991) argued that the nonsignificant relationship between NC-IS could be explained by the fact that the beneficial effects of normative commitment might be short-lived relative to those of affective commitment. Specifically, Meyer and Allen (1991) suggested that NC might serve to bind an individual to an organization only for as long as it takes to repay an obligation. These explanations both revolve around the notion that intent to stay decisions are temporal and may not reflect true withdrawal intentions. Although the Jaros et al. (1993) explanation appears to be more consistent with the definition of normative commitment, additional research into the nature of this relationship appears warranted.

Finally, the relationship between NC and Cp is examined. The initial test of Hypothesis 19 was supportive of a positive relationship between NC and Cp as demonstrated by the significant correlation in Table 4.03. However, the NC→Cp path

was found to be nonsignificant by the results of the LISREL analysis (see Table 4.18). In light of the nonsignificant T→NC path discussed previously, this relationship is not unexpected, as one would expect that trust would be critical to compliance in the interorganizational relationships of the MLM channel. Furthermore, the results of the LISREL analysis for the modified model of relationship commitment, revealed a strong positive relationship between trust and compliance (see Table 4.13). Thus the significant correlation between NC and Cp is likely spurious, a product of a covariate such as affective commitment.

In summary, results of the initial correlation and subsequent LISREL analysis each demonstrated support for 14 of the 19 hypothesized relationships in the proposed model of relationship commitment. Furthermore, the two analyses returned consistent results for 17 of these 19 relationships. These hypotheses will now be examined within the context of the proposed and modified model of relationship commitment.

5.2.1 Conclusions about the Three-Component Model of Relationship Commitment

The primary objective of the current thesis was to develop and test a model of relationship commitment that could be applied to the study of interorganizational relationships, and which expanded upon the KMV model developed by Morgan and Hunt (1994). Specifically, the three-component conceptualization of relationship commitment was developed (proposed model) and tested against a unidimensional conceptualization (rival model) similar to that used in the KMV model. The results of the LISREL analyses for the proposed and rival models of relationship commitment were presented in Table

4.13 and Table 4.14. Table 4.13 also contains the results of the LISREL analysis for the modified model of relationship commitment discussed later in this section.

In addition, to the two aforementioned tables, a summary of the goodness of fit indices for each of these models was presented in Table 4.10. In concert, these results indicated that the proposed model of relationship commitment represented a better fit to the data than the rival model. Specifically, the goodness-of-fit indices reported in Table 4.12 show that the proposed model had a lower χ^2/df ratio (8.13) than the rival model (10.39) and yet also had a lower root mean square error of approximation (RMSEA). Analytically, this finding is not entirely unexpected because the proposed model contained 19 direct paths whereas the rival model contained only eight.

However, the proposed model was also found to have a higher comparative fit index (CFI) and parsimonious normed fit index (PNFI) than the rival model. These two fit indices are perhaps the most revealing in that they indicate that the proposed model represents a better fit to the data, but that this improved fit is not made at the expense of parsimony. This result is in direct contrast with Morgan and Hunt (1994) who found that the KMV, albeit more parsimonious, did not represent as strong a fit to the data. In fact, Morgan and Hunt (1994) suggested that the slight trade off in model fit was more than compensated by the great improvement in parsimony. In the current context, the proposed model is seen to achieve an 8.5% improvement in CFI (from .71 to .77) and a 2.9% improvement in PNFI (from .35 to .36) over the rival model.

While the proposed model was seen to offer a significant improvement in fit over the rival model, it is also important to compare the amount of variance explained in the

focal outcomes in each of the models. First of all, the R^2 values in Table 4.13 for the affective, continuance and normative dimensions of commitment were found to be .52, .33, and .03 respectively. In comparison, the R^2 value for the unidimensional relationship commitment construct of the rival model was .40 (see Table 4.14). This result demonstrates the kind of compromise in explanatory power that can occur when a composite measure is used. Thus, despite the fact that the rival model explains more variance in relationship commitment than the proposed model was able to account for in either the continuance or normative commitment constructs, it fails to account for the impact of burnout (BO) and trust on commitment. Furthermore, the largest R^2 value was observed for the affective commitment construct in the proposed model.

In addition to the mediating commitment variables, it is also important to compare the amount of variance explained by the proposed and rival models for the three relationship outcomes: future investment (FI), intent-to-stay (IS) and compliance (Cp). It is in the explanation of these constructs that the proposed model demonstrated a substantial improvement over the rival model. For example, the proposed model represented a 450% improvement in R^2 for IS (from .04 to .22) and a 64% improvement in R^2 for Cp (from .14 to .23) over the rival model. However, the rival model demonstrated an 18% improvement in R^2 for the FI construct (from .11 to .13) over the proposed model.

Thus, the explanatory value of relationship commitment is diminished when a unidimensional measure of the construct is used in place of a multi-component measure. Furthermore, composite constructs such as that found in the rival model fail to account for

mechanisms that may be particularly important to the development and maintenance of commitment. Although the current thesis represents only the first test of the three-component model of relationship commitment, evidence of a strong deleterious effect of burnout upon commitment warrants further investigation. First of all, it is important to note that further examination of this construct would not have been called for if a unidimensional conceptualization of commitment had been employed.

It is hard to argue against Morgan and Hunt's (1994) position that parsimony is an important goal in scientific theory and perhaps as important as a theory's ability to predict and explain phenomena. The three-component model of relationship commitment is not as parsimonious as the rival unidimensional model, but is a superior model from an explanatory standpoint. Specifically, the three-component model was found to offer a more adequate fit to the data collected in the MLM context.

Consequently, the proposed model is believed to be more representative of the mechanisms responsible for the development and maintenance of commitment in this channel than the rival model. It is unknown whether the three component model is generalizable to other interorganizational and/or intraorganizational relationships but subsequent tests of this model in other relationship contexts appears justified.

The Modified Model of Relationship Commitment

The primary objective of the current thesis was to develop and test a model of relationship commitment appropriate to interorganizational relationships. However, the test of the three component model of relationship commitment, represented only a

marginal fit to the data in the ISC sample. Consequently, refinements to the proposed model were made in an attempt to improve the fit of the model.

Following the conservative approach to model refinement endorsed by Mueller et al. (1994) the three-component conceptualization of relationship was substantially improved by adding five paths to the proposed model. The remainder of this section will highlight the improvement of this model over the proposed model with respect to goodness-of-fit and explanatory power.

First of all, the “modified model” of relationship commitment represented a dramatic improvement over the proposed model in terms of its goodness-of-fit to the data. Thus, rather than simply improving upon the proposed model’s moderate fit to the data, the goodness-of-fit indices in Table 4.11 indicate that the modified model is considered a close-fitting model. Specifically, the goodness-of-fit indices reported in Table 4.10 show that the proposed model had a lower χ^2/df ratio (2.61) than the proposed model (8.13) and also had an RMSEA value of .08 which is in the acceptable range for model fit. Furthermore, the modified model was found to have an adjusted goodness of fit index (AGFI) of .88 which is 29% higher than that reported for the proposed model (.68) and close to the .90 value considered representative of a closely fitting model.

Once again, these improvements are not surprising in light of the fact that the modified model contained five additional paths and is considered a less “extreme” model because of its inclusion of the two direct paths $BO \rightarrow IS$ and $T \rightarrow Cp$. Morgan and Hunt (1994) described an extreme model as one that either contains no direct relationships between antecedents and consequences (i.e., is fully mediated), or contains no indirect

relationships between antecedents and consequences (i.e., no mediating variables). Thus, it was important to compare the CFI and PNFI indices for the modified and proposed models. Table 4.10 indicates that the modified model achieved a 25% improvement in CFI (from .77 to .96) with no accompanying decrease in PNFI.

The modified model also explained more variance in the focal outcomes than the proposed model. For example, the R^2 values for the modified model for the affective, continuance and normative dimensions of commitment were found to be .55, .33 and .19 respectively. In comparison, the R^2 values for these constructs in the proposed model were .52, .33 and .03. The most notable difference between the two models involved the normative commitment construct which saw a 333% increase in R^2 with the modified model.

In addition to the improvements in R^2 , it is important to examine what effect, if any, these additional paths had upon the existing relationships in the proposed model. For example, Table 4.13 indicates the inclusion of the path from relationship specific investments (RSI) to AC had only a minor impact on the parameter estimates for the hypothesized relationships. In fact, the addition of the RSI→AC path actually improved the significance level of the T →AC path (from $p < .10$ to $p < .05$).

However, the inclusion of the AC→NC and CC→NC paths in the modified model had a dramatic impact upon the relationships of the proposed model. Specifically, the previously positive relationships between RA→NC and RS→NC were found to be negative in the modified model. However, it should be noted that neither of these paths achieved the level of significance ($p < .05$) commonly viewed as acceptable. It is interesting

to note that the parameter estimate for the RA→NC path became negative and significant when AC and CC were included as antecedents of NC. This finding suggests an interaction between these constructs such that ISCs experience greater NC as AC and CC increase, but only if they believe that they have comparable relationship alternatives (i.e., decreased RA).

Consequently, it would appear that the obligation to continue a relationship arises as a consequence of the idiosyncratic investments made in (CC) and benefits received from a relationship (AC). However, the modified model suggests that this obligation would not arise in those instances where an individual is dependent upon the relationship due to insufficient alternatives. These results are revealing in that they provide the first evidence for the mechanisms responsible for the development of normative commitment. Additional explication and study of this result does appear to be warranted.

In comparing the amount of variance explained for the proposed and modified models for the three relationship outcomes FI, IS and Cp it was found that the modified model was, once again, superior to the proposed model. Specifically, Table 4.13 reveals that the modified model had the greatest impact on Cp as illustrated by the 91% increase in R² (from .23 to .44). The modified model was also shown to improve the R² value for IS by 9% (from .14 to .23) and by 18% for FI (from .11 to .13).

These results taken in concert with the aforementioned fit indices provide considerable evidence in support of the modified model of relationship commitment. Although not a significant departure from the literature-based model of relationship commitment developed in Section 2.1, its five additional paths did have an impact on some

of hypothesized relationships between the commitment and outcome constructs. Specifically, Table 4.13 indicated that the inclusion of the five paths and particularly the BO→IS path reduced the significance level for the CC→IS path (from $p < .01$ to $p < .05$), while the negative NC→IS path became nonsignificant (from $p < .10$). Similarly, the addition of the three antecedent relationships led to a reduction in the significance level for the N→FI parameter estimate (from $p < .05$ to $p < .10$).

The net result of the additional paths in the modified model can be seen in Table 4.15. This table indicates that 7 of the 19 literature-based hypotheses were rejected by the LISREL analysis of the modified model and the data collected in the ISC sample. As stated earlier, five of these rejected hypotheses involved the normative commitment construct, the implications of which will be discussed in detail in subsequent sections. Despite these results, the modified model is believed to be more representative of the mechanisms responsible for the development and maintenance of commitment in the MLM channel than either the proposed or rival models. It is not known whether this three component model is generalizable to other interorganizational and/or intraorganizational relationships but the results presented here suggest that the modified model has made a number of contributions to the study of relationship marketing and commitment. Implications of this model to both theory and practice will be discussed in subsequent sections.

Conclusions about Relationship Stage Effects

The current thesis extends the literature on career stages to the study of relationship development and is believed to be the first study of relationship stage effects

in interorganizational relationships. Borrowing heavily from the career stage literature, the current study examined the effect of several different operationalizations of relationship stages upon the focal constructs in the proposed model of relationship commitment. Specifically, the results of the analyses presented in Section 4.5 provide insight into both the development of relationship commitment and support for the existence of relationship stage effects.

For example, Table 4.16 illustrates that ISCs in the *exploration* stage (tenure <2 yrs) were less committed to their respective MLM plans than those in the *maintenance* stage (tenure >4 yrs). Although this result was consistent for each form of commitment it is interesting to note that ISCs experience significant differences in commitment at different stages in their relationship. For example, ISCs experienced significantly more affective and normative commitment in the maintenance stage than either the exploration or *expansion* stages ($2 \text{ yrs} \leq \text{tenure} \leq 4 \text{ yrs}$). This result would appear to suggest that ISCs experience a significant increase in AC and NC after they have been involved in the relationship for a considerable period of time. In contrast, ISCs reported significantly less continuance commitment in the exploration stage than in the two latter stages. Thus, ISCs experience a significant increase in CC relatively early in the relationship.

It is important to remember that these results are cross-sectional rather than longitudinal and therefore, some caution is required when interpreting these findings. However, this discussion is predicated on the belief that the cross-sectional methodology employed in the current thesis is a reasonable surrogate for the temporal changes actually experienced by ISCs. Thus, ISCs in the maintenance stage are assumed to be different

from those in the exploration stage but only because of their experience in MLM (i.e., tenure). This assumption is reasonable only if we believe that the individuals that became distributors five years earlier and now in the maintenance stage, are not significantly different than those that have just recently become involved in MLM (exploration stage). With no evidence to the contrary this assumption appears reasonable. Furthermore, the cross-sectional methodology employed here is consistent with the career stage literature, and indeed, most research in the social sciences.

In order to determine the extent to which relationship commitment was influenced by relationship stage effects it was necessary to eliminate any alternative explanations for the changes identified in Table 4.16. For example, ISCs in the expansion and maintenance stages reported significantly higher levels of relationship specific investments (RSI) than those in the exploration stage. However, the scale used to measure RSI contained an item that captured status and thus an increase in status might actually account for the increase in both CC and RSI. The results of the partial correlation analysis in Table 4.20 indicated that status not tenure accounted for the increase in RSI and CC witnessed in Table 4.16. This result will be examined more fully when the status-based operationalization of relationship stages is discussed later in this section. At this point it is sufficient to state that continuance commitment was not influenced by this particular tenure-based operationalization of relationship stages but rather by a covariate.

The one-way ANOVA analysis in Table 4.16 revealed that there were no significant differences for any of the hypothesized antecedents of AC or NC across relationship stages. This finding offers some evidence that tenure-based stages do have a

significant influence upon AC and NC. Allen and Meyer (1993) argued that the relationship between tenure and commitment could be related to age. The partial correlation analysis in Table 4.20 failed to support Allen and Meyer's contention for either affective or normative commitment. In fact, AC was found to be related to tenure and age even after controlling for the other variable, which suggests that both tenure and age affect affective commitment. Furthermore, NC was correlated to both age and tenure but neither variable was found to be significantly correlated if the other was controlled for, indicating that age and tenure are proxies for one another and that both have similar effects on NC.

A second tenure-based operationalization of relationship stages was employed in this study, the results of which are presented in the section that follows. Although related to career stage effect, this particular operationalization is concerned with the psychological phenomenon known as the honeymoon effect. Furthermore, the implications for theory and practice derived from the examination of the honeymoon effect are quite different from those generated from the more general discussion of relationship stage effects.

The next approach used to define relationship stages was based on age. Results of the one-way ANOVAs in Table 4.18 indicated that only AC was influenced by the age-based relationship stage effect. Consistent with the literature on career stage effects it was found that AC was significantly higher for the oldest age cohort (e.g., Allen and Meyer 1993). However, the cross-sectional nature of this study makes it impossible to determine whether a cohort or maturity explanation best accounts for the impact of age upon

affective commitment. Echoing Allen and Meyer (1993), it is not known whether there is something about aging, per se, that contributes to increased affective commitment (maturity explanation) or whether those born before 1953 (oldest age group in the current thesis) were socialized to value attachment more (cohort explanation).

The modified model of commitment provides some insight into the finding that NC did not significantly change from one age-based relationship stage to the next. According to the modified model, AC and CC are antecedents of NC and therefore relationship stage effects may only occur in those instances where there are substantial increases in AC or CC. Cursory support for this explanation is provided by Tables 4.16 and 4.18 which indicate that the relative increase in AC was greater in the maintenance stage of the tenure-based (6% or .33) than in the age-based approach (5% or .27) to relationship stages.

The examination of tenure and age-based relationship stage effects produced results that were, for the most part, consistent with the career stage effects research of Allen and Meyer (1993). Specifically, affective commitment was seen to increase as a relationship progressed from one age/tenure stage to the next, with ISCs in the maintenance stage having significantly higher AC than their counterparts in the exploratory stage. The actual mechanism responsible for this increase is not known, but there are many reasonable explanations that could account for it, not the least of which is the fact that non-committed ISCs have left the organization. A longitudinal study would help to clarify many of these issues. The results of the age and tenure-based approaches were also found to be consistent with the mediating role of AC and CC upon NC and, as a

result, provide additional support for the modified model of commitment. Further investigation of this model, and the causal ordering of the three forms of commitment is required.

Although Allen and Meyer (1993) examined organizational and positional tenure, they did not examine the impact of position (e.g., achievement, status) upon employee commitment. However, these researchers did acknowledge that the effect of age and tenure upon commitment might reflect the fact that older, more senior employees hold more attractive positions. MLM firms are considered meritocracies because they have well-defined and publicized achievement/status levels, the existence of which made it possible to test the “attractive position” hypothesis. Thus, a status-based approach to relationship stage effects was also examined in this thesis.

Although the first known attempt to examine the effect of status upon interorganizational relationships, the results presented in Table 4.19 suggest that this approach warrants further attention. Specifically, it was found that ISCs in the higher status group had significantly higher levels of commitment than those ISCs in the lower status group. For example, all three forms of commitment were found to be significantly higher in the middle than lower status levels, while CC was also seen to be significantly higher in the upper than middle status levels. The significant differences witnessed in the RSI construct across the status-based stages merely reflects the fact that the composite measure of this construct contained a status item.

Therefore, it is believed that relationship stages defined by status have a significant impact upon the development of relationship commitment, and perhaps more importantly

all three forms of commitment. Further support for this contention is offered by the correlation coefficients in Table 4.20 where, unlike tenure and age, status was seen to be correlated with all three forms of commitment even after age and tenure were controlled for. The fact that the status-commitment relationships remained significant after age and tenure were controlled for, and vice versa, indicates that the age/tenure and status variables capture different mechanisms of commitment development. Furthermore, the results in Table 4.20 indicate that status is more strongly related to AC, CC, and NC than either tenure or status suggesting that the mechanism accounted for by the status-commitment correlation is the most direct (i.e., linear) one.

Unfortunately, it is difficult to identify the specific mechanism captured by the status-commitment relationship. For example, achieving higher status in the MLM channel may enhance affective commitment because increased status is accompanied by greater financial rewards and therefore, greater satisfaction. However, increased status may also reflect other benefits equally important to the development of affective commitment. Klebnikov (1991) suggested that next to dollars recognition is one of the most powerful rewards. Thus, it is possible that these status levels enhance affect by recognizing ISC: (1) efforts (i.e., need for recognition), (2) performance (i.e., need for achievement), (3) position/stature (i.e., need for esteem), and or (4) success (i.e., need for self-actualization).

However, increased status also serves to increase continuance commitment by increasing the relative attractiveness of the relationship (increased benefits) on the one hand, and the costs associated with leaving the relationship on the other. Thus, status

could also be considered a cost because many of the aforementioned benefits are non-transferable (idiosyncratic investment). The results of the current thesis are therefore consistent with previous research that has found that well-articulated reward systems are positively related to instrumental forms of commitment (e.g., Caldwell, Chatman and O'Reilly 1990).

In addition, status may be tied to continuance commitment because it may be psychologically more difficult to leave a position that is closely linked to an individual's self-concept. In this instance one might suggest that an individual's self-concept is dependent upon their situated social identity (Shaw and Costanzo 1982). For example, an individual considered exceptional in one relationship context is often found to be equally unexceptional in most others. Thus, the status achieved in MLM is not only non-transferable to another MLM, but is unrecognized outside of that particular MLM firm. Unlike other titles that are lifelong (e.g., President, Doctor, Professor Emeritus) or at least can follow an individual from one context to another (e.g., former CEO, retired Army General) the status earned in MLM is lost the moment an ISC gives up his/her distributorship.

Normative commitment also increased with status, a finding consistent with Marsh and Mannari (1977), who concluded that status is significantly related to "lifetime commitment." Lifetime commitment refers to the type of commitment exhibited by the employees of Japanese industrial firms and specifically, those that work for one firm for their entire career. Employees exhibiting such commitment are believed to do so because they have internalized norms and values appropriate to such an obligation. Thus, lifetime

commitment represents an obligation to remain with an organization and is, therefore, similar to the normative form of commitment.

However, Marsh and Mannari (1971) argued that lifetime commitment has two forms: *status-enhancement* and *moral loyalty*. Analytically, Marsh and Mannari (1971) regarded the former as a norm and the latter as a value. Marsh and Mannari (1971) concluded that, of the two interpretations of lifetime commitment only “status enhancement” was supported empirically. They also stated that the “moral loyalty” form of lifetime commitment would be unique to the Japanese culture if it existed, but found no evidence that it exists apart from status enhancement.

The results of the current thesis are consistent with those of Marsh and Mannari (1971) in that the normative form of commitment was highest amongst ISCs in the highest status group. Specifically, this result suggests that status enhancement is important to the development of both normative and lifetime commitment and is also evidence that status enhancement serves to obligate exchange parties in both intra and interorganizational contexts.

This result, taken in conjunction with previous research findings, may provide the first empirical evidence of a mechanism responsible for the development of normative commitment. Specifically, these results suggest that the obligation to remain in a relationship is more likely to develop through the norm of reciprocity than as a result of pre or post entry socialization. Furthermore, these results support the Meyer et al. (1993) position that benefits received by an employee serve to obligate him/her to the employer.

Consequently, NC is believed to increase as an ISC gains rewards and recognition in the MLM firm. The obligation to remain in this instance is consistent with the norm of reciprocity insofar as an ISC feels (s)he should repay the firm with his/her loyalty. Furthermore, those ISCs that have achieved higher status may feel an obligation to serve as a role model for the downline distributors or perhaps to continue their involvement to help others achieve the kind of success that they have. For example, Butterfield (1985) suggested that a successful distributor is to be emulated and becomes a “model of duplication.”

Thus, the status-based approach introduced in the current thesis, has considerable merit and is worthy of further investigation. In particular, status was the only relationship stage construct found to have a positive effect upon all three components of commitment, and a much stronger impact on AC, CC and NC than either tenure or age. Furthermore, the influence of status upon the three components of relationship commitment was independent of age and tenure effects. By overlooking this variable previous researchers may have inadvertently underestimated the importance of relationship (career) stage effects (e.g., Allen and Meyer 1993; Morrow and McElroy 1987).

Future research should seek to extend this status-based approach to other inter/intraorganizational relationship contexts in an attempt to replicate the current findings. The most obvious intraorganizational context for future study would be another meritocracy; an organization with a well-defined reward system and perhaps most importantly a structure demonstrated by ranks and or titles. For example, future research might examine the effect of status upon organizational commitment in the armed forces or

a public service agency (e.g., law enforcement, fire fighting, Coast Guard, park rangers) or perhaps even the Salvation Army.

Interorganizational research contexts to be studied might include a replication of the current study with ISCs involved in network marketing or perhaps direct selling, or an examination of volunteers associated with organizations such as the Shriners or Masons. A less obvious research context might involve the membership of a martial arts studio, where coloured belts rather than titles signal rank or level of proficiency, and their commitment to the studio and/or the specific martial art.

Regardless, of which research context is studied, it is believed that subsequent examinations should attempt to identify the mechanisms responsible for the status effect. Specifically, it will be interesting to learn whether the influence of status upon commitment occurs as a result of satisfaction (i.e., with rewards), the norm of reciprocity, or whether recognition (i.e., need for recognition) itself is sufficient to build commitment.

Earlier, it was indicated that two separate operationalizations of relationship stages based upon tenure were used in the current thesis. The second operationalization, which sought to identify the existence of the “honeymoon effect,” is discussed in the following section.

Honeymoon Effect:

The current thesis provides preliminary evidence of the honeymoon effect, potentially the first study to identify the effect in an interorganizational context. Although, cursory these results provide cursory support for the Levinthal and Fichman (1988) assertion that the phenomenon impacts both interpersonal and interorganizational

relationships. Specifically, Table 4.17 indicates that ISCs experience a slight decrease in commitment following their first year of involvement and commitment begins to increase only after they have been involved for at least two more years. Although the decline in commitment between the first and second years was not significant, commitment in subsequent years was significantly greater than the second but not first year which is at least illustrative of a honeymoon effect. This finding is consistent with the curvilinear relationship between commitment and tenure reported by previous researchers (e.g., Morrow and McElroy 1987).

Although significant differences were reported for the CC, NC and composite relationship commitment (RC) constructs, a similar but nonsignificant pattern of results was reported for AC. Allen and Meyer (1993) and others have argued that this decrease in commitment is caused by the “reality shock” that occurs when an individual realizes that an organization or relationship does not live up to his/her initial expectations. The curvilinear relationship between confirmation of expectations (RS) and tenure observed in Table 4.17 is consistent with this explanation. Specifically, it was found that relationship satisfaction decreased after the first year of involvement and continued to decrease until the third year of involvement at which point relationship satisfaction began to rise.

One possible explanation for these findings is that ISCs enter the MLM channel with unrealistic expectations of the relationship. For example, neophyte distributors might enter MLM with a deluded “get rich quick” mentality, and believe that success requires little time and or effort. The current thesis did not attempt to determine whether expectations were formed as a result of recruitment practices (e.g., exaggerated earnings

claims), post-recruitment socialization efforts (e.g., testimonials of successful ISCs), or are simply the unrealistic goals set by overly ambitious ISCs. However, subsequent analyses demonstrated the extent to which ISC expectations had been met (RS) concerning the amount of effort required (e.g., individual effort, ease of selling, ease of recruiting) decreased significantly between the first and third years of involvement. This result is not surprising in that these items relate to “experience” qualities and, in contrast with “search” qualities, cannot be determined in advance.

The importance of the honeymoon effect to the study of relationship commitment is perhaps not fully appreciated until one considers that the majority of distributors quit within the first year. Therefore, the “uncommitted” have left MLM to pursue other opportunities leaving behind the most committed individuals. Thus, it appears that even the most committed individuals in the MLM channel experience a reality shock following their first year. To this end, it is not known for certain why some individuals exit the organization at this point and others remain and yet, it is presumed that the ISCs that choose to maintain their distributorship; either modify their expectations or increase their efforts. This latter assertion is supported by the observed increase in idiosyncratic investments (RSI) following the honeymoon period (see Table 4.17).

Alternatively, ISCs might engage in some form of self-justification to rationalize their involvement (e.g., “I’ve been involved for over a year and have not achieved what I expected I would, but I’m not really involved for the money!”). A final explanation may be the most important of all, that those that continue are sufficiently committed (AC, CC or NC) that they simply do not entertain thoughts of severing their relationship. For

example, ISCs may have begun to receive some recognition for their efforts (i.e., status) and although having failed to meet their initial expectations, they are motivated to continue their involvement by this recognition. The fact that affective commitment did not significantly decrease provides some support for this explanation.

The honeymoon effect is important to the study of relationship development because the existence of this phenomenon suggests that there may be signals that a relationship is in jeopardy. Thus, a more complete understanding of the honeymoon effect may ultimately lead to an increased probability of relationship survival. For example, recognition of the honeymoon effect might prompt one party, and in all likelihood the more dependent party, to an interorganizational relationship to intensify its communication efforts prior to the end of honeymoon period in order to rekindle the relationship thereby reducing the likelihood of dissolution. Analogously, an appreciation of the honeymoon effect might help couples to better understand the natural ebbs and flow of relationships thereby reducing the frequency with which divorce is chosen as a solution to marital discord.

Implications for Theory

The current thesis makes a number of contributions to the relationship marketing and commitment literature. First of all, the model of relationship commitment developed and tested here represents the first application of a multi-component model of commitment to an interorganizational relationship context. Specifically, this model successfully extends the Allen & Meyer (1990) three-component model of organizational commitment to the kind of interorganizational relationship common in relationship marketing. Furthermore,

the model of relationship commitment developed and tested here extends the Morgan and Hunt (1994) KMV model to an interorganizational context while expanding the mediating variable hypothesis to include the multi-component conceptualization of commitment.

Second, the current thesis is the first empirical study of the multilevel marketing channel and as such, represents an important first step towards understanding this unique channel. The MLM channel is unique insofar as its organization, compensation and control structures are similar in many respects to those found in more conventional intra and interorganizational relationships and yet, do not fully resemble any one particular relationship. For example, the relationship between an ISC and his/her MLM firm shares characteristics with that found to exist between franchisee-franchisor, employee-employer, supplier-distributor and even retailer-consumer. Consequently, the MLM context is believed to offer researchers a unique opportunity to conduct research in an environment that approximates numerous types of relationships, one which may ultimately, be found to be the best approximation of a “generalized” research context.

Despite its similarity to other relationship marketing contexts, the ISC-MLM firm relationship is interorganizational according to the definition of inter/intraorganizational introduced in the current thesis. In fact, the distinction between these terms is itself a contribution to the study of relationship marketing. Specifically, it was argued that interorganizational and intraorganizational relationships should be distinguished by the extent to which the exchange parties are free to associate. This distinction is important because it enables researchers to relate previously disparate fields of study. For example, the results of the current thesis are believed to be particularly appropriate to the study of

consumer behaviour (e.g., brand/store loyalty), personal selling (e.g., relationship selling), channels (e.g., buying groups) and social psychology (e.g., social exchange theory). In contrast, thesis findings might be somewhat less applicable to intraorganizational research contexts such as those found in organizational behavior (e.g., employees, shareholders), channels (e.g., franchising), social psychology (e.g., marriages), consumer behaviour (e.g., frequent flyers) and entrepreneurship (e.g., family-owned businesses).

Although each of the aforementioned issues is important, it is believed that the most significant contribution of the current thesis is the insight it provides into the development and maintenance of relationship commitment and the outcomes derived from such commitment. The following sections discuss the specific mechanisms responsible for the development of affective, continuance and normative commitment and the impact of each upon key relationship outcomes.

Affective Commitment:

The commitment literature has consistently found the affective form of commitment to be the most dominant in terms of its impact on relationship outcomes (see Appendix 1). For example, Somers (1995) reported that affective commitment was positively related to intent to remain and the sole predictor of turnover and absenteeism. Alternatively, McLeod et al. (1995) suggested that affectively committed employees are less likely to quit or be absent and more accepting of change. Thus, novel insights into the development and maintenance of affective commitment are perhaps the most important from a theoretical perspective. The most important contribution of the proposed model

would, therefore, have to be the identification of the effect of burnout on relationship stability.

According to the modified model of relationship commitment, burnout was found to have a negative impact upon ISC intentions to stay - an influence that was both direct and indirect. As hypothesized, the indirect effect of burnout on intent to stay was the result of its negative impact upon affective commitment. This result marks a significant milestone in the study of relationship development insofar as it identifies a mechanism by which commitment is undermined. With relatively few exceptions (e.g., Opportunistic Behaviour: Morgan and Hunt 1994) prior research has examined antecedents responsible for the development and maintenance of commitment (positive antecedents) to the exclusion of those processes that have a deleterious effect on commitment. In essence, these studies have assumed that decreased levels of a particular antecedent would lead to diminished commitment and negative relationship outcomes (e.g., turnover).

Therefore, support for the negative burnout→affective commitment path in the proposed and modified models represents a departure from the conventional wisdom surrounding the development of commitment. Specifically, burnout might be likened to a commitment parasite, preying upon the affective commitment of its host with the most malignant effects (withdrawal intentions) found to occur amongst the weakest individuals (least committed). However, the existence of this mechanism suggests that even ISCs that derive great pleasure from their MLM distributorship, and have made a substantial investment in it (RSI), may experience the deleterious effects of burnout. In this regard,

burnout is analogous to the habituation and novelty-seeking concepts found in psychology and consumer behaviour, in that these concepts seek to explain behavioural withdrawal.

In Section 2.6.2 it was demonstrated that burnout is especially prevalent in those occupations where there is a demanding interpersonal component. Therefore, burnout is believed to be critical to the study of relationship marketing. Ignoring the burnout construct does not merely reduce the amount of variance explained in outcome variables such as withdrawal intentions, but rather fails to account for an important mechanism by which commitment is reduced. Thus, it is believed that any theory development in relationship marketing must acknowledge the impact of burnout upon relationship commitment. Implications for policy, practice and future research are presented in the appropriate sections.

Although the remaining antecedents in the proposed and modified models were found to have a positive influence upon affective commitment these results should not be overlooked. For example, antecedents such as trust and relationship attractiveness were found to have different influences upon the various components of commitment. This result supports the underlying assumption of the current thesis – that the three dimensions of commitment have differential effects upon the development and maintenance of relationships – thereby refuting the Mathieu and Zajac (1990) position that such micromediational efforts are not justified. Specifically, the LISREL analyses demonstrated that the multi-component conceptualization of commitment is superior to a general commitment construct. Not only were the various components differentially influenced by important relationship constructs, these components were, themselves, found to have

differential effects upon crucial outcome variables. Although not definitive, these results contribute to the growing body of literature that supports a multi-component conceptualization of the commitment construct.

Finally, it should be noted that trust was found to exert only a mild influence upon affective commitment. This result is surprising in light of the strong relationship between trust and relationship commitment reported observed by Morgan and Hunt (1994) in their test of the KMV model. These findings might reflect the differences in relationship context examined by these two studies, one interorganizational and the other intraorganizational. For example, it is reasonable to assume that trust is a necessary condition for continued involvement in the kind of interorganizational relationships characteristic of the MLM channel. However, in relationships such as this trust beyond some requisite level (floor) may not lead to great advances in affective commitment. In contrast, intraorganizational relationships such as the one studied by Morgan and Hunt (1994) are protected by contracts and performance guarantees suggesting that trust may be perceived as a benefit rather than necessary condition for interaction. Consequently, it may ultimately be found that incremental trust is most influential in the study of intraorganizational relationships.

Continuance Commitment:

The results of the LISREL analyses confirmed all but one of the hypotheses concerning the continuance commitment construct. Furthermore, these results were found to be consistent with Becker's side-bet theory (1960) that suggests that individuals perceive a need to remain in a relationship because of the idiosyncratic investments made

in it and/or benefits received from it. Consistent with this theory it was found that continuance commitment increased as investments (RSI) increased and available alternatives decreased (RA increased).

As hypothesized, trust was observed to have a negative influence upon continuance commitment. This negative relationship suggests that an ISC is less likely to perceive him/herself as “trapped” in the relationship as his/her trust increased. In the current context, this result is seen to have a positive impact on relationship stability, because continuance commitment was in turn found to have a negative impact on intent to stay.

The negative relationship between CC and IS contradicted the majority of research involving this construct, and may be a product of the interorganizational research context. Specifically, ISCs are free to sever their relationship with the MLM firm at any time, and are likely to feel that there is little to hold them in the relationship if they are unsatisfied. Therefore, it is believed that ISCs are more likely to withdraw from the MLM channel if they begin to feel “trapped” by their involvement. In the current context it is believed that it is the idiosyncratic investments made in the distributorship which are most likely to contribute to these feelings.

This result is important from a theoretical point of view because it provides additional support for the contention that different mechanisms are responsible for the development of commitment, as well as, outcomes associated with commitment in inter and intraorganizational relationships. For example, a particular level of investments or demands (e.g., hours required) in a dating relationship (interorganizational) might cause an

individual to feel smothered/trapped and yet, in a marriage (intraorganizational) these same demands would simply be accepted as part of the spousal role.

Sheth and Parvatiyar (1995) suggested that choice should be the fundamental axiom of relationship marketing and argued that consumers like to reduce choice by engaging in loyalty relationships. The results of the current thesis suggest a slight modification to Sheth and Parvatiyar's (1995) statement in that it seems that individuals will not fully commit to a relationship unless there is choice. The implication of this for theory is that researchers should identify processes that are consistent, and those that are inconsistent, across inter/intraorganizational contexts. Furthermore, it may be that a generalizable theory of relationship commitment is one limited to explaining commitment in one relationship context (e.g., interorganizational).

Unexpectedly, relationship satisfaction was found to have a positive impact upon continuance commitment suggesting that ISCs perceive confirmed expectations (RS) as a form of side bet. Although contrary to Hypothesis 7, it is believed that confirmation of expectations increases continuance commitment by first increasing the relative attractiveness of the relationship. Support for this explanation is found in the strong correlation between RA and RS (Table 4.03).

The positive relationship between relationship satisfaction and continuance commitment confirms earlier research (e.g., Wotruba and Tyagi 1991) which argued that direct selling firms should make a concerted effort to provide recruits with a realistic view of direct selling. The current thesis extends the research of Wotruba and Tyagi (1991) to

suggest that confirmed expectations are not only important to the development of affective but also continuance commitment.

Normative Commitment:

One of the most notable findings of this thesis was the seemingly inconsequential role that normative commitment had upon relationship outcomes. This finding is in stark contrast to the literature review that argued that this construct was central to covenantal relations and the kind of interorganizational relationships found in the MLM channel. However, it is believed that this finding is somewhat misleading in that the true value of this construct was lost as a result of measurement inadequacies. Specifically, it is believed that the normative commitment construct as measured in this thesis, and previously by Allen and Meyer (1990), fails to adequately capture the construct. Rather, closer examination of this construct revealed that it more accurately captures individual values concerning a general disposition towards organizational loyalty.

Consequently, normative commitment as it was measured in this research fails to capture the impact of either socialization or organizational practice on ISCs, and thus does not capture the norms and values developed post organization entry. For example, members in organizations often share common values developed through either conscious efforts such as indoctrination and socialization practices, peer pressure and recruiting, or simply as the by-product of self-selection and/or member interaction. Regardless, it is believed that an organization characterized as having a membership with shared values will also have higher levels of normative commitment.

In the MLM context it is believed that ISCs are more likely to continue their association with a firm that conducts business in a manner that is consistent with their own values. Therefore, the company philosophy communicated by a mission statement, proselytized by members, demonstrated by its product/market focus or corporate citizenship activities is likely to reflect the common values of its membership. Furthermore, it is believed that these values will facilitate the recruiting process insofar as they will be seen as an enticement to those individuals with either the need to associate with like-minded individuals or which seek such values. This latter motivation was clearly represented in the qualitative interviews when individuals mentioned that their involvement had a “purpose.” For instance, ISCs variously indicated that they were improving the health of their customers, or were helping others achieve financial independence, self-esteem, or better quality of life.

Unfortunately, the measure of normative commitment employed here fails to capture the bond between relationship partners that is developed through commonality of purpose or shared values. This bond is critical to the pursuit of mutually beneficial activities and, if genuine, this form of commitment should preclude opportunistic behaviour, increase compliance and ultimately lead to enduring relationships. Thus, normative commitment as defined is believed to be essential to the development of the kinds of covenantal relations described earlier.

Thus, a limitation of the current study is its failure to adequately measure the normative form of commitment as it was conceptualized in the literature review. However, this construct is in its nascence and the dearth of reliable and valid measures of

this construct is to be expected. New constructs are often plagued with conceptual issues, and the normative commitment construct introduced by Allen and Meyer (1990) is no exception. In fact, it is not surprising that the face or discriminant validity of such a construct be questioned when one considers the volume of research that has been conducted on the affective and continuance forms of commitment.

However, the modified model of commitment was able to account for significantly more variance in the NC construct ($R^2=.19$) than previous research efforts. For example, Caldwell, Chatman and O'Reilly (1990) reported an R^2 of .06, which is surprisingly low considering that their research examined the impact of organizational socialization practices on normative commitment. Furthermore, the amount of variance in the normative commitment construct explained by the modified model approaches the R^2 value of .24 reported by McLeod et al. (1995). A result that is made more surprising when one considers that the McLeod et al. (1995) regression equation contained 23 variables in contrast with the current model which contained only five. Thus, despite its shortcomings it is believed that the proposed model offers considerable insight into the mechanisms responsible for the development of normative commitment.

Meyer et al. (1993) recently acknowledged that there have been few if any attempts to distinguish the processes by which AC and NC develop. Furthermore, Meyer et al (1990) argued that since both forms of commitment appear to vary as a result of similar antecedents it is not known whether the dominant response to such antecedents will be attachment (AC) or obligation (NC). Results of the current thesis indicate that NC develops as a result of positive experiences, a finding consistent with prior research and

the norm of reciprocity explanation (e.g., Meyer, Allen and Smith 1993). However, the current thesis extends these earlier findings by reporting that affective commitment is an antecedent of normative commitment. In fact, the modified model of relationship commitment indicates that both AC and CC contribute to the development of NC.

It is not known whether the relationships between AC, CC and NC are unique to the current context (e.g., MLM or interorganizational) but they are consistent with the self-justification hypothesis (Meyer, Allen and Gellatly 1990; Somers 1995). Somers (1995) illustrated the self-justification hypothesis by suggesting that individuals experienced increased levels of affective and perhaps normative attachment to an organization as a way to reduce the negative feelings associated with the lack of mobility created by high sunk costs.

Consistent with the self-justification hypothesis, Caldwell et al. (1990) reported that the positive influence of strong selection and value systems on normative commitment might be the result of incremental commitment. In the current context this mechanism was demonstrated by the fact that ISCs experienced higher NC as a result of higher CC. Rather than positive experiences it was believed that NC increased in this instance as a result of the idiosyncratic investments made in the relationship. This result is also consistent with the Gundlach et al. (1995) finding that relational social norms increase as credible commitments (i.e., substantial investments) increase. In fact, Gundlach et al. (1995) indicated that social norms created in this manner are perhaps more important to relationship stability than other mechanisms, they stated:

Initial commitments are necessary for the development of social norms, but in turn social norms become a key force sustaining and strengthening commitment over time. They provide the requisite governance safeguards that enable parties to feel confident in their future commitment intentions. The malleable and enduring nature of this form of governance compared to other forms such as hierarchy or contract/law appear to be especially conducive to exchanges requiring long-term commitments. (p.90)

The quotation by Gundlach et al. (1995) offers support for the earlier contention that normative commitment is likely to be very important to the study of interorganizational relationships such as those found in the MLM channel. Furthermore, it has been suggested that strong culture organizations, those which emphasize recruitment and socialization practices, are likely to have a more committed membership (e.g., Caldwell, Chatman and O'Reilly 1990).

Although, the results of the current thesis did not provide support for NC as a dominant construct, it may be premature to suggest that the normative form of commitment was less important to relationship stability than affective commitment. Specifically, the affective scale contains some "norm-like" items and it is possible that these items blur the distinction between the AC and NC scales. Although this issue will be explored in greater detail in a subsequent section it is possible that these normative elements explain the dominance of the AC dimension in the MLM context. Specifically, three of the eight items in the AC scale were believed to have a strong normative component (items 1-3 in Appendix 3). In fact, it is possible that the strong NC position anticipated in the examination of the MLM channel may actually be reflected by the dominant results associated with the AC construct.

Despite the fact that the AC construct may have masked the importance of the normative component of commitment, it is still somewhat surprising that NC did not have a significant impact upon intent-to-stay. However, Jaros et al. (1993) also found that normative commitment was not significantly related to withdrawal intentions. In an effort to explain these results Jaros et al. (1993) suggested that, “withdrawal cognitions might correspond more closely to fluctuations in emotional states and personal estimates of sunk costs than to more stable, value-based, or even spiritual, identifications” (p.987).

Despite an increase in research involving normative commitment, Allen and Meyer’s (1990) observation that there is little in the literature upon which to base predictions concerning antecedents of normative commitment remains accurate almost a decade later. Further investigation of the antecedents and consequences associated with this construct seems particularly warranted in light of the current research findings. Specifically, it is believed that various conceptualizations of this scale should be evaluated, and the relationship of each to the affective and continuance dimensions of commitment examined. While the normative commitment construct is intuitively appealing, Allen and Meyer (1990) appear justified in stating that more evidence is required before the normative commitment scale can be used with much confidence.

Conversely, the results of the current thesis might lead one to conclude that normative commitment is in itself an important relationship outcome. In fact, there is a great deal of evidence to adopt similar positions for each of the components of commitment. Understandably, researchers have examined the impact of commitment upon outcomes such as withdrawal intentions, opportunistic behaviour and cooperation in an

attempt to identify the mechanisms responsible for these desirable behaviours. However, exchange relationships are severed for a variety of reasons many of which are beyond the control of the individual participants (e.g., no longer require product or service).

Perhaps researchers should adopt a slightly different perspective of commitment. Thus, rather than considering relationship commitment as a key mediating variable, perhaps researchers should consider commitment as the most desirable outcome over which they have any control. By adopting this position, relationship commitment would then be viewed as the single most important dependent variable in the study of intra/interorganizational relationships.

Although profitable long-term relationships are the primary objective of relationship marketing efforts, researchers must realize that turnover can and will occur. What is needed is a better understanding of the mechanisms that facilitate and inhibit the development and maintenance of relationship commitment. Furthermore, future research must focus on developing and testing competing theories of commitment development, and examine the appropriateness of these theories to both interorganizational and intraorganizational relationships.

5.4.1 Implications for Policy and Practice

Employees who work away from the nucleus of their organization and away from compatriots can be drawn by the customs, standards and pressures of the groups and communities with whom they interact locally, with the possible consequence of a loss of acceptance of their organization's goals and values.

(Guzzo, Noonan and Elron 1994, p.626)

The preceding quotation is illustrative of the conditions experienced by many organizations that have "arm's length" relationships with their membership. Essentially,

these organizations are at risk of losing normative control over these members. In marketing relationships, salespeople serve a boundary-spanning function in that they act as the agent of the organization in dealings with its customers. However, this role often demands that salespeople be separated from their organization for extended periods of time and consequently, they may begin to identify with those organizations and individuals with which they have the greatest contact (e.g., customers, competitors).

The current thesis developed and tested a multi-component model of commitment in an attempt to better understand how such commitments are formed in marketing relationships. The specific marketing context chosen for study was an interorganizational context typically believed to elicit strong commitment from its participants – the multilevel marketing channel. The independent sales contractors in this channel performed a similar boundary spanning role as the sales representatives found in more conventional intraorganizational relationships and therefore many of the findings in the current study can also be applied to this larger population. However, the MLM channel is unique in that its ISCs are not bound by the contracts (e.g., employment or franchise) and protective trade agreements (e.g., exclusives) found in intraorganizational relationships. As a result, it is believed that the implications drawn from the current study extend beyond the MLM channel to a wide variety of relationship marketing contexts. Furthermore, it is believed that the current thesis has implications for both practitioners and policy makers.

This section begins with a detailed discussion of practical implications for the ISCs and management involved in MLM. Although specific implications for other relationship marketing contexts are offered the emphasis here is on the interorganizational relationships

of the MLM research context. It is believed that additional research is required before these implications can be confidently extended to other relationship contexts. The section concludes with a discussion of implications for policy makers.

The modified model of relationship commitment indicates that an ISC's dominant form of commitment to his/her MLM firm is an affective one, and that this form of commitment has the most significant impact on intent to stay, future investment and compliance. MLM firms and those ISCs intent on building and sustaining a downline organization should therefore concentrate on developing and maintaining affective commitment amongst members of their downline. This position echos an earlier position by Kumar, Hibbard and Stern (1994), who stated:

Affectively committed channel members will invest more in the relationship, will perform at a significantly higher level and will be more resistant to opportunistic behaviour. Therefore given the choice between developing closeness through affective versus calculative commitment, those managing channel relationships should strongly cultivate the former over the latter.

(in Geyskens, Steenkamp, Scheer and Kumar 1996, p.20)

Relationship Satisfaction (Met Expectations):

Consistent with earlier research by Wotruba and Tyagi (1991), confirmation of expectations was found to be very important to the development of an affective attachment between ISCs and their MLM plan. Thus, the management and upline distributors should constantly remind the MLM membership to present an accurate picture of the MLM experience. Specifically, recruits should be provided with a realistic view of product lines (e.g., shortcomings), delivery and order processing procedures (e.g., fill rates, delivery times), selling and recruiting issues (e.g., rejection), earnings potential (e.g., "typical" recruit) and perhaps most importantly an accurate depiction of the time (e.g.,

attending meetings, selling/recruiting) and financial commitments (e.g., promotional expenses, travel expenses) involved in operating a “successful” MLM distributorship.

Success is a relative term, and the results of the current thesis suggest that MLM firms should provide recruits with an opportunity to achieve their goals rather than presented with the mythic accomplishments of a relatively select group of individuals. For example, it may be motivating to hear about and learn from these storied distributors, but their “success” may become an expectation – one which is unlikely to be achieved. Upon realizing that they are not going to achieve the kind of success they imagined, ISCs may revise their expectations, but it is just as likely that they will withdraw perceiving their MLM experience to be a failure. Worse still, these individuals may feel cheated or lied to; disgruntled they become vocal opponents of the MLM firm, its products, and the industry.

These results support the expectancy disconfirmation model researched extensively in the consumer behaviour and services marketing literature, while ISC reactions to unmet expectations (e.g., to quit, redefine expectations) are consistent with dissonance theory (Festinger 1957). Furthermore, these observations support the voluminous body of personal selling literature which suggests that credibility is important to successful relationship building. Thus, the current findings appear to be consistent across research disciplines and relationship contexts.

It is also believed that unmet expectations are largely responsible for the honeymoon effect discussed earlier. Specifically, it is believed that ISCs set objectives for themselves which are temporal in nature (i.e., to achieve a certain income/status level within 6-12 months) and reasonable to assume that most ISCs set earnings and/or status

goals that they would hope to achieve by their first anniversary date. In fact, Canada's Competition Act requires MLM firms to disclose the "typical" earnings of an ISC with *one year of involvement* if earnings are mentioned in recruiting documents or presentations. The results of the tenure-based relationship stage analysis indicated that ISCs experience decreased satisfaction (unmet expectations), elevated levels of burnout, decreased commitment and were more likely to quit following their first year of involvement.

In the current context the honeymoon effect might be best explained by the psychological phenomenon known as extinction. Extinction, often discussed in conjunction with operant conditioning, refers to the process by which a behavioural response is extinguished because it is neither reinforced nor punished. In the MLM context it is believed that ISCs cease involvement (e.g., selling, attending meetings) when they no longer feel that their efforts are being sufficiently reinforced (e.g., compensation, enjoyment). This relationship context is similar to many others in that participants are believed to "take stock" of the relationship infrequently, perhaps only at specific milestones (e.g., birthdays, anniversaries, change of season, end of academic term). For example, an OEM is likely to review the performance of its suppliers on a quarterly or annual basis in much the same way that a salesperson is reviewed by his/her manager.

Although more research is required on the relationship between initial expectations and the honeymoon effect there appears to be sufficient evidence to make the following recommendations. First of all, MLM firms and their ISCs should exercise caution when presenting recruits with the testimonials of star performers. Although motivating in the

short term, these success stories are likely to contribute to reduced levels of satisfaction and increased quitting intentions later in the relationship.

Second, the MLM firm should recognize that by tying distributor goals and objectives to specific milestones (e.g., distributor anniversary dates) that the ISC will take stock of the relationship at these milestones. To avoid losing a distributor that has failed to achieve his/her personal goals, MLM firms must actively manage the relationship in the period leading up to such milestones. The first step in this process requires upline distributors to work with their downlines to identify reasonable goals and to occasionally review their progress. This tracking is very important because it allows upline distributors to motivate distributors that are under-performing, and to revise upward the goals of those that are performing well above expected levels. Actively managing downline distributors in this manner will avoid the kind of reality shocks that might otherwise be experienced following the passing of a milestone.

Finally, upline distributors and managers should help distributors take stock of the relationship in the days immediately preceding the milestone to insure that unmet expectations are put into the proper perspective (e.g., why the goal was not achieved). It is believed that interventions at various points in the “goal period” will help to decrease the negative impact of unmet expectations upon the ISC.

The research on extinction also suggests that MLM firms should emphasize goals and objectives that are rewarded on an intermittent rather than continuous basis, because it is much more difficult to extinguish behaviours that receive intermittent reinforcement. For example, the achievement of successive status levels was found to have a very strong

influence on ISC attachment. As these status levels are not temporally-based, it may be much more beneficial for MLM firms to associate the goals of the individual ISCs to status levels rather than temporal benchmarks. Furthermore, the MLM firm is likely to have more reliable information on the remuneration received by those at each status level, as well as, accurate statistics on the average time required to achieve successive status levels. This information can be used to help distributors create reasonable performance objectives and thereby achieve greater success.

Given all the negative side-effects associated with unmet expectations, it is argued that MLM plans and their respective ISCs should make every attempt to present prospective ISCs with a realistic picture of the demands associated with operating an MLM distributorship. In this way, ISCs will be able to make an informed decision as to whether they wish to become involved and more likely to set attainable performance targets for themselves. The likelihood of achieving these goals/objectives will increase thereby enabling ISCs to view their participation as a success. As demonstrated earlier, status was found to have a significant impact on ISC commitment. To this end, it is believed that the modus operandi for the MLM channel with regards to recruiting ISCs should be to *“under promise and over deliver!”*

The evidence of a honeymoon effect in the current context is consistent with the kind of “reality shocks” experienced by employees following their first year in an organization. Although omnipresent across cultures, the honeymoon effect witnessed in marital relationships may or may not be found in all interpersonal relationships. However, the current findings seem to suggest that this may be a widespread phenomenon.

Individuals responsible for managing inter/intraorganizational relationships should be aware of the honeymoon effect and strive to identify the important milestones in the relationship. Furthermore, the parties to these relationships should identify and actively manage the expectations of their exchange partners to avoid the deleterious effects of “reality shock.”

Relationship Attractiveness:

Relationship attractiveness was also seen to have a significant impact upon the development of affective commitment. MLM firms should constantly strive to distinguish themselves from other business opportunities or sources of product supply. For example, the MLM industry must counteract the utilitarian (e.g., convenience) and hedonic (e.g., social interaction) benefits associated with shopping (cf. Solomon 1996) at more conventional channels of distribution by providing products of superior quality, efficacy or value.

Furthermore, information gathered in this thesis suggested that an MLM firm must also distinguish its product offering and business opportunity from those of other firms competing in the same industry. Specifically, it was found that ISCs are regularly contacted by friends, family and strangers asking them to join or consider alternative MLM and direct selling opportunities. It is unlikely that a successful, committed distributor or product user would switch to an alternative MLM plan and yet, quite likely that dissatisfied (i.e., those with unmet expectations) ISCs or consumers would switch to a competing organization.

Direct comparisons between MLM plans are not often possible given the uniqueness of product offerings and compensation plans. However, firms in the MLM channel should be no less diligent in their efforts to provide products of the highest quality, and compensation plans that compare favourably with the rest of the industry. In light of these findings the management of MLM firms should exercise caution when considering dual channels of distribution. Here dual distribution refers to the distribution of a either an MLM's own products through alternative channels (e.g., store retailing) or the distribution of branded products (e.g., national brands) through the direct selling channel. The primary concern with dual distribution would be the extent to which such a strategy would adversely effect the relative attractiveness of the MLM firm in the eyes of its ISCs. The actual impact of dual distribution on distributor attitudes should be studied.

Burnout:

Burnout was the only antecedent found to have a negative impact on the development and maintenance of affective commitment, and the implications drawn from the current thesis extend well beyond the MLM channel. Although the current discussion will focus on implications and recommendations relevant to the MLM channel, it is believed that most of this discussion is directly applicable to the majority of relationship marketing and interpersonal relationship contexts.

Burnout is, quite simply, a negative outcome of stress and is prevalent in social contexts with a considerable amount of interpersonal contact (e.g., health care, teaching, law enforcement). Specifically, burnout represents the degree to which an individual becomes mentally and physically fatigued as a result of a particular course of action.

Thus, burnout represents a psychological impediment to continued effort which explains its importance to the study of relationship marketing. According to Singh et al. (1994), the process by which burnout leads to withdrawal is complementary to the process by which unmet expectations leads to withdrawal. However, burnout leads to an unsatisfactory conclusion (outcomes < CL) through an accumulation of stressors (costs) that lead to a decrease in outcomes (rewards-costs) rather than through a reduction in rewards.

Section 2.6.2 indicated the major sources of distress (negative stressors) in the MLM channel were the efforts and rejection associated with recruitment and selling. In addition, the time and effort involved in building a downline requires significant personal sacrifice (e.g., opportunity cost) and yet these factors are not in themselves sufficient to cause burnout. Rather, burnout captures the extent to which an individual is capable of coping with stress, and therefore in order for burnout to occur an ISC must no longer be able to completely cope with the stress associated with operating their distributorship.

The first implication for the upline distributors and management of an MLM plan is to recognize that individual ISCs are differentially capable of handling the demands of running an MLM distributorship. For example, upline distributors must not assume that everyone has the same ability to prioritize and balance their MLM and extra-MLM commitments. Second, MLM firms must learn to identify the symptoms of burnout in order to identify those ISCs that may be in jeopardy of leaving the organization. And finally, MLM firms should provide distributors with training specifically designed to help them identify coping strategies that can help them reduce stress and avoid burnout.

Perhaps Pines et al. (1981) best illustrated the effect of burnout upon an organization/relationship when they commented that, in order to burnout an individual needed to be on fire at one point. Therefore, losing a productive distributor can have significant repercussions upon an MLM firm in terms of downline commitment, future purchases and the loss of productivity. In the MLM channel, the effects of burnout are magnified further when one considers how difficult it is to recruit ISCs in the first place. It is argued that the investment in training made by MLM firms is relatively small when one considers the costs associated with the loss of an active distributor.

More research on the actual causes of burnout are required but the three primary dimensions of the burnout construct are also the symptoms that individuals should be made aware. For example, upline distributors should look for signs of emotional exhaustion (e.g., repeated comments about mental and physical fatigue), diminished personal accomplishment (e.g., a decline in selling and recruiting activity) and depersonalization (e.g., indifference to clients/downline).

Perhaps the best ally in this regard is the ISC's spouse or partner, as they are one most likely to hear complaints and witness behavioural intentions. Unfortunately, these spouses are also likely to be one of the contributing stressors factors but if supportive of the ISC's involvement they might be willing to point out such behavioural issues to their partner. Anecdotal information provided in discussions with ISCs and MLM management has consistently affirmed that spousal support and involvement is very important to ISC success. It would also appear that spousal support could also play an important role in

identifying burnout before it has a deleterious effect on the continued participation of the ISC.

Burnout has received very little attention in the marketing literature and there have been no known attempts to study the phenomenon in interorganizational relationships. The current thesis extends the construct to the study of interorganizational relationships and, in the process, underscores its importance to relationship maintenance. As stress becomes an increasingly more significant problem in society, it is believed that burnout will begin to become a more widespread problem. Managers responsible for relationship marketing should be aware of the effect that increased demands can have upon the individuals ultimately responsible for spanning organizational boundaries. Therefore, it is anticipated that effective management of the buyer-seller interface will increasingly require an appreciation for signs of burnout.

Relationship Specific Investments:

Although not included in the proposed model, relationship specific investments were found to have a significant influence upon the development of affective commitment. Initially, it was presumed that the idiosyncratic investments made by an ISC would only create instrumental ties to the MLM firm. In retrospect, Section 2.6.3 makes an equally compelling argument to support the affective attachment observed in the current thesis. In particular, it is believed that the act of attending MLM meetings is integral to the development and maintenance of affective and perhaps even normative commitment.

Section 2.5 provides an extensive overview of commitment development in the MLM channel and the importance of social functions such as meetings. In particular, it

was suggested that ISCs receive more than just support, training, and recognition in the meetings, seminars and rallies regularly held by their MLM firm. These meetings allow ISCs to interact with a large number of other distributors that, despite different backgrounds, are unified by a common purpose. In addition, these meetings expose ISCs to upline distributors that are not only successful but highly motivated and extremely positive about their involvement in the MLM plan. In fact, these gatherings are such a positive experience that they are regarded by many as one of the most significant benefits of membership.

Although not unique to the MLM channel, these emotionally charged gatherings are not commonplace in other organizational contexts, and if they do occur do so on an infrequent basis. For example, an annual MLM rally may be somewhat reminiscent of a New Years Eve party, family reunion, or corporate sales meeting there are few parallels for the monthly or quarterly meetings held by many direct selling firms.

The implication for relationship marketing drawn from the current thesis is that there is nothing wrong and everything right about collective gatherings designed to celebrate inter/intraorganizational relationships. In fact, meetings such as those found in the MLM channel have been effectively used by a number of relationship marketers to recognize the membership bond (e.g., exclusive club), reaffirm commitment (e.g., excellent product or service) and motivate exchange partners (e.g., future purchase, referrals). For example, Harley-Davidson, Jeep and Saturn ownership groups gather on a regular basis for rides, jamborees, rallies and reunions to share in the positive aspects of their ownership experience. Perhaps even more devout are the "Deadheads" that follow

The Grateful Dead from concert to concert. Furthermore, congregations meet weekly to identify with and reaffirm their faith (commitment to the religion) and to share in the celebration of “communion.” In fact, many religions title as a privilege of membership. At American express, “Membership has its privileges.”

The consumer behaviour literature has long recognized that there are instrumental and hedonic motives for shopping, and developers now cater to the consumer need for excitement and social experience by building shopping centres with theatres, restaurants and night clubs. These examples are a testament to the power of collective gatherings on the one hand and the need to belong on the other. Perhaps relationship marketing practitioners should follow the lead of direct selling firms and the aforementioned organizations and acknowledge that parties to a relationship want more than instrumental value. To this end, relationship marketing practitioners should make an effort to not only recognize (i.e., customer appreciation days) and reward their customers (i.e., frequent shopper programs), but also provide them with an opportunity to identify with the organization (i.e., affinity programs) and share their experience with others (i.e., collective gatherings). Specifically, manufacturers and retailers can encourage customer interaction through the following public relations vehicles: company web sites (e.g., chat rooms and newsgroups), special events (e.g., open house, picnics, reunions) and the establishment of owners groups.

However, it is believed that customers will not gather and share in their experience unless they identify with the values associated with a manufacturer or embodied by its products. For example, Harley-Davidson motorcycles are believed to symbolize freedom

and independence; values strongly held by those that purchase the company's motorcycles, clothing, and accessories. Similarly, Jeep owners might be seen to value independence and escape, as demonstrated by their reverent attitudes towards the vehicle's "go anywhere" capability. Alternatively, Saturn is believed to be a car company that cares for the safety, satisfaction and environment of its customers.

Therefore, relationship marketers should first identify the core values associated with the products and services offered by their organizations. Next, these organizations should determine whether these values are important to customers and if important how widely held are they. Finally, the organization should tailor their marketing strategy to support and capitalize upon these values in much the same way as Saturn, Jeep, Harley-Davidson and of course the MLM channel.

Although each firm may appeal to a slightly different set of values, it is believed that MLM plans commonly appeal to the following values: entrepreneurship and/or self-reliance (e.g., financial independence), community and/or cooperation (e.g., helping one another achieve success), caring and/or benevolence (e.g., concern for health of others). It is the identification with values such as these that is believed to draw an ISC to attend the collective gatherings organized by the MLM firm and that leads to increased affective as well as normative commitment.

5.4.2 Implications for Policy

There has been considerable attention given to legislation that distinguishes the MLM channel from pyramid schemes in an attempt to protect the interests of consumers and distributors of the legitimate firms involved in the MLM channel. There has also been

a great deal of publicity surrounding the “cult-like” activities (e.g., collective gatherings) of MLM firms. To this end, revisions to Canada’s Competition Act appear to provide the guidance necessary towards increasing the profile of the MLM channel as a legitimate channel alternative for suppliers and consumers and business opportunity for entrepreneurs (see Section 2.6.1). Specifically, the Competition Act now provides criteria that can be used to distinguish legitimate MLM plans from illegal pyramid schemes. Furthermore, these criteria provide distributors with certain rights (e.g., product return provision) that insure low barriers to entry and exit. While this legislation manages to protect the freedom of the individual MLM distributor it also protects MLM firms from engaging in recruiting practices that may ultimately lead to increased ISC turnover. The current thesis provides support for this legislation and evidence of its intent, the protection of the industry, its distributors and its customers.

For example, the independent distributors studied in the current thesis freely associate with the MLM plan, and are therefore independent. Specifically, it was found that the customers and distributors of the MLM channel maintain their relationship with a given MLM plan not because they feel obliged to do so (normative commitment) but rather because they want to (affective commitment). Consequently, the bonds of attachment in the MLM channel are, arguably, the same as those that exist in other interorganizational relationships - distributors invest in, and remain with, an MLM plan until such time as the benefits received become insufficient to warrant continued involvement. If dissatisfied with the benefits received or the efforts required, an ISC is

free to dissolve his/her distributorship and withdraw from the MLM channel, largely without cost now that ISCs have the legal right to return unsold inventory.

Furthermore, it is believed that firms that choose to ignore the legislation in the Competition Act concerning recruiting practices (i.e., misleading prospective customers and distributors with unrealistic promises concerning product performance and/or earnings) will ultimately be sowing the seeds of their own destruction. Specifically, the thesis indicates that failing to deliver upon recruiting promises leads to unmet expectations, dissatisfaction, and ultimately withdrawal. Furthermore, comments obtained during the qualitative interviews revealed that such practices lead to negative word-of-mouth advertising towards both the firm and the industry.

As a result, the industry must continue to protect itself from the harmful activities of rogue distributors and “fly-by-night” firms. Therefore, those in charge of policy issues for the DSA should continue to educate its member companies who must, in turn, educate their membership about the benefits associated with the Competition Act legislation and the ethical guidelines set forth by the association. However, and perhaps more importantly, the DSA and its member organizations should make every attempt to bring non-member firms into the fold, perhaps lobbying the government to make membership in the organization a requirement for access to the Canadian market. The DSA is itself a collective gathering of firms that share common values (e.g., ethical business practices, legitimate/superior channel of distribution), and it is believed that the DSA should be as active in recruiting members as its members are in recruiting.

Limitations and Implications for Future Research

The current thesis has a few limitations. First of all, the cross-sectional research design provides for much weaker inferences regarding causality in the relationship commitment model than if a longitudinal design had been employed. Therefore, a test of the modified model of relationship commitment in a longitudinal design would be extremely beneficial to the study of relationship commitment.

The second limitation of the current thesis is related to the composition of the research sample. Specifically, the sample was overly representative of ISCs at higher status and tenure levels, suggesting that the proposed and modified models might only generalize to the study of mature relationships. However, results from the analysis of relationship stage effects seem to suggest that the relationship commitment model is robust to such sample differences. Strict replication of the current study using a sample of MLM neophytes (those with less than 1 year of tenure) or at least a more representative sample would be useful in determining what effect if any the current sample had on the proposed model.

Third, the interorganizational relationship context of the current thesis (the MLM channel) may limit the generalizability of thesis results to other relationship marketing contexts. Although the MLM channel was shown to have a number of characteristics in common with more conventional channels of distribution, it remains to be seen just how (dis)similar this context is to other inter and intraorganizational contexts. Future research might seek to compare the MLM channel, and the nature of the firm-ISC relationship, to the ten forms of relationship marketing identified by Morgan and Hunt (1994).

Unfortunately, the definition of the term “interorganizational” employed in the current thesis is unique to the literature and may be seen as a potential source of confusion. For example, researchers have typically adopted a liberal interpretation of the term; one that suggests exchanges between independent entities (e.g., Morgan and Hunt 1994; Sengupta 1995). For example, Morgan and Hunt (1994) tested the KMV model with a sample of tire retailers that purchased over half (54%) of their inventory from one supplier, sufficient evidence to suggest that these relationships were governed by strong contractual ties (e.g., exclusives). Alternatively, Sengupta (1995) used the term interorganizational in a study of exclusivity in bilateral relationships. Neither of these relationships would be considered interorganizational according to the definition employed in this thesis.

Adding to this definitional confusion is the use of a more narrow definition of the term relationship commitment than that employed by Morgan and Hunt (1994). In the current thesis relationship commitment was limited to commitment between parties in interorganizational relationships. In contrast, Morgan and Hunt (1994) used relationship commitment as an umbrella term to describe commitment between relational exchange partners. However, in so doing, Morgan and Hunt (1994) implied a universal form of commitment that accommodates a wide range of relationships and constructs, such as internal marketing (e.g., organizational commitment) and consumer behaviour (e.g., brand/store loyalty). Closer examination of the ten relational forms indicates that most of the examples provided by Morgan and Hunt (1994) would be deemed intraorganizational by the current thesis.

Future research should attempt to develop a typology of relationships based on commitment. To illustrate the benefits of such a typology it might be useful to reexamine the three forms of social relationships presented in Table 2.0. First of all, the goal of such a typology would be to develop a parsimonious classification system for relationships similar to those used to classify animals in zoology. For example, the composition of diet (i.e., plant, meat) that sustains herbivores, carnivores and omnivores in the animal kingdom might be replaced by the affective, continuance and normative forms of commitment that sustain transactional, relational and covenantal relationships.

A typology such as this would enable researchers to compare and contrast relationships across disciplines (e.g., marketing, organizational behaviour, sociology, psychology), thereby uniting previously disparate research areas. These classification efforts would also help to identify and eliminate redundant concepts and improve the generalizability of findings across related relationship contexts. For example, in a related exercise Morrow (1983) found that there was a great deal of redundancy in the organizational behaviour literature surrounding the work commitment concept. Specifically, Morrow (1983) concluded that the five forms of work commitment (e.g., protestant work ethic, career salience) commonly used in the literature were not sufficiently distinct to warrant independent study.

Albeit confusing, the definitions of (intra) interorganizational and (organizational) relationship commitment introduced here are compelling and warrant further development. These context-specific definitions are intriguing because (in)dependence is inherently captured by these concepts. Morgan and Hunt (1994) indicated that dependence varies

directly with relationship benefits and termination costs as well as inversely with the availability of alternatives, and suggested that power can result from dependence. Furthermore, Morgan and Hunt (1994) indicated that marketing science should concentrate on explaining relationship marketing success rather than failure and concluded that power should no longer be a central construct in the study of marketing relationships.

The marketing literature has consistently recognized that the use of power to secure compliance has dysfunctional effects (i.e. conflict) upon relationship stability. However, it is believed that the kind of relationship dependence that is born out of a lack of alternatives is not nearly as well understood. For example, Morgan and Hunt (1994) suggested that termination costs and benefits can lead to feelings of dependence, relationship commitment according to the KMV model, or continuance (and perhaps even normative) commitment according to the current thesis. Interestingly, the scale used to measure termination costs in the KMV model was actually derived from the CC scale of Allen and Meyer (1984), providing further evidence of definitional confusion.

Thus, it is posited that the composition or developmental processes responsible for the development and maintenance of commitment will be different for relationships having high (few alternative) versus low (many alternatives) levels of dependence. For example, it is quite likely that affective commitment develops as a result of the self-justification hypothesis in highly dependent relationships. Essentially, an individual in this type of relationship would attempt to reduce feelings of entrapment by rationalizing their involvement. In contrast, in those relationships where parties have numerous alternatives, affective commitment is most likely the result of positive experiences.

Future research should focus on not only extending the three-component model of commitment to a variety of relationship contexts, but rather attempting to explicate the process(es) by which affective, continuance and normative commitment are formed in different contexts. In fact, it is believed that the key to developing a generalizable model of relationship commitment is a more thorough understanding of the differences that exist between relationship contexts. As a continuous construct, relationship commitment is present to a greater or lesser extent in all relationships and presumably can be enhanced. However, it is almost a certainty that the components of commitment will develop differentially across relationship contexts. Relationship marketers must therefore develop a better understanding of relationship context as well as the processes responsible for the development and maintenance of commitment.

The current thesis, its relationship context, and resultant modified model of relationship commitment are significant contributions to the study of commitment and relationship marketing. However, it is believed that future research should address a number of limitations of this three-component model. First of all, the current study failed to incorporate multiple measures for the three components of relationship commitment. For example, the normative commitment scale employed by Jaros et al. (1993) would perhaps have been a more appropriate measure for this construct in the current context than the one developed by Allen & Meyer (1990). Although the AC, CC and NC scales developed by Allen and Meyer (1990) have received considerable attention in the literature and found to be both reliable and valid measures they were developed and tested in an intraorganizational relationship context (e.g., employee-employer). Therefore future

research should concentrate on the development and testing of measures specific to the interorganizational context.

The model could also be extended to include other antecedents. For example, the discussion in this and preceding sections has suggested a number of antecedents of normative commitment that could be examined in future research. Specifically, it is believed that a measure designed to capture constructs relevant to pre and post relationship entry socialization would be especially helpful in this regard. For instance, the “shared values” construct included in the KMV model (Morgan and Hunt 1994) would be useful in this regard. However, this construct should be expanded to include a broad range of values in addition to the ethical orientation of the existing scale, and consistent with Morgan and Hunt (1994) it is believed that this revised scale should incorporate norms as well as values.

Finally, an extended model of relationship commitment might examine a broader range of constructs presumed to have deleterious effects upon commitment and relationship stability. Earlier it was suggested that marketing science should concentrate on healthy rather than “sick” relationships, and yet Dwyer et al. (1987) emphasized the fact that very little is known about the process by which relationships dissolve. Consistent with these views, the current thesis examined the impact of burnout, a relatively new construct to the study of relationship marketing, upon relationship commitment. It is believed that future research should concentrate on identifying other constructs that either impede development or have deleterious effects upon the maintenance of commitment.

For example, further consideration of constructs such as opportunistic behaviour (cf. Morgan and Hunt 1994) appears warranted.

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Appendix 1. Literature-Based Support for Relationships in the Proposed Model of Relationship Commitment

Representative Studies	Relationship	Strength of Relationship
Relationship Specific Investments [RSI] → Continuance Commitment [CC] (+)		
Allen and Meyer (1990)	pension-CC	$r = .17$ ($p \leq .05$)
Anderson and Weitz (1992)	idiosyncratic investments-RC	$r = .48$ ($p \leq .05$)
Ganesan (1994)	TSI-long term orientation	$r = .19$ ($p \leq .05$)
Gundlach et al. (1995)	input credibility-long term commitment	$\beta = .48-.69$ ($p \leq .01$)
Johnston and Snizek (1991)	showing plan-calculative involvement	$r = .46$ ($p \leq .001$)
Morgan and Hunt (1994)	termination costs-RC	$r = .31$ ($p \leq .01$)
Meyer et al. (1993)	sense of obligation-CC (occupation)	$r = .16$ ($p \leq .01$)
	sense of obligation-CC (organization)	$r = .14$ ($p \leq .01$)
Sengupta (1995)	RSI-exclusivity	$r = .25$ ($p \leq .01$)
Relationship Attractiveness [RA] → Continuance Commitment [CC] (+)		
Allen and Meyer (1990)	availability of alternatives-CC	$r = -.43$ ($p \leq .05$)
	transferability of skills-CC	$r = -.20$ ($p \leq .05$)
	transferability of education-CC	$r = -.16$ ($p \leq .05$)
Crosby et al. (1990)	appearance similarity-future interaction	$r = .17^{**}$
	lifestyle similarity-future interaction	$r = .21^{**}$
	status similarity-future interaction	$r = .15^{**}$
Gundlach et al. (1995)	CL _{alt} -long term intentions	$r = .45-.94$ ($p \leq .05$)
Kumar et al. (1995a)	CL _{alt} -willingness to invest	$r = .28\&.33$ ($p \leq .001$)
McLeod et al. (1995)	job opportunities-CC	$r = -.31$ ($p \leq .05$)
Morgan and Hunt (1994)	relationship benefits-RC	$r = .45$ ($p \leq .01$)
Relationship Attractiveness [RA] → Affective Commitment [AC] (+)		
Allen and Meyer (1990)	availability of alternatives-AC	$r = -.13$ ($p \leq .05$)
	transferability of skills-AC	$r = .25$ ($p \leq .05$)
	transferability of education-AC	$r = -.15$ ($p \leq .05$)
Glisson and Durick (1988)	leadership-OC	$r = .51$ ($p \leq .001$)
McLeod et al. (1995)	job opportunities-AC	$r = -.30$ ($p \leq .05$)
Morgan and Hunt (1994)	relationship benefits-RC	$r = .45$ ($p \leq .01$)
Mueller et al. (1994)	external opportunities-AC	$r = -.52^{**}$
Oliver (1990b)	organizational rewards-OC	$\beta = .30$ ($p \leq .01$)
O'Reilly and Caldwell (1981)	volition-attitudinal commitment	$r = .22$ ($p \leq .01$)
Sager and Johnston (1989)	job alternatives-OC	$r = -.18$ ($p \leq .05$)
Ward and Davis (1995)	distributive justice-AC	$r = .23^{**}$
Relationship Attractiveness [RA] → Normative Commitment [NC] (+)		
Allen and Meyer (1990)	transferability of skills-NC	$r = .19$ ($p \leq .05$)
	transferability of education-NC	$r = -.15$ ($p \leq .05$)
DeCotiis and Summers (1987)	autonomy-OC	$r = .33$ ($p \leq .001$)
	recognition-OC	$r = .42$ ($p \leq .001$)
	support-OC	$r = .49$ ($p \leq .001$)
Glisson and Durick (1988)	leadership-OC	$r = .51$ ($p \leq .001$)

Marsh and Mannari (1977)	relative advantages-lifetime commitment	$r = .15 (p \leq .01)$
	chance of promotion-lifetime commitment	$r = .11 (p \leq .05)$
McLeod et al. (1995)	job opportunities-NC	$r = -.16 (p \leq .05)$
Morgan and Hunt (1994)	shared values-RC	$r = .44 (p \leq .01)$
Sager and Johnston (1989)	job alternatives-OC	$r = -.18 (p \leq .05)$
Van Dyne et al. (1994)	motivating potential-covenantal relationship	$r = .34 (p \leq .001)$
[BO] → Affective Commitment [AC] (-)		
Adkins (1995)	role ambiguity-OC	$r = -.31 (p \leq .01)$
	role conflict-OC	$r = -.23 (p \leq .01)$
DeCotiis and Summers (1987)	role ambiguity-OC	$r = -.43 (p \leq .001)$
	role conflict-OC	$r = -.44 (p \leq .001)$
Fukami and Larson (1984)	job stress-company commitment	$r = -.24 (p \leq .01)$
Glisson and Durick (1988)	role ambiguity-OC	$r = -.57 (p \leq .001)$
	role conflict-OC	$r = -.43 (p \leq .001)$
Hampton et al. (1986)	role ambiguity-OC	$r = -.31 (p \leq .05)$
	role conflict-OC	$r = -.38 (p \leq .05)$
Hrebiniak and Alutto (1972)	tension-OC (-)	$F(2,710) = 26.4 (p < .05)$
Jaros et al. (1993)	role ambiguity-AC	$r = -.33 \text{ to } -.53 (p \leq .01)$
	role conflict-AC	$r = -.37 \text{ to } -.58 (p \leq .01)$
Mathieu and Zajac (1990)	role ambiguity-OC	$r_c = -.22$
	role conflict-OC	$r_c = -.27$
	stress-OC	$r_c = -.33$
Meyer et al. (1993)	neglect-AC (occupation)	$r = -.29 (p \leq .01)$
	neglect-AC (organization)	$r = -.38 (p \leq .01)$
McLeod et al. (1995)	stress-AC	$r = -.22 (p \leq .05)$
Michaels and Dixon (1994)	role conflict-OC	$r = -.44 (p \leq .01)$
	role ambiguity-OC	$r = -.47 (p \leq .01)$
Nelson et al. (1995)	emotional exhaustion (EE)-OC*	$r = .16 (p \leq .01)$
	depersonalization (DP)-OC*	$r = .11 (p \leq .05)$
	personal accomplishment (PA)-OC*	$r = -.41 (p \leq .01)$
Parasuraman and Alutto (1984)	felt stress-OC	$r = -.33 (p \leq .05)$
Sager (1994)	job stress-OC	$r = -.59 (p \leq .001)$
Sager and Yi (1996)	job stress-OC	$r = -.52^{**}$
Sims and Kroeck (1994)	patient contact-AC	$r = .27 (p \leq .05)$
Singh et al. (1994)	EE-OC	$r = -.53 (p \leq .01)$
	DP-OC	$r = -.55 (p \leq .05)$
	reduced PA (RPA)-OC	$r = -.24 (p \leq .01)$
Trust [T] → Continuance Commitment [CC] (-)		
Allen and Meyer (1990)	equity-CC	$r = -.02 (ns)$
	organizational dependability-CC	$r = -.04 (ns)$
Allen and Meyer (1993)	equity-CC	$r = -.06 (ns)$
	organizational dependability-CC	$r = -.03 (ns)$
Geyskens et al. (forthcoming)	trust-CC (Netherlands)	$\beta = -.12 (p \leq .05)$
	trust-CC (United States)	$\beta = -.41 (p \leq .01)$

Trust [T] → Affective Commitment [AC] (+)		
Allen and Meyer (1990)	equity-AC	r = .55 (p≤.05)
	organizational dependability-AC	r = .61 (p≤.05)
Allen and Meyer (1993)	equity-AC	r = .51 (p≤.05)
	organizational dependability-AC	r = .62 (p≤.05)
Anderson and Weitz (1992)	Fairness-RC	r = .51 (p≤.05)
Geyskens et al. (forthcoming)	trust-AC (Netherlands)	β = .61 (p≤.01)
	trust-AC (United States)	β = .73 (p≤.01)
Hrebiniak and Alutto (1972)	T-OC (+)	F(2,710)=3.16(p<.05)
Kumar et al. (1995a)	T(benevolence)-AC	r = .64&.75 (p≤.001)
	T(honesty)-AC	r = .55&.66 (p≤.001)
Kumar et al. (1995b)	T-OC	r = .76 (p≤.05)
Moorman et al. (1992)	T-RC	r = .50 (p≤.001)
Morgan and Hunt (1994)	T-RC	r = .55 (p≤.01)
Sager and Johnston (1989)	anticipatory socialization-OC	r = .50 (p≤.05)
Sager and Yi (1996)	perceived fairness-OC	r = .68**
Scheer and Stern (1992)	T-RC	r = .34 (p≤.001)
Trust [T] → Normative Commitment [NC] (+)		
Allen and Meyer (1990)	equity-NC	r = .26 (p≤.05)
	organizational dependability-NC	r = .38 (p≤.05)
Allen and Meyer (1993)	equity-NC	r = .22 (p≤.05)
	organizational dependability-NC	r = .39 (p≤.05)
Anderson and Weitz (1992)	Fairness-RC	r = .51 (p≤.05)
DeCotiis and Summers (1987)	T-OC	r = .46 (p≤.001)
Bhattacharya et al. (1995)	expectation confirmation-identification	r = .27 (p≤.001)
Ganesan (1994)	benevolence-long term orientation	r = .58 (p≤.01)
	credibility-long term orientation	r = .57 (p≤.01)
Kumar et al. (1995b)	T-OC	r = .76 (p≤.05)
Moorman et al. (1992)	T-RC	r = .50 (p≤.001)
Morgan and Hunt (1994)	T-RC	r = .55 (p≤.01)
Sager and Johnston (1989)	anticipatory socialization-OC	r = .50 (p≤.05)
Sager and Yi (1996)	perceived fairness-OC	r = .68**
Scheer and Stern (1992)	T-RC	r = .34 (p≤.001)
Relationship Satisfaction [RS] → Continuance Commitment [RC] (-)		
Allen and Meyer (1990)	job challenge-CC	r = -.14 (p≤.05)
	personal importance-CC	r = -.18 (p≤.05)
	management receptiveness-CC	r = -.16 (p≤.05)
Allen and Meyer (1993)	job challenge-CC	r = -.13 (p≤.05)
	personal importance-CC	r = -.14 (p≤.05)
	management receptiveness-CC	r = -.14 (p≤.05)
Hackett, et al. (1994)	JS-CC (bus drivers)	r = -.10 (ns)
	JS-CC (nurses)	r = -.11 (p≤.05)
Mcleod (1995)	positive affectivity-CC	r = -.18 (p≤.05)
	job security-CC	r = -.21 (p≤.05)
	I.R. climate-CC	r = -.11 (p≤.05)
Meyer et al. (1993)	JS-CC (occupation)	r = -.14 (p≤.01)
	JS-CC (organization)	r = -.22 (p≤.01)

Sims and Kroeck (1994)	intrinsic satisfaction-CC extrinsic satisfaction-CC total satisfaction-CC	$r = .12$ (ns) $r = .10$ (ns) $r = .10$ (ns)
Relationship Satisfaction [RS] → Affective Commitment [RC] (+)		
Adkins (1995)	JS-OC	$r = .47$ ($p \leq .01$)
Arnold and Feldman (1982)	JS-OC	$r = .69$ ($p \leq .001$)
Cohen (1993)	JS-job commitment (JC)	$r = .38$ ($p \leq .001$)
	JS-OC	$r = .51$ ($p \leq .001$)
Crandall and Parnell (1994)	JS-OC	$r = .52$ ($p \leq .01$)
Dailey (1986)	JS-OC	$r = .67$ ($p \leq .001$)
Ganesan (1994)	satisfaction-long term orientation	$r = .53$ ($p \leq .01$)
Glisson and Durick (1988)	JS-OC	$r = .64$ ($p \leq .001$)
Hackett et al. (1994)	JS-AC (bus drivers)	$r = .64$ ($p \leq .01$)
	JS-AC (nurses)	$r = .51$ ($p \leq .05$)
Hampton et al. (1986)	JS-OC	$r = .51$ ($p \leq .05$)
	JS-OC	$\beta = .41$ ($p \leq .0001$)
	SS-OC	$r = .29$ ($p \leq .05$)
Hrebiniak and Alutto (1972)	dissatisfaction-OC (-)	$F(2,710) = 6.73$ ($p < .01$)
Johnston et al. (1987)	WS-OC	$r = .62$ ($p \leq .01$)
	PrS-OC	$r = .55$ ($p \leq .01$)
	supervisor satisfaction-OC	$r = .56$ ($p \leq .01$)
Lee and Mowday (1987)	JS-OC	$r = .70$ ($p \leq .05$)
Mathieu and Zajac (1990)	JS-OC	$r_c = .53$
	WS-OC	$r_c = .60$
	PrS-OC	$r_c = .39$
	supervision satisfaction-OC	$r_c = .41$
Meyer et al. (1993)	JS-AC (occupation)	$r = .53$ ($p \leq .01$)
	JS-AC (organization)	$r = .49$ ($p \leq .01$)
Michaels and Dixon (1994)	JS-OC	$r = .49$ ($p \leq .01$)
Michaels and Spector (1982)	JS-OC	$r = .67$ ($p \leq .05$)
Moorman et al. (1992)	quality of interaction-RC	$r = .62$ ($p \leq .001$)
Mueller et al. (1994)	JS-affective commitment (AC)	$r = .79^{**}$
O'Reilly and Caldwell (1981)	JS-attitudinal commitment	$r = .70$ ($p \leq .01$)
Parasuraman and Alutto (1984)	JS-OC	$r = .44$ ($p \leq .05$)
Sager and Johnston (1989)	WS-OC	$r = .51$ ($p \leq .05$)
	PrS-OC	$r = .44$ ($p \leq .05$)
	MS-OC	$r = .41$ ($p \leq .05$)
Sager and Yi (1996)	JS-OC	$r = .62^{**}$
Schaubroeck and Ganster (1991)	intrinsic satisfaction-AC	$r = .79$ ($p \leq .05$)
Scheer and Stern (1992)	RS-RC	$r = .32$ ($p \leq .001$)
Sims and Kroeck (1994)	intrinsic satisfaction-AC	$r = .45$ ($p \leq .01$)
	extrinsic satisfaction -AC	$r = .52$ ($p \leq .01$)
	total satisfaction -AC	$r = .51$ ($p \leq .01$)
Singh et al. (1994)	JS-OC	$r = .55$ ($p \leq .01$)
Stumpf and Hartman (1984)	WS-OC	$r = .40$ ($p \leq .01$)
Tett and Meyer (1993)	JS-OC	$r_c = .70$
Vancouver and Schmitt (1991)	JS-OC	$r = .57$ ($p \leq .001$)
Ward and Davis (1995)	benefit satisfaction-AC	$r = .39^{**}$

Relationship Satisfaction [RS] → Normative Commitment [NC] (+)		
Adkins (1995)	JS-OC	r = .47 (p≤.01)
Arnold and Feldman (1982)	JS-OC	r = .69 (p≤.001)
Bhattacharya et al. (1995)	expectation confirmation-identification	r = .27 (p≤.001)
Cohen (1993)	JS-JC	r = .38 (p≤.001)
	JS-OC	r = .51 (p≤.001)
Crandall and Parnell (1994)	JS-OC	r = .52 (p≤.01)
Dailey (1986)	JS-OC	r = .67 (p≤.001)
DeCotiis and Summers (1987)	JS-OC	r = .65 (p≤.001)
Ganesan (1994)	satisfaction-long term orientation	r = .53 (p≤.01)
Glisson and Durick (1988)	JS-OC	r = .64 (p≤.001)
Hackett et al. (1994)	JS-NC (bus drivers)	r = .37 (p≤.01)
	JS-NC (nurses)	r = .21 (p≤.05)
Hampton et al. (1986)	JS-OC	r = .51 (p≤.05)
	JS-OC	β = .41(p≤.0001)
	SS-OC	r = .29 (p≤.05)
Hrebiniak and Alutto (1972)	dissatisfaction-OC (-)	F(2,710)=6.73(p<.01)
Johnston et al. (1987)	WS-OC	r = .62 (p≤.01)
	PrS-OC	r = .55 (p≤.01)
	supervisor satisfaction-OC	r = .56 (p≤.01)
Lee and Mowday (1987)	JS-OC	r = .70 (p≤.05)
Marsh and Mannari (1977)	JS-lifetime commitment	r = .27 (p≤.01)
Mathieu and Zajac (1990)	JS-OC	r _c = .53
	WS-OC	r _c = .60
	PrS-OC	r _c = .39
	supervision satisfaction-OC	r _c = .41
Meyer et al. (1993)	JS-NC (occupation)	r = .25 (p≤.01)
	JS-NC (organization)	r = .37 (p≤.01)
Michaels and Dixon (1994)	JS-OC	r = .49 (p≤.01)
Michaels and Spector (1982)	JS-OC	r = .67 (p≤.05)
Moorman et al. (1992)	quality of interaction-RC	r = .62 (p≤.001)
Oliver (1990a)	satisfaction-identification	r = .48 (p≤.01)
O'Reilly and Caldwell (1981)	JS-attitudinal commitment	r = .70 (p≤.01)
Parasuraman and Alutto (1984)	JS-OC	r = .44 (p≤.05)
Sager and Yi (1996)	JS-OC	r = .62**
Sager and Johnston (1989)	WS-OC	r = .51 (p≤.05)
	PrS-OC	r = .44 (p≤.05)
	MS-OC	r = .41 (p≤.05)
Scheer and Stern (1992)	RS-RC	r = .32 (p≤.001)
Singh et al. (1994)	JS-OC	r = .55 (p≤.01)
Stumpf and Hartman (1984)	WS-OC	r = .40 (p≤.01)
Tett and Meyer (1993)	JS-OC	r _c = .70
Van Dyne et al. (1994)	JS-covenantal relationship	r = .76 (p≤.001)
Vancouver and Schmitt (1991)	JS-OC	r = .57 (p≤.001)
Continuance Commitment [CC] → Future Investment [FI] (+)		
Garland (1990)	sunk costs - budget exhaustion	F(4,122)=12.20(p<.0001)
	sunk costs - project continuation	F(4,145)= 6.67(p<.0001)

Continuance Commitment [CC] → Intent to Stay [IS] (+)

Hackett et al. (1994)	CC-intent to quit	$r = -.08$ ($p \leq .05$)
Jaros et al. (1993)	continuance commitment (CC)-IL	$r = -.52$ ($p \leq .05$)
McLeod et al. (1995)	CC-TI	$r = .08$ ($p \leq .05$)
Meyer et al. (1993)	CC (occupation)-leave occupation	$r = -.18$ ($p \leq .01$)
	CC (organization)-leave organization	$r = -.03$ (ns)
Morgan and Hunt (1994)	RC-PL	$r = -.47$ ($p \leq .01$)
O'Reilly and Caldwell (1981)	irrevocability-turnover	$r = -.19$ ($p \leq .01$)
Sims and Kroeck (1994)	CC-IT	$r = -.22$ ($p \leq .05$)
Somers (1995)	CC-IR	$r = .12$ ($p \leq .05$)

Affective Commitment [AC] → Future Investment [FI] (+)

Cohen (1993)	UC-union militancy	$r = .36$ ($p \leq .001$)
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Affective Commitment [AC] → Intent to Stay [IS] (+)

Arnold and Feldman (1982)	OC-intent to change	$r = -.40$ ($p \leq .001$)
Blau and Boal (1989)	OC-withdrawal cognitions	$r = -.33$ ($p \leq .01$)
Cohen (1993)	JC-withdrawal intentions (job)	$r = -.31$ ($p \leq .001$)
	OC-withdrawal intentions (organization)	$r = -.52$ ($p \leq .001$)
Crandall and Parnell (1994)	OC-intent to turnover	$r = -.26$ ($p \leq .01$)
Guzzo et al. (1994)	OC-IL	$r = -.52$ ($p \leq .01$)
Hackett et al. (1994)	AC-intent to quit	$r = -.42$ ($p \leq .05$)
Jaros et al. (1993)	AC-intent to leave (IL)	$r = -.42$ to $-.55$ ($p \leq .05$)
Johnston et al. (1987)	OC-propensity to leave (PL)	$r = -.76$ ($p \leq .01$)
Kumar et al. (1995a)	AC-expectation of continuity	$r = .39$ & $.50$ ($p \leq .001$)
Lee and Mowday (1987)	OC-IL	$r = -.35$ ($p \leq .05$)
Mathieu and Zajac (1990)	OC-IL	$r_c = -.41$
McLeod et al. (1995)	AC-turnover intentions (TI)	$r = -.60$ ($p \leq .05$)
Meyer et al. (1993)	AC (occupation)-leave occupation	$r = -.52$ ($p \leq .01$)
	AC (organization)-leave organization	$r = -.45$ ($p \leq .01$)
Morgan and Hunt (1994)	RC-PL	$r = -.47$ ($p \leq .01$)
Mueller et al. (1994)	AC-IS	$r = .49^{**}$
O'Reilly and Caldwell (1981)	attitudinal commitment (AtC)-turnover	$r = -.35$ ($p \leq .01$)
	AtC-behavioural commitment	$r = .69$ ($p \leq .01$)
Sager (1994)	OC-IL	$r = -.70$ ($p \leq .001$)
Sager and Johnston (1989)	OC-job search	$r = -.42$ ($p \leq .05$)
Sager and Yi (1996)	OC-IL	$r = -.63^{**}$
Sims and Kroeck (1994)	AC-intent to turnover (IT)	$r = -.53$ ($p \leq .01$)
Singh et al. (1994)	OC-TI*	$r = .54$ ($p \leq .01$)
Somers (1995)	AC-intent to remain (IR)	$r = .46$ ($p \leq .01$)
Stumpf and Hartman (1984)	OC-IQ	$r = -.69$ ($p \leq .01$)
Tett and Meyer (1993)	OC-TI	$r_c = -.54$
Vancouver and Schmitt (1991)	OC-intent to quit	$r = -.53$ ($p \leq .001$)

Affective Commitment [AC] → Compliance [Cp] (+)

Moorman et al. (1992)	RC-research use	$r = .25$ ($p \leq .001$)
Morgan and Hunt (1994)	RC-acquiescence	$r = .47$ ($p \leq .01$)
Sager and Johnston (1989)	OC-effort	$r = .44$ ($p \leq .05$)

Normative Commitment [NC] → Future Investment [FI] (+)		
Bhattacharya et al. (1995)	identification-donating	r = .15 (p≤.01)
Cohen (1993)	UC-union militancy	r = .36 (p≤.001)
Normative Commitment [NC] → Intent to Stay [IS] (+)		
Arnold and Feldman (1982)	OC-intent to change	r = -.40 (p≤.001)
Blau and Boal (1989)	OC-withdrawal cognitions	r = -.33 (p≤.01)
Cohen (1993)	JC-withdrawal intentions (job)	r = -.31 (p≤.001)
	OC-withdrawal intentions (organization)	r = -.52 (p≤.001)
Crandall and Parnell (1994)	OC-intent to turnover	r = -.26 (p≤.01)
DeCotiis and Summers (1987)	OC-desire to leave	r = -.56 (p≤.001)
Gundlach et al. (1995)	relational norms-long term intentions	β = .25-.43 (p≤.01)
Guzzo et al. (1994)	OC-IL	r = -.52 (p≤.01)
Hackett et al. (1994)	NC-intent to quit	r = -.24 (p≤.05)
Jaros et al. (1993)	Moral Commitment (MC)-IL	r = -.45 (p≤.05)
Johnston et al. (1987)	OC-propensity to leave (PL)	r = -.76 (p≤.01)
Lee and Mowday (1987)	OC-IL	r = -.35 (p≤.05)
Mathieu and Zajac (1990)	OC-IL	r _c = -.41
McLeod et al. (1995)	NC-TI	r = -.24 (p≤.05)
Meyer et al. (1993)	NC (occupation)-leave occupation	r = -.35 (p≤.01)
	NC (organization)-leave organization	r = -.34 (p≤.01)
Morgan and Hunt (1994)	RC-PL	r = -.47 (p≤.01)
O'Reilly and Caldwell (1981)	attitudinal commitment (AtC)-turnover	r = -.35 (p≤.01)
	AtC-behavioural commitment	r = .69 (p≤.01)
O'Reilly and Chatman (1986)	identification-IR	r = .62 (p≤.01)
Sager (1994)	OC-IL	r = -.70 (p≤.001)
Sager and Johnston (1989)	OC-job search	r = -.42 (p≤.05)
Sager and Yi (1996)	OC-IL	r = -.63**
Singh et al. (1994)	OC-TI*	r = .54 (p≤.01)
Somers (1995)	NC-IR	r = .39 (p≤.01)
Stumpf and Hartman (1984)	OC-IQ	r = -.69 (p≤.01)
Tett and Meyer (1993)	OC-TI	r _c = -.54
Vancouver and Schmitt (1991)	OC-intent to quit	r = -.53 (p≤.001)
Van Dyne et al. (1994)	covenantal relationship-loyalty	r = .41 (p≤.001)
Normative Commitment [NC] → Compliance [Cp] (+)		
Moorman et al. (1992)	RC-research use	r = .25 (p≤.001)
Morgan and Hunt (1994)	RC-acquiescence	r = .47 (p≤.01)
O'Reilly and Chatman (1986)	identification-extrarole behaviors	r = .28 (p≤.01)
Van Dyne et al. (1994)	covenantal relationship-obedience	r = .14 (p≤.10)

ns - not significant * - reverse coded ** - p value not reported
r_c- mean weighted & corrected correlation (meta-analysis)

Appendix 2. Primary Research Instrument

(Date)

Dear (company name) Distributor,

The attached survey is of the utmost importance to both your business and the entire Network Marketing Industry. For the first time, the Canadian Direct Selling Education Foundation (DSEF) has agreed to support an independent research study of your industry. More accurately, this study marks the first time in North America that the Direct Selling industry has endorsed an academic study specific to network marketing and its participants. The enclosed survey represents the data collection instrument for a Doctoral Dissertation on network marketing being performed by Derek Hassay, a University of Manitoba Ph.D. student.

Derek's dissertation topic is of great interest to all of us at the DSEF as it is concerned with you and the attitudes you have towards: operating your distribution business, network marketing in general, and the particular plan/program you are currently involved in.

We encourage you to take a few moments to complete this survey and then promptly return it in the enclosed self-addressed envelope. Your prompt reply is important to the timely and successful completion of this project. The postage is pre-paid and the information received by you will remain confidential so we encourage your participation.

Sincerely,

Ross Creber, President
DSEF Canada

(Date)

Dear (company name) Distributor,

Allow me to introduce myself. My name is Derek Hassay and I am a Ph.D. student at the University of Manitoba. You have been identified by (company name) as an independent business person and as such have insights that would be particularly useful to my research of businesses such as yours. This is why I am asking for your assistance in completing the enclosed questionnaire, which incidentally, has been endorsed by the Canadian Direct Selling Education Foundation. Specifically, this questionnaire represents the primary data collection instrument for my Ph.D. thesis - a study of network marketing participants and their attitudes towards this marketing arrangement. Although network marketing is rapidly growing in popularity, non-participants have a somewhat skeptical view of this method of marketing products and services. My thesis represents the first comprehensive, unbiased examination of network marketing and is designed to provide non-participants with a more accurate view of what network marketing is all about.

I want to assure you that your responses are important to the success of this project and will remain confidential. Finally, I wish to thank you in advance for the time and efforts you have taken to complete and promptly return this questionnaire.

Sincerely,

Derek N. Hassay, Ph.D. Student
University of Manitoba

Questionnaire

Instructions: The information you provide will remain strictly confidential and is the exclusive property of the principal researcher. Please follow the instructions at the beginning of each section and insure that you have answered every question. Space is available at the end of the survey for any additional comments you may wish to make.

Section 1: This section includes questions about your background in direct selling and involvement with (company name) and its products.

Part A:

1) What is your current status with (company name)?

- | | | | |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> level 1 | <input type="checkbox"/> level 2 | <input type="checkbox"/> level 3 | <input type="checkbox"/> level 4 |
| <input type="checkbox"/> level 5 | <input type="checkbox"/> level 6 | <input type="checkbox"/> level 7 | <input type="checkbox"/> level 8 |
| <input type="checkbox"/> level 9 | <input type="checkbox"/> level 10 | <input type="checkbox"/> level 11 | <input type="checkbox"/> level 12 |

2a) I have been a (company name) customer for ____ yrs / ____ months.

b) I have been a (company name) distributor for ____ yrs / ____ months.

3) When you were deciding to become a (company name) distributor, how many other direct selling opportunities did you consider? _____

4) Have you previously been a distributor for another direct selling company?

No

Yes (please indicate firm and length of involvement) Do you still distribute products for this firm?

- | | | |
|-------------------|------------------------------|-----------------------------|
| Firm #1 _____ yrs | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Firm #2 _____ yrs | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Firm #3 _____ yrs | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

5) Is your original sponsor still a (company name) distributor? Yes No

6) What relationship best describes that which existed between you and your sponsor prior to your involvement in (company name)?

- | | | |
|--|------------------------------------|--|
| <input type="checkbox"/> family member | <input type="checkbox"/> relative | <input type="checkbox"/> close friend |
| <input type="checkbox"/> neighbour | <input type="checkbox"/> colleague | <input type="checkbox"/> church member |
| <input type="checkbox"/> acquaintance | <input type="checkbox"/> stranger | <input type="checkbox"/> other (specify) _____ |

Part B: Please indicate how important each of the following factors were to your decision to become a (company name) distributor? (Also, complete the blanks where applicable.)

	Very Important				Not at all Important			
1) to have an independent source of income (i.e., from spouse)	7	6	5	4	3	2	1	
2) to meet new people	7	6	5	4	3	2	1	
3) to develop entrepreneurial skills	7	6	5	4	3	2	1	
4) to obtain (company name) products at wholesale prices	7	6	5	4	3	2	1	
5) tax benefits associated with business ownership	7	6	5	4	3	2	1	
6) unable to find alternative employment	7	6	5	4	3	2	1	
7) saw an opportunity to become financially independent (within _____ yrs)	7	6	5	4	3	2	1	
8) to earn enough to quit regular job (within _____ yrs)	7	6	5	4	3	2	1	
9) to be own boss	7	6	5	4	3	2	1	
10) to operate own business	7	6	5	4	3	2	1	
11) to earn income for specific purchase (please specify) _____	7	6	5	4	3	2	1	
12) to improve interpersonal skills	7	6	5	4	3	2	1	
13) to join friends/family already involved with (company name)	7	6	5	4	3	2	1	
14) other (please specify) _____	7	6	5	4	3	2	1	

Part C: Think back to when you first became involved with (company name) and the expectations you had at that time. How has your actual experience compared to these expectations for each of the following?

	Much better than expected				Much worse than expected			
1) Product quality	7	6	5	4	3	2	1	
2) Delivery time	7	6	5	4	3	2	1	
3) Product savings	7	6	5	4	3	2	1	
4) Range of available products	7	6	5	4	3	2	1	
5) Promotional support	7	6	5	4	3	2	1	
6) Order processing system	7	6	5	4	3	2	1	
7) Product performance	7	6	5	4	3	2	1	
8) Product return policies	7	6	5	4	3	2	1	
9) Clarity of catalogues/price list	7	6	5	4	3	2	1	
10) Product application support	7	6	5	4	3	2	1	
11) Sales training	7	6	5	4	3	2	1	
12) Getting special awards/recognition	7	6	5	4	3	2	1	
13) Individual effort required	7	6	5	4	3	2	1	
14) Opportunity to make friends	7	6	5	4	3	2	1	
15) Support of sponsor	7	6	5	4	3	2	1	
16) Ease of recruitment	7	6	5	4	3	2	1	
17) Ease of selling	7	6	5	4	3	2	1	
18) Time involved	7	6	5	4	3	2	1	
19) Income	7	6	5	4	3	2	1	
20) Cost of involvement	7	6	5	4	3	2	1	
21) Other (specify) _____	7	6	5	4	3	2	1	

Section 3: This section includes a variety of questions about (company name) and your relationship with those in your upline and downline. (Note: Upline does not refer to your sponsor, but rather the upline individual with which you have the most contact).

Part A: How often would the following statements be reflective of your relationship with your (company name) upline? (Circle the appropriate response after each item.)

My (company name) upline....

	Always				Never			
	7	6	5	4	3	2	1	
1) indicates that by following their recommendations, I would benefit	7	6	5	4	3	2	1	
2) makes it clear that failing to comply with their requests will result in penalties against my business.	7	6	5	4	3	2	1	
3) concentrates more on strategic, long-term issues, rather than specific courses of action my distributorship should take	7	6	5	4	3	2	1	
4) expects that their requests do not require an incentive for me to comply	7	6	5	4	3	2	1	
5) offers incentives when I am reluctant to cooperate with a program or policy	7	6	5	4	3	2	1	
6) threatens to reduce the amount of support they will provide my distributorship, should their demands not be met	7	6	5	4	3	2	1	
7) outlines the logic and/or evidence for expecting success from the specific programs and actions suggested	7	6	5	4	3	2	1	
8) uses sections of the distributor agreement as a "tool" to get me to agree to their demands	7	6	5	4	3	2	1	
9) offers specific incentives for me to try, or promote, new products	7	6	5	4	3	2	1	
10) provides a clear picture of the anticipated positive impact I will experience as a result of a recommended course of action	7	6	5	4	3	2	1	
11) asks my cooperation in implementing new programs <i>without</i> mentioning rewards for complying, <i>or</i> punishments for refusing	7	6	5	4	3	2	1	
12) asks me to accept new ideas without an explanation of the effect it will have on me or my business.	7	6	5	4	3	2	1	
13) makes biased interpretations of the distributor agreement in order to gain my cooperation with a request	7	6	5	4	3	2	1	
14) focuses on general strategies (as opposed to specific tactics) as to how to make my business more successful.	7	6	5	4	3	2	1	
15) "reminds me" of my obligations as stipulated in the distributor agreement.	7	6	5	4	3	2	1	
16) attempts to change my perspective by looking at how our business decisions affect the "big picture"	7	6	5	4	3	2	1	
17) states that specific services will be discontinued for not complying with requests	7	6	5	4	3	2	1	
18) uses bonuses for meeting particular sales objectives	7	6	5	4	3	2	1	

Part B: Please circle the number that most accurately reflects your agreement with the following statements.

	Strongly Agree						Strongly Disagree
1) My upline is primarily interested in his/her own welfare. Ⓢ	7	6	5	4	3	2	1
2) In the future, I will likely comply with the policies that (company name) establishes for the marketing of its products by its distributors.	7	6	5	4	3	2	1
3) There are times when my upline cannot be trusted. Ⓢ	7	6	5	4	3	2	1
4) I am very much willing to follow suggestions made by my upline concerning my (company name) distributorship.	7	6	5	4	3	2	1
5) My upline is perfectly honest and truthful with me.	7	6	5	4	3	2	1
6) I have benefited from use of products recommended by my upline.	7	6	5	4	3	2	1
7) I feel that I can trust my upline completely.	7	6	5	4	3	2	1
8) I have found the training materials (books, cassettes, video tapes) recommended by my upline to be very beneficial to my business.	7	6	5	4	3	2	1
9) My upline is truly sincere in his/her promises.	7	6	5	4	3	2	1
10) I have learned that to be successful in (company name) it is necessary to follow your upline's suggestions.	7	6	5	4	3	2	1
11) I feel that my upline does not show me enough consideration. Ⓢ	7	6	5	4	3	2	1
12) I would readily purchase a product or training aid recommended by my upline.	7	6	5	4	3	2	1
13) My upline treats me fairly and justly.	7	6	5	4	3	2	1
14) I feel that my upline can be counted on to help me.	7	6	5	4	3	2	1

Part C: I would now like you to think about your upline (the distributor/associate above you in (company name) with which you have the most contact) as you answer the following questions.

	Strongly Agree						Strongly Disagree
1) This person has the right, given their position, to expect you to comply with legitimate requests.	7	6	5	4	3	2	1
2) (S)he can make things difficult for people, and you want to avoid getting him/her angry.	7	6	5	4	3	2	1
3) This person is able to give special benefits or rewards to people, and you find it advantageous to trade favours with them.	7	6	5	4	3	2	1
4) (S)he has access to information not available to you, and this information convinces you that they are right.	7	6	5	4	3	2	1
5) This individual has the experience and knowledge to earn your respect, and you defer to their judgement.	7	6	5	4	3	2	1
6) This individual's logical arguments convince you that their request or recommendation is the best way to accomplish a task or achieve an objective.	7	6	5	4	3	2	1
7) You like the person and enjoy doing things for them.	7	6	5	4	3	2	1
8) The person is very charismatic and is able to appeal to your values and inspire your enthusiasm for a task or objective.	7	6	5	4	3	2	1

Part D: What firm do you consider to be the major competitor to the primary products supplied by your (company name) distributorship? (please specify the company/brand) _____

Compared to this company/brand; (company name's).....

	Much Better			Much Worse			
	7	6	5	4	3	2	1
1) retail prices are....	7	6	5	4	3	2	1
2) product reputation is....	7	6	5	4	3	2	1
3) awareness in the marketplace is...	7	6	5	4	3	2	1
4) distributor training is...	7	6	5	4	3	2	1
5) product value is....	7	6	5	4	3	2	1
6) product innovation is....	7	6	5	4	3	2	1
7) customer service is....	7	6	5	4	3	2	1
8) product quality is....	7	6	5	4	3	2	1
9) product variety is....	7	6	5	4	3	2	1
10) customer loyalty is....	7	6	5	4	3	2	1
11) delivery time is....	7	6	5	4	3	2	1
12) image in the marketplace is...	7	6	5	4	3	2	1

Part E: How frequently have you been approached about other direct selling opportunities in the past 6 months?

Never 1 2 3 4 5 Constantly

If you were to consider an alternative direct selling opportunity, which one would most appeal to you? (please specify) _____

Compared to the opportunity you have just mentioned, (company name)...

	Strongly Agree			Strongly Disagree			
	7	6	5	4	3	2	1
1) offers greater income potential.	7	6	5	4	3	2	1
2) is more closely aligned with my personal values.	7	6	5	4	3	2	1
3) offers greater recognition of achievement.	7	6	5	4	3	2	1
4) requires a much higher initial investment. Ⓞ	7	6	5	4	3	2	1
5) is driven by a greater sense of purpose.	7	6	5	4	3	2	1
6) enables one to interact with people which share similar values.	7	6	5	4	3	2	1
7) enables an individual to help others.	7	6	5	4	3	2	1
8) requires much greater effort. Ⓞ	7	6	5	4	3	2	1
9) has a significantly lower probability of success. Ⓞ	7	6	5	4	3	2	1
10) is a relatively low risk.	7	6	5	4	3	2	1
11) benefits from a charismatic leadership.	7	6	5	4	3	2	1
12) offers limited flexibility/freedom. Ⓞ	7	6	5	4	3	2	1

Part F:

1) Please check the income range below which most accurately reflects the average gross monthly income (i.e., commission) earned by your (company name) distributorship in 1997.

- | | | | |
|--|--|--|--|
| <input type="checkbox"/> Less than \$500 | <input type="checkbox"/> \$ 500 - \$ 999 | <input type="checkbox"/> \$1,000 - \$1,499 | <input type="checkbox"/> \$1,500 - \$1,999 |
| <input type="checkbox"/> \$2,000 - \$2,499 | <input type="checkbox"/> \$2,500 - \$2,999 | <input type="checkbox"/> \$3,000 - \$3,499 | <input type="checkbox"/> \$3,500 - \$3,999 |
| <input type="checkbox"/> \$4,000 - \$4,499 | <input type="checkbox"/> \$4,500 - \$4,999 | <input type="checkbox"/> More than \$5,000 | |

(Indicate actual \$ amount if you are more comfortable doing so) Avg. gross monthly income \$ _____

2) How many (company name) distributors have you personally recruited/sponsored in the past 6 months? _____
Of these how many are still involved with (company name)? _____

3) Check each of the following which appropriately describes your initial relationship (prior to their involvement) to the people you have sponsored, and which are still actively involved, in (company name).

- | | | | |
|--|--|-----------------------------------|------------------------------------|
| <input type="checkbox"/> immediate family | <input type="checkbox"/> relative | <input type="checkbox"/> friend | <input type="checkbox"/> neighbour |
| <input type="checkbox"/> colleague | <input type="checkbox"/> fellow church/club member | <input type="checkbox"/> referral | <input type="checkbox"/> stranger |
| <input type="checkbox"/> other (specify) _____ | | | |

Part G: Please circle the number that most accurately reflects your agreement with the following statements.
(0 = "Not Applicable")

	Strongly Agree							Strongly Disagree	N/A
1) When a distributor quits, I can easily recruit a good replacement.	7	6	5	4	3	2	1	0	
2) I have a difficult time recruiting good distributors. ®	7	6	5	4	3	2	1	0	

Part H: Network marketers report that recruiting and keeping good distributors is difficult and that the loss of an established or promising downline member can be quite stressful. Please indicate the frequency with which you engage in these activities following the loss of a sponsored distributor.
(0 = "Not Applicable")

	Always							Never	N/A
1) I do not let others know how I'm feeling	7	6	5	4	3	2	1	0	
2) I draw on past experience and deal with it the same way	7	6	5	4	3	2	1	0	
3) I make a plan of action	7	6	5	4	3	2	1	0	
4) I look for something positive in what is happening	7	6	5	4	3	2	1	0	
5) I become upset and let my emotions out	7	6	5	4	3	2	1	0	
6) I learn to live with it	7	6	5	4	3	2	1	0	
7) I try to forget about it	7	6	5	4	3	2	1	0	
8) I talk to someone who has more experience than I do	7	6	5	4	3	2	1	0	
9) I try to get emotional support from others	7	6	5	4	3	2	1	0	
10) Other (please specify) _____	7	6	5	4	3	2	1	0	

Part I: Now consider those people which were once, but are no longer, active (company name) distributors.
 In your estimation, how significant were the following factors in their decision to quit?

	Very Significant				Not at all Significant			
1) Unrealistic expectations	7	6	5	4	3	2	1	
2) Achieved their personal goal(s)	7	6	5	4	3	2	1	
3) Unable to make the required investment (i.e., too many other commitments)	7	6	5	4	3	2	1	
4) Unwilling to spend the time required (i.e., lack of motivation)	7	6	5	4	3	2	1	
5) Unable to handle the rejection associated with selling/recruiting	7	6	5	4	3	2	1	
6) Did not believe in themselves	7	6	5	4	3	2	1	
7) Limited recruiting success	7	6	5	4	3	2	1	
8) Lack of goal-setting	7	6	5	4	3	2	1	
9) Dissatisfied with products (specify) _____	7	6	5	4	3	2	1	
10) Limited selling success	7	6	5	4	3	2	1	
11) Inadequately supported by their upline	7	6	5	4	3	2	1	
12) Improper training	7	6	5	4	3	2	1	
13) Did not follow the (company name) system	7	6	5	4	3	2	1	
14) Did not share the same values/beliefs	7	6	5	4	3	2	1	
15) Other (specify) _____	7	6	5	4	3	2	1	

Part J: Please indicate your level of agreement with each of the following statements concerning your
 Involvement in (company name) by circling the appropriate response. (0 = "Not Applicable")

	Strongly Agree				Strongly Disagree				N/A
1) I get a lot of satisfaction and reward out of just building my distribution business.	7	6	5	4	3	2	1	0	
2) I am satisfied with the degree of respect I receive from my upline.	7	6	5	4	3	2	1	0	
3) If I had it to do over again, I would not be a part of (company name). @	7	6	5	4	3	2	1	0	
4) I am very satisfied with the quality of supervision I receive from my upline.	7	6	5	4	3	2	1	0	
5) In general, I am pretty happy with my dealings with (company name).	7	6	5	4	3	2	1	0	
6) The effort involved in building my (company name) business is not much fun @	7	6	5	4	3	2	1	0	
7) For me, (company name) is basically a means to get the good things in life.	7	6	5	4	3	2	1	0	
8) (company name) is a good company to be associated with.	7	6	5	4	3	2	1	0	
9) My (company name) distributorship is primarily for tangible (i.e., \$) rewards.	7	6	5	4	3	2	1	0	
10) I am satisfied with the products and services I get from (company name).	7	6	5	4	3	2	1	0	
11) I am satisfied with the support I receive from my immediate upline.	7	6	5	4	3	2	1	0	
12) I work at my (company name) business for the recognition I receive.	7	6	5	4	3	2	1	0	

Part K: Please circle the response which most accurately describes your thoughts concerning (company)

I never think about quitting 1 2 3 4 5 6 7 I constantly think about quitting

Part L: Please read the following statements and indicate how accurately each one represents your feelings with respect to the operation of your (company name) distributorship.

	Strongly Disagree			Strongly Agree			Not Applicable	
	1	2	3	4	5	6	7	0
1) I find selling to be a real strain on me.	1	2	3	4	5	6	7	0
2) I feel insensitive toward my downline.	1	2	3	4	5	6	7	0
3) I feel I perform effectively in meeting the needs of my customers. Ⓢ	1	2	3	4	5	6	7	0
4) I feel emotionally drained by the pressure my upline places on me.	1	2	3	4	5	6	7	0
5) I feel a lack of personal concern for my upline.	1	2	3	4	5	6	7	0
6) I feel I am a positive influence on my downline. Ⓢ	1	2	3	4	5	6	7	0
7) My upline puts too much stress on me to recruit/sell.	1	2	3	4	5	6	7	0
8) I feel my upline values my contribution to his/her business. Ⓢ	1	2	3	4	5	6	7	0
9) I feel I have become callous towards my downline.	1	2	3	4	5	6	7	0
10) I feel I am having to work too hard to develop customers.	1	2	3	4	5	6	7	0
11) I feel I am an important asset to my upline. Ⓢ	1	2	3	4	5	6	7	0
12) I feel indifferent toward some of my customers.	1	2	3	4	5	6	7	0
13) I feel frustrated having to work so closely with my downline.	1	2	3	4	5	6	7	0
14) I feel I am an effective distributor. Ⓢ	1	2	3	4	5	6	7	0
15) I feel I treat some customers as if they were impersonal "objects."	1	2	3	4	5	6	7	0
16) I feel I am having to work too hard building my downline.	1	2	3	4	5	6	7	0
17) I feel my downline truly values my assistance. Ⓢ	1	2	3	4	5	6	7	0
18) I feel I'm becoming more hardened toward my upline.	1	2	3	4	5	6	7	0

Part M: Please circle the number that most accurately reflects your agreement with the following statements.
(0 = "Not Applicable")

	Strongly Agree							Strongly Disagree			N/A
	7	6	5	4	3	2	1	0	0	0	
1) If I no longer distributed products for (company name), I could easily replace their products with similar products from another direct selling organization.	7	6	5	4	3	2	1	0	0	0	
2) Many direct selling companies would like to have me as one of their distributors.	7	6	5	4	3	2	1	0	0	0	
3) If I wasn't a (company name) distributor, I would continue to purchase its products.	7	6	5	4	3	2	1	0	0	0	
4) It would be easy for me to begin distributing products for another company.	7	6	5	4	3	2	1	0	0	0	
5) If my relationship with (company name) ended, I would suffer a significant loss in income, despite my best efforts to replace the lost income. Ⓢ	7	6	5	4	3	2	1	0	0	0	
6) It would be hard to find an organization that more fully embodies my values. Ⓢ	7	6	5	4	3	2	1	0	0	0	

Part N: If you were no longer able to associate with (company name), you would most miss...
(Select only 1 response.)

- relationships with members
 the products
 your customers
 "doing the business"
 rewards/recognition
 the meetings
 the income
 other (specify) _____

Part O: Please circle the number that most accurately reflects your agreement with the following statements.

	Strongly Agree							Strongly Disagree
	7	6	5	4	3	2	1	
1) I consider my association with this company life long.	7	6	5	4	3	2	1	
2) I am not afraid of what might happen if I quit company name without having another opportunity lined up. ®	7	6	5	4	3	2	1	
3) I think that people these days move from company to company too often.	7	6	5	4	3	2	1	
4) I enjoy discussing company name with people outside it.	7	6	5	4	3	2	1	
5) It would be very hard for me to leave company name right now, even if I wanted to.	7	6	5	4	3	2	1	
6) I do not believe that a person should be loyal to his or her organization. ®	7	6	5	4	3	2	1	
7) I really feel as if company name's problems are my own.	7	6	5	4	3	2	1	
8) Too much in my life would be disrupted if I decided I wanted to leave company name right now.	7	6	5	4	3	2	1	
9) Jumping from organization to organization does not seem at all unethical to me. ®	7	6	5	4	3	2	1	
10) I think that I could easily become as attached to another company as I am to this one. ®	7	6	5	4	3	2	1	
11) It wouldn't be too costly for me to leave company name now. ®	7	6	5	4	3	2	1	
12) One of the major reasons I continue to be a company name distributor is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.	7	6	5	4	3	2	1	
13) I do not feel like 'part of the family' at company name. ®	7	6	5	4	3	2	1	
14) Right now, staying with company name is a matter of necessity as much as desire.	7	6	5	4	3	2	1	
15) If I was presented with a better direct selling opportunity I would not feel it was right to leave company name.	7	6	5	4	3	2	1	
16) I do not feel 'emotionally attached' to company name. ®	7	6	5	4	3	2	1	
17) I feel that I have too few options to consider leaving company name.	7	6	5	4	3	2	1	
18) I was taught to believe in the value of remaining loyal to one organization.	7	6	5	4	3	2	1	
19) company name has a great deal of personal meaning for me.	7	6	5	4	3	2	1	
20) A serious consequence of leaving company name would be the scarcity of available alternatives.	7	6	5	4	3	2	1	
21) Things were better in the days when people stayed with one organization for their entire careers.	7	6	5	4	3	2	1	
22) I do not feel a strong sense of belonging to company name. ®	7	6	5	4	3	2	1	
23) I continue to distribute company name's products because leaving would require considerable personal sacrifice - it is unlikely that another direct selling plan could match the benefits I receive now.	7	6	5	4	3	2	1	
24) I do not think that wanting to be a 'company man' or 'company woman' is sensible anymore. ®	7	6	5	4	3	2	1	

Part P: Please indicate how likely it is that you will do the following in the next 6 months.

	Not at all Likely			Very Likely			
	1	2	3	4	5	6	7
1) decrease time spent distributing (company name) products	1	2	3	4	5	6	7
2) become a distributor for another direct selling company	1	2	3	4	5	6	7
3) search for a new direct selling opportunity	1	2	3	4	5	6	7
4) decrease personal consumption of (company name) products	1	2	3	4	5	6	7

Part Q: Please circle the number that most accurately reflects your agreement with the following statements.

	Strongly Agree							Strongly Disagree	
	7	6	5	4	3	2	1		
1) I admire people who own expensive homes, cars and clothes.	7	6	5	4	3	2	1		
2) It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	7	6	5	4	3	2	1		
3) I usually buy only the things I need. Ⓢ	7	6	5	4	3	2	1		
4) The things I own say a lot about how well I'm doing in life.	7	6	5	4	3	2	1		
5) My life would be better if I owned certain things I don't have.	7	6	5	4	3	2	1		
6) I enjoy spending money on things that aren't practical.	7	6	5	4	3	2	1		
7) I like to own things that impress people	7	6	5	4	3	2	1		
8) I wouldn't be any happier if I owned nicer things. Ⓢ	7	6	5	4	3	2	1		
9) I don't place much emphasis on the amount of material objects people own as a sign of success. Ⓢ	7	6	5	4	3	2	1		
10) I like a lot of luxury in my life.	7	6	5	4	3	2	1		
11) I'd be happier if I could afford to buy more things.	7	6	5	4	3	2	1		
12) Some of the most important achievements in life include acquiring material possessions.	7	6	5	4	3	2	1		
13) The things I own aren't that important to me. Ⓢ	7	6	5	4	3	2	1		
14) I have all the things I really need to enjoy life. Ⓢ	7	6	5	4	3	2	1		
15) Buying things gives me a lot of pleasure.	7	6	5	4	3	2	1		
16) I don't pay much attention to the material objects other people own. Ⓢ	7	6	5	4	3	2	1		
17) I put less emphasis on material things than a lot of people I know. Ⓢ	7	6	5	4	3	2	1		
18) I try to keep my life simple, as far as possessions are concerned. Ⓢ	7	6	5	4	3	2	1		

Section 4: The following questions are important to the development of a profile of direct selling distributors, who they are and what they do.

1) Your sex: Male Female

2) Your age: _____.

3) Please indicate your highest level of academic achievement.

- grade school attended high school high school graduate
 attended university/college college/university graduate attended graduate/professional school
 obtained graduate degree or professional designation (please specify) _____

4) Other than your (company name) distributorship, what is your current employment status?

- Full-time (Avg. hrs. per week _____) Part-time (Avg. hrs. per week _____)
 Temporary lay-off /short-term disability Self-employed (non-direct selling business)
 Homemaker Student
 Retired, Not currently employed (proceed to question 6)

5) Please check the job category that most accurately describes your current occupation .
 Professional/Technical Clerical Trades/Craftsperson
 Manager/Administrator Sales Other (please specify) _____

6) Marital Status: i) Married/Common Law Partner
ii) Divorced/Separated Widowed Single
(If you have selected one of the categories in group ii, proceed to question 9)

7) To what degree is your spouse involved in your (company name) distributorship? (Circle the appropriate response.)
Not at all involved 1 2 3 4 5 An equal partner

8) Other than your (company name) distributorship, what is your partner's current employment status?
 Full-time (Avg. hrs. per week _____) Part-time (Avg. hrs. per week _____)
 Temporary lay-off /short-term disability Self-employed (non-direct selling business)
 Homemaker Student
 Retired, Not currently employed

9) Please check the income range below which best reflects your estimated total family income in 1996
(include income from all sources earned by either you or your spouse/partner).
 Less than \$15,000 \$15,000 - \$24,999 \$25,000 - \$34,999 \$35,000 - \$44,999
 \$45,000 - \$54,999 \$55,000 - \$64,999 \$65,000 - \$74,999 \$75,000 - \$84,999
 \$85,000 - \$94,999 More than \$95,000
(Indicate actual \$ amount if you are more comfortable doing so) Total Family Income \$ _____

10) Do you have any dependent children (i.e., children that live with you or for which you pay child support)?
 Yes (Please indicate how many.) _____ No

11) In the space provided below, please feel free to express any comments that you may have regarding this research, or to share any additional thoughts concerning your involvement with (company name).

**I'd like to take this opportunity to thank you for your time and insights,
and wish you much success in your (company name) business.**

Appendix 3: Primary Research Instrument Measures

Note: The symbol ⊕ indicates an item that is reverse-coded.

Burnout:

Scale: 7 point Likert-type (1= Strongly Disagree, 7= Strongly Agree)

Source: Adapted from measures employed in,

Maslach, Christina and Susan E. Jackson (1981), "The Measurement of Experienced Burnout," Journal of Occupational Behavior, 2, 99-113.

Singh, Jagdip, Jerry R. Goolsby and Gary K. Rhoads (1994), "Behavioral and Psychological Consequences of Boundary Spanning Burnout for Customer Service Representatives." Journal of Marketing Research, 31 (4), 558-569.

The original Maslach and Jackson scale was modified to include 3 primary stressors: dealing with customers, upline pressures, and downline demands. Two questions for each of these potential stressors were adapted from the Maslach and Jackson items concerning stress strength rather than both strength and occurrence.

Please read the following statements and indicate how accurately each one represents your feelings with respect to the operation of your (company name) distributorship.

Emotional Exhaustion:

- 1) I find selling to be a real strain on me.
- 2) I feel I am having to work too hard to develop customers.
- 3) My upline puts too much stress on me to recruit/sell.
- 4) I feel emotionally drained by the pressure my upline places on me.
- 5) I feel frustrated having to work so closely with my downline.
- 6) I feel I am having to work too hard building my downline.

Reduced Personal Accomplishment:

- 1) I feel I perform effectively in meeting the needs of my customers. ⊕
- 2) I feel I am an effective distributor. ⊕
- 3) I feel I am an important asset to my upline. ⊕
- 4) I feel my upline values my contribution to his/her business. ⊕
- 5) I feel my downline truly values my assistance. ⊕
- 6) I feel I am a positive influence on my downline. ⊕

Depersonalization:

- 1) I feel I treat some customers as if they were impersonal “objects.”
- 2) I feel indifferent toward some of my customers.
- 3) I feel a lack of personal concern for my upline.
- 4) I feel I’m becoming more hardened toward my upline.
- 5) I feel I have become callous towards my downline.
- 6) I feel insensitive toward my downline.

Compliance:

Scale: 7 point Likert-type (7=Strongly Agree, 1=Strongly Disagree)

Source: Adapted from a measure employed in,

Morgan, Robert M. and Shelby D. Hunt (1994), “The Commitment-Trust Theory of Relationship Marketing, Journal of Marketing, 58 (July), 20-38.

- 1) In the future, I will likely comply with the policies that (company name) establishes for the marketing of its products by its distributors.
- 2) I am very much willing to follow any suggestions made by my upline concerning my (company name) distributorship.
- 3) I have learned that to be successful in (company name) it is necessary to follow your upline’s suggestions.
- 4) I would readily purchase a product or training aid recommended by my upline.

Future Investment:

Scale: 7 point Likert-type (7=Very Likely, 1=Not at all Likely)

Source: Formative

How likely are you to increase the following in the next 6 months?

- 1) your inventory of (company name) products (for resale)
- 2) your purchases of (company name) products (for personal use)
- 3) your investment in your (company name) distributorship (e.g., time, money)
- 4) your selling/recruiting efforts

Intent to stay:

Scale: Multi-item Composite

I. Intent to Quit:

7 point Semantic Differential

(1=I never think about quitting, 7=I constantly think about quitting) ®

Relationship Attractiveness:

Scale: 7 point Likert-type (7=Strongly Agree, 1=Strongly Disagree)

Source: Formative

- 1) If I no longer distributed products for (company name), I could easily replace their products with similar products from another direct selling organization.
- 2) If I wasn't a (company name) distributor, I would continue to purchase its products.
- 3) It would be easy for me to begin distributing products for another company.
- 4) If my relationship with (company name) ended, I would suffer a significant loss in income, despite my best efforts to replace the lost income. ®

Relationship Commitment:

Scale: 7 point Likert-type (7=Strongly Agree, 1=Strongly Disagree)

Source: Adapted from the measure employed in,

Allen, Natalie J., and John P. Meyer (1990), "The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization," Journal of Occupational Psychology, 63, 1-18.

Affective Commitment:

- 1) I consider my association with (company name) lifelong.
- 2) I enjoy discussing (company name) with people outside it.
- 3) I really feel as if (company name)'s problems are my own.
- 4) I think that I could easily become as attached to another MLM plan as I am to this one. ®
- 5) I do not feel like 'part of the family at (company name). ®
- 6) I do not feel 'emotionally attached' to (company name). ®
- 7) (Company name) has a great deal of personal meaning for me.
- 8) I do not feel a strong sense of belonging to (company name). ®

Continuance Commitment:

- 1) I am not afraid of what might happen if I quit (company name) without having another opportunity lined up. Ⓢ
- 2) It would be very hard for me to leave (company name) right now, even if I wanted to.
- 3) Too much in my life would be disrupted if I decided I wanted to leave (company name) right now.
- 4) It wouldn't be too costly for me to leave (company name) now. Ⓢ
- 5) Right now, staying with (company name) is a matter of necessity as much as desire.
- 6) I feel that I have too few options to consider leaving (company name).
- 7) A serious consequence of leaving (company name) would be the scarcity of available alternatives.
- 8) I continue to distribute (company name)'s products because leaving would require considerable personal sacrifice it is unlikely that another MLM plan could match the benefits I receive now.

Normative Commitment:

- 1) One of the major reasons I continue to be a (company name) distributor is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.
- 2) If I was presented with a better MLM opportunity I would not feel it was right to leave (company name).
- 3) I was taught to believe in the value of remaining loyal to one organization.
- 4) Things were better in the days when people stayed with one organization for their entire careers.

Relationship Satisfaction (Confirmation of Expectations):

Scale: 7 point Likert-type (7=Much better than expected, 1=Much worse than expected)

Source: Adapted from measures employed in,

Cronin, J. Joseph, Jr. and Michael H. Morris (1989), "Satisfying Customer Expectations: The Effect on Conflict and Repurchase Intentions in Industrial Marketing Channels, Journal of the Academy of Marketing Science, 17 (Winter), 41-49.

Wotruba, Thomas R. and Pradeep K. Tyagi (1991), "Met Expectations and Turnover in Direct Selling," Journal of Marketing, 55 (July), 24-35.

Think back to when you first became involved with (company name) and the expectations you had at that time. How has your actual experience compared to these expectations for each of the following?

- 1) Product quality
- 2) Delivery time
- 3) Product savings
- 4) Range of available products
- 5) Promotional support
- 6) Order processing system
- 7) Product performance
- 8) Product return policies
- 9) Clarity of catalogues/price list
- 10) Product application support
- 11) Sales training
- 12) Getting special awards/recognition
- 13) Individual effort required
- 14) Opportunity to make friends
- 15) Support of sponsor
- 16) Ease of recruitment
- 17) Ease of selling
- 18) Time involved
- 19) Income
- 20) Cost of involvement

Relationship Specific Investments:

Scale: Multi-item Composite

Source: Formative

A summary measure was used to determine the extent to which an ISC had invested time or money in their relationship with the MLM firm.

I. Status Level:

- 1) What is your current status with (company name)?
- | | | | |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> level 1 | <input type="checkbox"/> level 2 | <input type="checkbox"/> level 3 | <input type="checkbox"/> level 4 |
| <input type="checkbox"/> level 5 | <input type="checkbox"/> level 6 | <input type="checkbox"/> level 7 | <input type="checkbox"/> level 8 |
| <input type="checkbox"/> level 9 | <input type="checkbox"/> level 10 | <input type="checkbox"/> level 11 | <input type="checkbox"/> level 12 |

II. Physical Involvement:

- 1) On average how many hours per week do you spend on (company name) related activities. (Please include hours spent selling, recruiting, attending meetings, processing/filling orders, travelling, etc.) _____ hrs/week.
- 2) Approximately how many (company name) functions would you attend in a given month _____?

Trust:

Scale: 7 point Likert-type (7=Strongly Agree, 1=Strongly Disagree)

Source: Adapted from measures employed in,

Larzelere, Robert E. and Ted L. Huston (1980), "The Dyadic Trust Scale: Toward Understanding Interpersonal Trust in Close Relationships," Journal of Marriage and the Family, 42 (August), 595-604.

Morgan, Robert M. and Shelby D. Hunt (1994), "The Commitment-Trust Theory of Relationship Marketing," Journal of Marketing, 58 (July), 20-38.

- 1) My upline is primarily interested in his/her own welfare. Ⓢ
- 2) There are times when my upline cannot be trusted. Ⓢ
- 3) My upline is perfectly honest and truthful with me.
- 4) I feel that I can trust my upline/sponsor completely.
- 5) My upline is truly sincere in his/her promises.
- 6) I feel that my upline/sponsor does not show me enough consideration. Ⓢ
- 7) My upline treats me fairly and justly.
- 8) I feel that my upline can be counted on to help me.

Appendix 4: LISREL Output for Proposed, Rival and Modified Models

L I S R E L 8.20
BY
Karl G. Jöreskog & Dag Sörbom

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The following lines were read from file C:\WORK\THESIS\PROP.SPJ:

```
proposed model
Observed Variables
AC BO CC CP FI IS NC RA RS RSI T
Correlation Matrix
1.000
-.456 1.000
.409 -.029 1.000
.475 -.336 .260 1.000
.301 -.219 .284 .294 1.000
.418 -.389 .029 .198 .101 1.000
.352 -.075 .336 .158 .232 .051 1.000
.592 -.285 .492 .360 .149 .287 .147 1.000
.586 -.438 .287 .404 .327 .385 .148 .440 1.000
.321 -.157 .375 .133 .133 .036 .200 .218 .101 1.000
.435 -.445 .127 .617 .134 .222 .049 .395 .393 .077 1.000
standard deviations
1.11 17.66 1.45 4.43 5.67 1.54 1.39 5.04 17.37 22.33 11.19
Sample Size = 251
Latent Variables affcom concom normcom comply futinv stay relsinv
relatt burn
trust relsat
Relationships
AC = affcom
CC = concom
CP = comply
FI = futinv
IS = stay
NC = normcom
RSI = relsinv
RA = relatt
BO = burn
T = trust
RS = relsat
```

```

comply = affcom normcom
futin  = affcom concom normcom
stay   = affcom concom normcom
affcom = relatt burn trust relsat
concom = relsinv relatt trust relsat
normcom = relatt trust relsat

```

Path Diagram

Iterations = 250

Method of Estimation: Maximum Likelihood

```

Set the error variance of AC to .21
Set the error variance of BO to 39.58
Set the error variance of CC to .43
Set the error variance of CP to 6.36
Set the error variance of FI to 8.41
Set the error variance of IS to .12
Set the error variance of NC to .59
Set the error variance of RA to 10.6
Set the error variance of RS to 28.93
Set the error variance of RSI to 172.03
Set the error variance of T to 9.55

```

End of Problem

Sample Size = 251

proposed model 1

Covariance Matrix to be Analyzed

	AC	CC	CP	FI	IS	NC
AC	1.23					
CC	0.66	2.10				
CP	2.34	1.67	19.62			
FI	1.89	2.33	7.38	32.15		
IS	0.71	0.06	1.35	0.88	2.37	
NC	0.54	0.68	0.97	1.83	0.11	1.93
BO	-8.94	-0.74	-26.29	-21.93	-10.58	-1.84
RA	3.31	3.60	8.04	4.26	2.23	1.03
RS	11.30	7.23	31.09	32.21	10.30	3.57
RSI	7.96	12.14	13.16	16.84	1.24	6.21
T	5.40	2.06	30.59	8.50	3.83	0.76

Covariance Matrix to be Analyzed

	BO	RA	RS	RSI	T
BO	311.88				
RA	-25.37	25.40			
RS	-134.36	38.52	301.72		
RSI	-61.91	24.53	39.18	498.63	
T	-87.94	22.28	76.39	19.24	125.22

proposed model 1

Number of Iterations = 12

LISREL Estimates (Maximum Likelihood)

AC = 1.00*affcom, Errorvar.= 0.21, R \hat{y} = 0.83
 (0.15)
 6.74

CC = 1.29*concom, Errorvar.= 0.43, R \hat{y} = 0.80
 (0.15)
 8.85

CP = 3.65*comply, Errorvar.= 6.36, R \hat{y} = 0.68
 (0.34)
 10.81

FI = 4.87*futinv, Errorvar.= 8.41, R \hat{y} = 0.74
 (0.32)
 15.13

IS = 1.50*stay, Errorvar.= 0.12, R \hat{y} = 0.95
 (0.080)
 18.81

NC = 1.16*normcom, Errorvar.= 0.59, R \hat{y} = 0.69
 (0.090)
 12.82

BO = 16.50*burn, Errorvar.= 39.58, R \hat{y} = 0.87
 (0.85)
 19.52

RA = 3.68*relatt, Errorvar.= 10.60, R \hat{y} = 0.56
 (0.28)
 13.25

RS = 16.51*relsat, Errorvar.= 28.93, R \hat{y} = 0.90
 (0.82)
 20.22

RSI = 18.11*relinv, Errorvar.= 172.03, R \hat{y} = 0.66
 (1.23)
 14.67

T = 10.75*trust, Errorvar.= 9.55, R \hat{y} = 0.92
 (0.52)
 20.65

affcom = 0.73*relatt - 0.28*burn - 0.067*trust + 0.12*relsat,
 (0.17) (0.082) (0.083) (0.087)
 4.32 -3.45 -0.80 1.40

 Errorvar.= 0.15, R \hat{y} = 0.85

$concom = 0.15*relsinv + 0.93*relatt - 0.33*trust - 0.15*relsat,$
 (0.096) (0.22) (0.12) (0.12)
 1.55 4.18 -2.80 -1.19

Errorvar.= 0.36, R² = 0.64

$normcom = 0.69*relatt - 0.29*trust - 0.12*relsat,$
 (0.15) (0.11) (0.12)
 4.47 -2.67 -1.02

Errorvar.= 0.73, R² = 0.27

$comply = 0.73*affcom - 0.094*normcom, Errorvar.= 0.51, R^2 = 0.49$
 (0.15) (0.086)
 4.86 -1.09

$futinv = 0.30*affcom + 0.13*concom + 0.12*normcom,$
 (0.11) (0.11) (0.096)
 2.80 1.24 1.29

Errorvar.= 0.79, R² = 0.21

$stay = 0.68*affcom - 0.30*concom - 0.083*normcom,$
 (0.13) (0.096) (0.080)
 5.14 -3.13 -1.04

Errorvar.= 0.70, R² = 0.30

Correlation Matrix of Independent Variables

	relsinv	relatt	burn	trust	relsat
relsinv	1.00				
relatt	0.44 (0.08) 5.53	1.00			
burn	-0.20 (0.08) -2.45	-0.35 (0.08) -4.59	1.00		
trust	0.10 (0.08) 1.21	0.57 (0.07) 8.45	-0.50 (0.05) -9.08	1.00	
relsat	0.13 (0.08) 1.63	0.64 (0.06) 10.12	-0.49 (0.06) -8.85	0.43 (0.06) 7.47	1.00

Covariance Matrix of Latent Variables

	affcom	concom	normcom	comply	futinv	stay
affcom	1.00					
concom	0.59	1.00				
normcom	0.36	0.41	1.00			
comply	0.69	0.39	0.16	1.00		
futinv	0.42	0.36	0.28	0.28	1.00	
stay	0.47	0.06	0.04	0.34	0.15	1.00
relsinv	0.39	0.51	0.26	0.26	0.22	0.09
relatt	0.87	0.71	0.44	0.59	0.41	0.34
burn	-0.57	-0.11	-0.03	-0.41	-0.19	-0.35
trust	0.55	0.15	0.05	0.39	0.19	0.32
relsat	0.70	0.33	0.20	0.49	0.28	0.36

Covariance Matrix of Latent Variables

	relsinv	relatt	burn	trust	relsat
relsinv	1.00				
relatt	0.44	1.00			
burn	-0.20	-0.35	1.00		
trust	0.10	0.57	-0.50	1.00	
relsat	0.13	0.64	-0.49	0.43	1.00

Goodness of Fit Statistics

Degrees of Freedom = 26
 Minimum Fit Function Chi-Square = 136.29 (P = 0.00)
 Normal Theory Weighted Least Squares Chi-Square = 133.37 (P = 0.00)
 Estimated Non-centrality Parameter (NCP) = 107.37

Minimum Fit Function Value = 0.55
 Population Discrepancy Function Value (F0) = 0.43
 Root Mean Square Error of Approximation (RMSEA) = 0.13

Expected Cross-Validation Index (ECVI) = 0.85
 ECVI for saturated Model = 0.53
 ECVI for Independence Model = 3.58

Chi-Square for Independence Model with 55 Degrees of Freedom = 872.22
 Independence AIC = 894.22
 Model AIC = 213.37
 Saturated AIC = 132.00
 Independence CAIC = 944.00
 Model CAIC = 394.39
 Saturated CAIC = 430.68

Root Mean Square Residual (RMR) = 2.71
 Standardized RMR = 0.057
 Goodness of Fit Index (GFI) = 0.91
 Adjusted Goodness of Fit Index (AGFI) = 0.78
 Parsimony Goodness of Fit Index (PGFI) = 0.36

Normed Fit Index (NFI) = 0.84
Non-Normed Fit Index (NNFI) = 0.71
Parsimony Normed Fit Index (PNFI) = 0.40
Comparative Fit Index (CFI) = 0.87
Incremental Fit Index (IFI) = 0.87
Relative Fit Index (RFI) = 0.67

Critical N (CN) = 84.72

CONFIDENCE LIMITS COULD NOT BE COMPUTED DUE TO TOO SMALL P-VALUE FOR
CHI-SQUARE

proposed model 1

Summary Statistics for Fitted Residuals

Smallest Fitted Residual = -6.80
Median Fitted Residual = 0.01
Largest Fitted Residual = 15.17

Stemleaf Plot

```
- 6|8
- 4|940
- 2|1520
- 0|743222955533322222111000000000
  0|111111122223334444893337
    2|4
      4|
      6|
      8|8
     10|
     12|
     14|2
```

Summary Statistics for Standardized Residuals

Smallest Standardized Residual = -4.16
Median Standardized Residual = 0.20
Largest Standardized Residual = 7.71

Stemleaf Plot

```
- 4|200
- 2|31000751000
- 0|866665287666655300
  0|13557011133566677789
  2|122355660337
    4|5
    6|7
```

Largest Negative Standardized Residuals

Residual for	CC and	AC	-3.97
Residual for	CP and	AC	-3.05
Residual for	CP and	CP	-3.14
Residual for	RA and	FI	-2.74
Residual for	RA and	NC	-4.16
Residual for	RS and	RA	-2.97
Residual for	RSI and	RSI	-2.97
Residual for	T and	AC	-4.02
Residual for	T and	RA	-3.29

Largest Positive Standardized Residuals

Residual for	AC and	AC	3.31
Residual for	NC and	AC	3.30
Residual for	NC and	CP	3.75
Residual for	NC and	FI	4.52
Residual for	BO and	CC	2.64
Residual for	T and	CP	7.71
Residual for	T and	NC	3.01
Residual for	T and	T	2.62

The Modification Indices Suggest to Add the

Path to	from	Decrease in Chi-Square	New Estimate
AC	normcom	11.0	0.25
AC	comply	9.2	-0.28
CC	affcom	16.7	-1.24
NC	affcom	9.8	0.89
NC	comply	13.7	1.00
NC	futinv	16.7	1.64
RSI	burn	8.8	-36.43
affcom	concom	11.6	-0.56
affcom	normcom	11.0	0.25
affcom	comply	14.6	-0.37
concom	affcom	16.7	-0.96
normcom	affcom	9.8	0.77
normcom	comply	21.8	1.14
normcom	futinv	14.4	1.41
concom	burn	8.8	0.30
comply	relatt	13.8	0.80
comply	trust	58.3	0.68

The Modification Indices Suggest to Add an Error Covariance

Between	and	Decrease in Chi-Square	New Estimate
concom	affcom	11.6	-0.19
normcom	affcom	11.0	0.18
comply	affcom	11.9	-0.17
comply	normcom	13.8	0.71
AC	AC	11.0	0.38
CC	AC	16.0	-0.24
RA	NC	16.0	-1.27
RS	CC	9.3	6.01
RS	RA	8.8	-21.90
T	AC	11.8	-1.93
T	CP	61.9	17.21
T	RA	10.8	-14.96

The Problem used 51144 Bytes (= 0.1% of Available Workspace)
Time used: 3.07 Seconds

Appendix 4 Cont'd: LISREL Output for Rival Model

L I S R E L 8.20
BY
Karl G. Jöreskog & Dag Sörbom

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The following lines were read from file C:\WORK\THESIS\RIVAL.SPJ:

```
Rival model
Observed Variables
BO CP FI IS RA RC RS RSI T
Correlation Matrix
1.000
-.336 1.000
-.219 .294 1.000
-.389 .198 .101 1.000
-.285 .360 .149 .287 1.000
-.218 .374 .355 .193 .525 1.000
-.438 .404 .327 .385 .440 .424 1.000
-.157 .133 .133 .036 .218 .393 .101 1.000
-.445 .617 .134 .222 .395 .245 .393 .077 1.000
standard deviations
17.66 4.43 5.67 1.54 5.04 3.00 17.37 22.33 11.19
Sample Size = 251
Latent Variables relcom comply futinv stay relsinv relatt burn
trust relsat
Relationships
RC = relcom
CP = comply
FI = futinv
IS = stay
RSI = relsinv
RA = relatt
BO = burn
T = trust
RS = relsat
comply = relcom
futinv = relcom
stay = relcom
relcom = relsinv relatt burn trust relsat
Path Diagram
Iterations = 250
```

Method of Estimation: Maximum Likelihood
 Set the error variance of BO to 39.58
 Set the error variance of CP to 6.36
 Set the error variance of FI to 8.41
 Set the error variance of IS to .12
 Set the error variance of RA to 10.6
 Set the error variance of RC to 3.04
 Set the error variance of RS to 28.93
 Set the error variance of RSI to 172.03
 Set the error variance of T to 9.55

End of Problem

Sample Size = 251

Rival model 1

Covariance Matrix to be Analyzed

	CP	FI	IS	RC	BO	RA
CP	19.62					
FI	7.38	32.15				
IS	1.35	0.88	2.37			
RC	4.97	6.04	0.89	9.00		
BO	-26.29	-21.93	-10.58	-11.55	311.88	
RA	8.04	4.26	2.23	7.94	-25.37	25.40
RS	31.09	32.21	10.30	22.09	-134.36	38.52
RSI	13.16	16.84	1.24	26.33	-61.91	24.53
T	30.59	8.50	3.83	8.22	-87.94	22.28

Covariance Matrix to be Analyzed

	RS	RSI	T
RS	301.72		
RSI	39.18	498.63	
T	76.39	19.24	125.22

Rival model 1

Number of Iterations = 8

LISREL Estimates (Maximum Likelihood)

CP = 3.64*comply, Errorvar.= 6.36, R_y = 0.68
 (0.35)
 10.46

FI = 4.87*futinv, Errorvar.= 8.41, R_y = 0.74
 (0.33)
 14.62

IS = 1.50*stay, Errorvar.= 0.12, R \hat{y} = 0.95
 (0.073)
 20.44

RC = 2.34*relcom, Errorvar.= 3.04, R \hat{y} = 0.64
 (0.51)
 4.63

BO = 16.50*burn, Errorvar.= 39.58, R \hat{y} = 0.87
 (0.85)
 19.52

RA = 3.85*relatt, Errorvar.= 10.60, R \hat{y} = 0.58
 (0.30)
 13.03

RS = 16.52*relsat, Errorvar.= 28.93, R \hat{y} = 0.90
 (0.82)
 20.22

RSI = 18.07*relinv, Errorvar.= 172.03, R \hat{y} = 0.65
 (1.23)
 14.65

T = 10.75*trust, Errorvar.= 9.55, R \hat{y} = 0.92
 (0.52)
 20.66

relcom = 0.28*relinv + 0.58*relatt + 0.0093*burn + 0.049*trust
 (0.10) (0.22) (0.083) (0.089)
 2.75 2.58 0.11 0.55

+ 0.25*relsat, Errorvar.= 0.18, R \hat{y} = 0.82
 (0.10)
 2.50

comply = 0.69*relcom, Errorvar.= 0.53, R \hat{y} = 0.47
 (0.18)
 3.73

futinv = 0.48*relcom, Errorvar.= 0.77, R \hat{y} = 0.23
 (0.13)
 3.61

stay = 0.36*relcom, Errorvar.= 0.87, R \hat{y} = 0.13
 (0.10)
 3.43

Correlation Matrix of Independent Variables

	relsinv	relatt	burn	trust	relsat
relsinv	1.00				
relatt	0.35 (0.10) 3.69	1.00			
burn	-0.21 (0.08) -2.56	-0.40 (0.08) -5.03	1.00		
trust	0.10 (0.08) 1.23	0.54 (0.07) 7.75	-0.50 (0.06) -9.01	1.00	
relsat	0.13 (0.08) 1.62	0.61 (0.07) 9.17	-0.49 (0.06) -8.81	0.43 (0.06) 7.47	1.00

Covariance Matrix of Latent Variables

	relcom	comply	futin	stay	relsinv	relatt
relcom	1.00					
comply	0.69	1.00				
futin	0.48	0.33	1.00			
stay	0.36	0.25	0.17	1.00		
relsinv	0.52	0.36	0.25	0.19	1.00	
relatt	0.85	0.59	0.41	0.30	0.35	1.00
burn	-0.43	-0.29	-0.21	-0.15	-0.21	-0.40
trust	0.49	0.34	0.24	0.18	0.10	0.54
relsat	0.66	0.45	0.31	0.23	0.13	0.61

Covariance Matrix of Latent Variables

	burn	trust	relsat
burn	1.00		
trust	-0.50	1.00	
relsat	-0.49	0.43	1.00

Goodness of Fit Statistics

Degrees of Freedom = 18
 Minimum Fit Function Chi-Square = 148.04 (P = 0.0)
 Normal Theory Weighted Least Squares Chi-Square = 143.76 (P = 0.0)
 Estimated Non-centrality Parameter (NCP) = 125.76

Minimum Fit Function Value = 0.59
Population Discrepancy Function Value (FO) = 0.50
Root Mean Square Error of Approximation (RMSEA) = 0.17

Expected Cross-Validation Index (ECVI) = 0.79
ECVI for saturated Model = 0.36
ECVI for Independence Model = 2.51

Chi-Square for Independence Model with 36 Degrees of Freedom = 609.70
Independence AIC = 627.70
Model AIC = 197.76
Saturated AIC = 90.00
Independence CAIC = 668.43
Model CAIC = 319.94
Saturated CAIC = 293.65

Root Mean Square Residual (RMR) = 4.17
Standardized RMR = 0.087
Goodness of Fit Index (GFI) = 0.89
Adjusted Goodness of Fit Index (AGFI) = 0.73
Parsimony Goodness of Fit Index (PGFI) = 0.36

Normed Fit Index (NFI) = 0.76
Non-Normed Fit Index (NNFI) = 0.55
Parsimony Normed Fit Index (PNFI) = 0.38
Comparative Fit Index (CFI) = 0.77
Incremental Fit Index (IFI) = 0.78
Relative Fit Index (RFI) = 0.51

Critical N (CN) = 59.78

CONFIDENCE LIMITS COULD NOT BE COMPUTED DUE TO TOO SMALL P-VALUE FOR
CHI-SQUARE

Rival model 1

Summary Statistics for Fitted Residuals

Smallest Fitted Residual = -10.38
Median Fitted Residual = 0.00
Largest Fitted Residual = 17.34

Stemleaf Plot

- 1|0
- 0|9755
- 0|444331000000000000000000000000
0|11244
0|557
1|
1|7

Summary Statistics for Standardized Residuals

Smallest Standardized Residual = -7.06
 Median Standardized Residual = 0.00
 Largest Standardized Residual = 8.74

Stemleaf Plot

- 6|1
 - 4|82
 - 2|310652
 - 0|318820000000000000000000
 0|2344557
 2|46
 4|01
 6|
 8|7



Largest Negative Standardized Residuals

Residual for	RC and	CP	-3.32
Residual for	RC and	IS	-3.00
Residual for	BO and	CP	-2.60
Residual for	BO and	IS	-4.83
Residual for	RA and	FI	-3.12
Residual for	RS and	RC	-4.22
Residual for	T and	RC	-7.06

Largest Positive Standardized Residuals

Residual for	RC and	RC	3.39
Residual for	BO and	RC	5.12
Residual for	RS and	IS	4.04
Residual for	RSI and	RC	3.61
Residual for	T and	CP	8.74

The Modification Indices Suggest to Add the

Path to	from	Decrease in Chi-Square	New Estimate
RC	comply	11.0	-1.04
RC	stay	9.0	-0.49
relcom	stay	11.1	-0.23
comply	relinv	10.5	-0.34
comply	relatt	9.5	0.82
comply	burn	9.6	-0.27
comply	trust	76.6	0.77
futinv	relatt	8.8	-0.78
stay	burn	24.2	-0.38
stay	relnat	18.6	0.42

The Modification Indices Suggest to Add an Error Covariance

Between	and	Decrease in Chi-Square	New Estimate
stay	relcom	11.1	-0.20
RC	CP	11.0	-2.00
RC	IS	9.0	-0.64
RC	RC	11.5	4.78
BO	IS	16.1	-5.60
RA	FI	9.3	-4.26
T	CP	63.9	19.08
T	RC	28.1	-9.78

The Problem used 29264 Bytes (= 0.0% of Available Workspace)
 Time used: 0.94 Seconds

Appendix 4 Cont'd: LISREL Output for Modified Model

L I S R E L 8.20
BY
Karl G. Jöreskog & Dag Sörbom

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The following lines were read from file C:\WORK\THESIS\FITFULL.SPJ:

Modified model - Sample 2
Observed Variables
AC BO CC CP FI IS NC RA RS RSI T
Correlation Matrix
1.000
-.456 1.000
.409 -.029 1.000
.475 -.336 .260 1.000
.301 -.219 .284 .294 1.000
.418 -.389 .029 .198 .101 1.000
.352 -.075 .336 .158 .232 .051 1.000
.592 -.285 .492 .360 .149 .287 .147 1.000
.586 -.438 .287 .404 .327 .385 .148 .440 1.000
.321 -.157 .375 .133 .133 .036 .200 .218 .101 1.000
.435 -.445 .127 .617 .134 .222 .049 .395 .393 .077 1.000
standard deviations
1.11 17.66 1.45 4.43 5.67 1.54 1.39 5.04 17.37 22.33 11.19
Sample Size = 251
Latent Variables affcom concom normcom comply futinv stay relsinv
relatt burn
trust relsat
Relationships
AC = affcom
CC = concom
CP = comply
FI = futinv
IS = stay
NC = normcom
RSI = relsinv
RA = relatt
BO = burn
T = trust
RS = relsat

```

comply = affcom normcom trust
futinv = affcom concom normcom
stay = affcom concom normcom burn
affcom = relsinv relatt burn trust relsat
concom = relsinv relatt trust relsat
normcom = affcom concom relatt trust relsat

```

Path Diagram

Iterations = 250

Method of Estimation: Maximum Likelihood

```

Set the error variance of AC to .21
Set the error variance of BO to 39.58
Set the error variance of CC to .43
Set the error variance of CP to 6.36
Set the error variance of FI to 8.41
Set the error variance of IS to .12
Set the error variance of NC to .59
Set the error variance of RA to 10.6
Set the error variance of RS to 28.93
Set the error variance of RSI to 172.03
Set the error variance of T to 9.55
End of Problem

```

Sample Size = 251

Modified model - Sample 2

Covariance Matrix to be Analyzed

	AC	CC	CP	FI	IS	NC
AC	1.23					
CC	0.66	2.10				
CP	2.34	1.67	19.62			
FI	1.89	2.33	7.38	32.15		
IS	0.71	0.06	1.35	0.88	2.37	
NC	0.54	0.68	0.97	1.83	0.11	1.93
BO	-8.94	-0.74	-26.29	-21.93	-10.58	-1.84
RA	3.31	3.60	8.04	4.26	2.23	1.03
RS	11.30	7.23	31.09	32.21	10.30	3.57
RSI	7.96	12.14	13.16	16.84	1.24	6.21
T	5.40	2.06	30.59	8.50	3.83	0.76

Covariance Matrix to be Analyzed

	BO	RA	RS	RSI	T
BO	311.88				
RA	-25.37	25.40			
RS	-134.36	38.52	301.72		
RSI	-61.91	24.53	39.18	498.63	
T	-87.94	22.28	76.39	19.24	125.22

Modified model - Sample 2

Number of Iterations = 11

LISREL Estimates (Maximum Likelihood)

AC = 1.01*affcom, Errorvar.= 0.21, Rý = 0.83
 (0.10)
 9.93

CC = 1.30*concom, Errorvar.= 0.43, Rý = 0.80
 (0.15)
 8.88

CP = 3.64*comply, Errorvar.= 6.36, Rý = 0.68
 (0.45)
 8.17

FI = 4.88*futinv, Errorvar.= 8.41, Rý = 0.74
 (0.32)
 15.06

IS = 1.49*stay, Errorvar.= 0.12, Rý = 0.95
 (0.078)
 19.10

NC = 1.17*normcom, Errorvar.= 0.59, Rý = 0.70
 (0.15)
 7.61

BO = 16.50*burn, Errorvar.= 39.58, Rý = 0.87
 (0.85)
 19.52

RA = 3.90*relatt, Errorvar.= 10.60, Rý = 0.59
 (0.29)
 13.44

RS = 16.51*relsat, Errorvar.= 28.93, Rý = 0.90
 (0.82)
 20.22

RSI = 18.13*relinv, Errorvar.= 172.03, Rý = 0.66
 (1.23)
 14.68

T = 10.75*trust, Errorvar.= 9.55, Rý = 0.92
 (0.52)
 20.66

affcom = 0.14*relinv+0.52*relatt - 0.20*burn-0.017*trust+0.27*relsat,
 (0.071) (0.13) (0.070) (0.076) (0.085)
 1.93 3.92 -2.87 -0.23 3.16

Errorvar.= 0.25, Rý = 0.75

$concom = 0.23*relsinv + 0.80*relatt - 0.27*trust - 0.069*relsat,$
 (0.090) (0.20) (0.11) (0.11)
 2.50 3.94 -2.51 -0.63

Errorvar.= 0.39, R² = 0.61

$normcom = 0.83*affcom+0.64*concom-0.85*relatt+0.058*trust-0.11*relsat$
 (0.26) (0.24) (0.42) (0.14) (0.14)
 3.20 2.74 -2.03 0.41 -0.81

Errorvar.= 0.52, R² = 0.48

$comply = 0.29*affcom + 0.089*normcom + 0.63*trust,$
 (0.100) (0.085) (0.11)
 2.86 1.04 5.59

Errorvar.= 0.30, R² = 0.70

$futiniv = 0.27*affcom + 0.13*concom + 0.16*normcom,$
 (0.10) (0.10) (0.10)
 2.68 1.29 1.50

Errorvar.= 0.78, R² = 0.22

$stay = 0.54*affcom - 0.20*concom - 0.12*normcom - 0.17*burn,$
 (0.12) (0.095) (0.087) (0.080)
 4.55 -2.13 -1.40 -2.13

Errorvar.= 0.70, R² = 0.30

Correlation Matrix of Independent Variables

	relsinv	relatt	burn	trust	relsat
relsinv	1.00				
relatt	0.38 (0.09) 4.35	1.00			
burn	-0.18 (0.08) -2.25	-0.34 (0.08) -4.40	1.00		
trust	0.10 (0.08) 1.22	0.53 (0.07) 7.76	-0.49 (0.05) -8.99	1.00	
relsat	0.13 (0.08) 1.64	0.60 (0.07) 9.30	-0.50 (0.06) -8.92	0.43 (0.06) 7.52	1.00

Covariance Matrix of Latent Variables

	affcom	concom	normcom	comply	futinv	stay
affcom	1.00					
concom	0.55	1.00				
normcom	0.46	0.47	1.00			
comply	0.64	0.30	0.26	1.00		
futinv	0.42	0.36	0.35	0.25	1.00	
stay	0.47	0.07	0.07	0.34	0.15	1.00
relsinv	0.41	0.50	0.32	0.21	0.23	0.11
relatt	0.79	0.70	0.23	0.58	0.35	0.3
burn	-0.53	-0.14	-0.22	-0.48	-0.20	-0.40
trust	0.49	0.15	0.06	0.78	0.16	0.31
relsat	0.69	0.33	0.19	0.49	0.26	0.37

Covariance Matrix of Latent Variables

	relsinv	relatt	burn	trust	relsat
relsinv	1.00				
relatt	0.38	1.00			
burn	-0.18	-0.34	1.00		
trust	0.10	0.53	-0.49	1.00	
relsat	0.13	0.60	-0.50	0.43	1.00

Goodness of Fit Statistics

Degrees of Freedom = 21

Minimum Fit Function Chi-Square = 48.37 (P = 0.00061)

Normal Theory Weighted Least Squares Chi-Square = 48.10 (P = 0.00067)

Estimated Non-centrality Parameter (NCP) = 27.10

90 Percent Confidence Interval for NCP = (10.67 ; 51.25)

Minimum Fit Function Value = 0.19

Population Discrepancy Function Value (F0) = 0.11

90 Percent Confidence Interval for F0 = (0.043 ; 0.20)

Root Mean Square Error of Approximation (RMSEA) = 0.072

90 Percent Confidence Interval for RMSEA = (0.045 ; 0.099)

P-Value for Test of Close Fit (RMSEA < 0.05) = 0.085

Expected Cross-Validation Index (ECVI) = 0.55

90 Percent Confidence Interval for ECVI = (0.49 ; 0.65)

ECVI for saturated Model = 0.53

ECVI for Independence Model = 3.58

Chi-Square for Independence Model with 55 Degrees of Freedom = 872.22

Independence AIC = 894.22

Model AIC = 138.10

Saturated AIC = 132.00

Independence CAIC = 944.00

Model CAIC = 341.75

Saturated CAIC = 430.68

Root Mean Square Residual (RMR) = 2.11
Standardized RMR = 0.036
Goodness of Fit Index (GFI) = 0.97
Adjusted Goodness of Fit Index (AGFI) = 0.89
Parsimony Goodness of Fit Index (PGFI) = 0.31

Normed Fit Index (NFI) = 0.94
Non-Normed Fit Index (NNFI) = 0.91
Parsimony Normed Fit Index (PNFI) = 0.36
Comparative Fit Index (CFI) = 0.97
Incremental Fit Index (IFI) = 0.97
Relative Fit Index (RFI) = 0.85

Critical N (CN) = 202.20

Modified model - Sample 2

Summary Statistics for Fitted Residuals

Smallest Fitted Residual = -7.30
Median Fitted Residual = -0.03
Largest Fitted Residual = 11.05

Stemleaf Plot

- 6|31
- 4|
- 2|8463
- 0|98276555443322222111111100000000000000
0|11111123445017
2|3379
4|
6|
8|
10|1

Summary Statistics for Standardized Residuals

Smallest Standardized Residual = -3.56
Median Standardized Residual = -0.35
Largest Standardized Residual = 3.39

Stemleaf Plot

- 3|6510
- 2|765522111
- 1|9997766332221
- 0|976655433311110000
0|145799
1|2233489
2|1446789
3|34

Largest Negative Standardized Residuals

Residual for	NC and	CP	-2.71
Residual for	BO and	IS	-3.48
Residual for	RS and	RA	-3.10
Residual for	RSI and	BO	-3.56
Residual for	RSI and	RS	-2.62
Residual for	RSI and	RSI	-3.03

Largest Positive Standardized Residuals

Residual for	IS and	IS	3.39
Residual for	BO and	CC	3.28
Residual for	BO and	NC	2.59
Residual for	RS and	FI	2.87
Residual for	RS and	BO	2.69
Residual for	RS and	RS	2.77

The Modification Indices Suggest to Add the

Path to	from	Decrease in Chi-Square	New Estimate
RS	burn	9.1	34.89
RSI	burn	11.4	-23.96
concom	burn	11.4	0.30
futinv	relsat	8.3	0.33

The Modification Indices Suggest to Add an Error Covariance

Between	and	Decrease in Chi-Square	New Estimate
RS	RA	9.6	-28.72
RSI	BO	10.7	-198.77

The Problem used 53304 Bytes (= 0.1% of Available Workspace)
Time used: 2.85 Seconds