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Assessment of the Development Role of a Statutory Body from a Customer Perspective: A Relationship Marketing Approach

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Abstract: The importance of the relationship between an institution and its constituents is examined through establishing a model of exchange relationship's three key important constructs (satisfaction, trust and commitment), which is adopted from the Customer Relationship Marketing/Management (CRM) concept. These three key constructs have been viewed as essential ingredients for successful long-term relationship in private sector CRM. The model is tested using data from the Building and Construction Authority (BCA) of Singapore. It is then compared with a rival model that does not have satisfaction, trust and commitment as mediating variables. The result shows that the model with the three key constructs as mediating variables is better. Understanding the impact of the mediating variables on outcome behaviours can lead to more participation and survival of the institution. Proposals for further research and the research limitation are given at the end of the paper.

Keywords: Satisfaction, Trust, Commitment, Statutory body, Relationship marketing

INTRODUCTION

Though the concepts of institution and institutionalization have been described in diverse ways, most of the descriptions focus on the development process which is central to the institution's strategic role (Blasé, 1973). The success of institutionalization hinges on it being "accepted and supported" by its constituents (DiMaggio and Powell,

1983). Esman and Bruhns (1965) suggest that the institution's developmental role can only be effectively introduced and sustained in transitional societies by embedding it with a supportive network, or social structures, processes and norms (Blasé, 1973).

Hence, the success of a construction statutory body such as Construction Industry Development Board (CIDB) of a country will depend on the support of its constituents or members. As in all organizations, commitment from all parties are needed in order to establish a nice working team to achieve the organization's goals.

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Studies in the institutional literature also converge on the environment as being important for the institutional legitimacy. This legitimacy ensures the survival of the institution. Organizational legitimacy purports that cultural norms, symbols, beliefs and rituals are the core of the intellectual transformation (Powell and DiMaggio, 1991). Besides pursuing continuity and credibility, legitimacy also seeks support from its constituents (Suchman, 1995).

Emerging from both views (development view and legitimacy view) is the fact that "acceptance and support" from the institute's constituents seems to be a major factor that leads to collaboration or cooperation with the institute itself. It is necessary in achieving the institute's reliability and accountability in order to increase its survival prospects.

In order to obtain support and cooperation from the constituents, trust becomes the central focus since it is the critical foundation for teamwork and collaboration or cooperation behaviour (Kramer, 1999). The role of trust in the public administration context has become a central tenet of every democracy (Ifill, 1993) since it can influence the achievement of the individual or the institution (Carnevale, 1995). Therefore, studies on the development and legitimacy of an institution should address the implication of trust. "Leaving trust out of the study will render the result of the research of no value" (Morgan and

Hunt, 1994). Since most researches on institutionalization focus on the task-environment, this paper focuses on the relationship-environment approach.

The centrality of trust and commitment to successful long-term relationship has been well documented in the business environment (Morgan and Hunt, 1994). There are evidences from several industries, such as automobile tyre retailers (Morgan and Hunt, 1994), non-profit professional theatre (Garbarino and Johnson, 1999), internal organization (MacKenzie et al., 1998) and external organization (Anderson and Narus, 1990), in what it is called Customer Relationship Marketing or Customer Relationship Management (CRM). However, there is no research focused on institutionalization. Only Gruen et al. (2000) have researched on the membership behaviour of a professional association. However, their research is limited to the commitment aspect only, neglecting other issues related to success such as satisfaction and trust. Therefore, the importance of satisfaction and trust to the success of an institution is addressed here. Hewson et al. (2003) proposed a working definition of CRM in the private sector as "to maximize the value of customers to the organization by efficient acquisition, retention and penetration of customers". Regarding the public sector, he proposed the working definition of CRM as "to improve levels of services to citizens whilst optimizing cost to serve".



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HYPOTHESIS AND THE VARIABLES

Beloucif et al. (2004) stated that high relationship quality means the customer can rely on the organization's integrity and have confidence in them when the level of past performance has been consistently satisfactory. It is the principal antecedents of positive relationship outcomes. As the key component is relationship quality, there are three key composite relationship constructs that influence the relationship outcomes. They are satisfaction (Crosby and Stephens, 1987), trust and commitment (Beloucif et al., 2004; Garbarino and Johnson, 1999; Morgan and Hunt, 1994; Gruen et al., 2000). It is hypothesized here that the three are needed in order to have a successful relationship between the institution and its constituents.

H₁: Satisfaction, trust and commitment are the mediating constructs between the precursor of relationship exchange and the behaviour outcomes.

Satisfaction. For decades, one of the key global constructs predicting customer behaviour has been overall customer satisfaction. There are hundreds of researches on satisfaction. Studies have ranged from job satisfaction of employees that can lead to more commitment to the company (MacKenzie et al., 1998), up to the satisfaction of the customers on a product that affect behavioural outcomes (Beloucif et al., 2004). Customer satisfaction is

described as the full meeting of one's expectations and it is the attitude of the customer towards a product or service after it has been used. Therefore, overall satisfaction is defined as an overall evaluation based on the total consumption experience derived by summing the satisfaction with various facets of the organization (Anderson et al., 1994).

Trust. Trust is a key construct in most models of long-term business as well as personal relationships, and has been widely studied in social exchange and marketing literature. It is viewed as an essential ingredient for successful relationships (Morgan and Hunt, 1994; Garbarino and Johnson, 1999). Trust might be viewed as confidence in the exchange partner's reliability and integrity, or even in the honesty of the other party as an individual (Crosby et al., 1990). However, trust in an organization is emphasized here as confidence in the quality and reliability of the various facets of the organization.

Commitment. Trust and commitment are viewed as essential ingredients for successful long-term relationship. Commitment measures the extent to which values and goals are congruent with those of the organization (Mowday et al., 1982) or enduring desire to maintain a valued relationship (Moorman et al., 1992). By adopting organization theory, several components of commitment are used here (instrumental, attitudinal and psychological)

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to describe the commitment of the institution's constituents (Gundlach et al., 1995).

Reflective scales have been used to measure the focal constructs of satisfaction, trust and commitment. The overall satisfaction construct was measured in semantic differential form and also by a comparative item. Trust construct was measured in the facets of reliability, integrity and confidence in quality. For commitment, the affective and continuance commitment scales of Allen and Meyer (1990), and normative commitment of Gruen et al. (2000) has been adopted with some modifications. Responses options were on a 7-point Likert scale format that ranged from (1) "Strongly disagree" to (7) "Strongly agree". Sample items include "Overall, I am very satisfied with the efforts/programs/services/activities of Building and Construction Authority (BCA)", "The outputs of BCA always meet my expectation" and "I feel like part of the family" in BCA for the variables satisfaction, trust and commitment, respectively.

As trust proceeds after the satisfaction of the customer in consumer products (Verhoef, 2003), commitment will follow since parties will seek only trustworthy; partners in business environment (Morgan and Hunt, 1994). Therefore, the hypothesis of these three key constructs are:

H₂: There is positive relationship between satisfaction and trust.

H₃: There is positive relationship between trust and commitment.

Researches on relationship building have been done in the areas of human resource development (e.g. Benkhoff, 1997), consumer products marketing (e.g. Crosby and Stephens, 1987), business environment (e.g. Anderson and Narus, 1990), and also membership of non-profit organizations (Bhattacharya et al., 1995; Gruen et al., 2000). Benkhoff (1997) found that supervisor's commitment, support from the top and the working process are the factors that influence the employee's performance outcome. Crosby and Stephens (1987) found that customers' satisfaction lead to their retention because of the influence from the contact person, core service and the institution itself. In the non-profit organization of art museum, besides the affiliation characteristic, Bhattacharya et al. (1995) remarked that the organizational and product characteristics, and activity characteristics will lead its members to a stronger identification to the organization. At the professional association level, Gruen et al. (2000) opined that relationship building efforts play important role in driving member commitment.

From the foregoing, we can examine closely that there are similar antecedents for the focal constructs. They are contact person, core service or product and the organization itself. These antecedents are in accordance with the theory of institution building by Esman (1972). He stated that there are five variables of the institution: leadership, doctrine, program, resources and internal structure. Since there is a "natural" dimension in institution and it is the product of interaction and adaptation, the institution is becoming more valued and communities focused (Selznick, 1957). Therefore, values is included, in addition to the above three antecedents, as exogenous variable in the research. Meanwhile, internal structure is beyond the scope of this research.

Therefore, the next hypothesis are:

- H₄: There is positive relationship between precursor (institutional actor, shared values, contact persons or staff, and core service or product) and the mediating construct (satisfaction).
- H₅: There is positive relationship between precursor (institutional actor, shared values, contact persons or staff, and core service or product) and the mediating construct (trust).

H₆: There is positive relationship between precursor (institutional actor, shared values, contact persons or staff, and core service or product) and the mediating construct (commitment).

Contact person or staff. The contact persons, who represent the organization, deliver the product or core service to the customers before they experience the organization's product or core service. Therefore, they may give a good or bad impression of the organization to the customer. The customer normally evaluates the performance of the contact person and sometimes, they become convinced on the organization's product or core service from the contact person first. It is, therefore, more social exchange than service exchange occurred (Hakansson, 1982). In the business environment, the contact person can create a feeling of trust from the customer (Schurr and Ozanne, 1985). Therefore, analogous to it, the contact person in the government agency is expected to build trust that enables the agency to meet the needs of its constituents. The contact person might be in the form of individual as front line officer or as manager who contacts the institute's constituents directly in the daily operations of the institute. It is widely defined as the performance/activities/attitude of the contact person in delivering the product or core service of the organization to the institute's constituents. Therefore, the measurement of service quality from Parasuraman et al. (1988) has been

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adopted. The five dimensions for this measurement are: tangibles (appearance of physical elements), reliability (dependable and accurate performance), responsiveness (promptness and helpfulness), assurance (competence, courtesy, credibility and security) and empathy (easy access, good communications and customer understanding).

Core service or product. It is obvious that products play an important role in satisfying the customer. This is because from the product the customer will experience, in the first hand, the quality offered by the organization. People will normally compare their expectation and perception on the quality of goods (in manufacturing industry) and services (in the service industry). This gap will create satisfaction and dissatisfaction in the customer. These, examples can be found in the insurance industry (Crosby and Stephens, 1987), professional association (Gruen et al., 2000) and non-profit professional theatre (Garbarino and Johnson, 1999). Analogous to those industries, the product of the institution is the programme that it delivers which will be consumed by its constituents. This programme is widely defined as those actions or activities, outputs (goods or services) delivered by the institute in transforming the value into its external environment. In this case, the government body has produced some programmes or actions that support the goals of the establishment of the body, such as training, consultancy and advisory services in promoting

career of locals, etc. Miles and Neale (1991) have proposed four goals and a 12-point action plan that shows the government body's role. They are:

1. Better understanding of the industry: general industry promotion, influencing policy and investment decisions, and undertaking research.
2. Encouraging national construction capability: development of local construction capability, improving the regulatory framework, and training and management development.
3. Improving the performance of the industry: promoting construction management as a discipline, promoting computer-based management information systems, and consultancy and advisory services.
4. Strengthening the institution: creating national linkages and international linkages.

Shared values. As stated above, value is the factor that distinguishes an institution from an organization, thus the acceptance of the constituents on the induced value (Selznick, 1957) shows the success of the institutionalization. Value of organization is the objectives or purposes that the organization wishes to achieve from the external environment. It shows the expectation of the institutional goal and style of actions. In the institution literature, it is,



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therefore, defined as the extent to which constituents have beliefs in common about what behaviours, goals and policies are important or unimportant, appropriate or inappropriate, and right or wrong. It is also the expression of its purposes, objectives and method of operations underlying the social action (Esman, 1972). In this case, the BCA Singapore has five shared values to its constituents which are called ICARE:

1. Innovative spirit: we are innovative and creative.
2. Cohesiveness: we work together as a team.
3. Advancement: we advance through continuous learning.
4. Responsibility: we are responsible towards our staff, community and the environment.
5. Excellence: we strive for excellence in our service.

Institution actors. It is considered as the most crucial aspect in the organization because they are the ones who deliberately induce the process towards the environment, such as decision making, operational control and representation role. Actors are the group of persons who are actively engaged in the formulation of the values and programmes of the institution and who direct its operations and relationships with the external environment. In human resource management literature, leadership is the most

important key factor for the success of the company. It can lead the employees to have strong commitment to the company since the leader can drive the employees to develop a culture of commitment (Grenny, 1993). From the marketing literature, the important roles of the organization are mostly defined in the banking industry (Snow, 2003). Customers are passionate about their money in the bank or the insurance company. The bank or insurance company needs to raise the confidence of the customer in order to attract people to become customers. In non-profit organizations, the role of the directors has strong association with the members (Stephens et al., 2004). By adopting and modifying the seven qualities of leadership which enhance an organization's ability to adapt to change and to become more enterprising (Miles and Neale, 1991), five points emerge, which are:

1. innovator: change dreams into reality;
2. enabler: understand the problems and needs of the constituents;
3. entrepreneur: have strong vision and commit to the mission;
4. adventurer and change agent: understand the needs of the society; and
5. leader: able to communicate vision clearly to the public or constituents.

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Since there are no previous measures that could be used directly, reflective scales with relational context focus on business-to-business situation was adopted to measure the exogenous constructs (Garbarino and Johnson, 1999). In the institution actors and contact person or staff constructs, it is designed to capture the feeling and opinion of the respondents on qualities and performances of both constructs. In the shared values construct, it is designed to capture the alignment of the values of the respondents with the organization. In the core service or product construct, it is designed to capture how the respondents assess the effectiveness and efficiency of the organization's core service or product and also their expectation on the benefit for themselves and contribution to the construction industry. Respondents indicated their preferences in each of 7-point scale by completing a checklist ranging from (1) "Strongly disagree" to (7) "Strongly agree". Sample items include "The institution actors in BCA are able to communicate their vision clearly to the public", "Innovation and creativity are the keys to competitiveness", "The staff of BCA perform services right at the first time", and "The information provided by BCA about construction performance and trends are useful for my firm", for the variables institution actors, shared values, contact persons and core services, respectively.

The future intention of satisfied and committed customers has been well researched. Zeithaml et al., (1996) reviewed the future behavioural intentions of customers towards an organization. Satisfied customers normally have intentions to leave or return to repurchase products (Hellier et al., 2003), retain their membership (Gruen et al., 2000), cooperate (Morgan and Hunt, 1994), and even participate and donate their resources to organizations (Garbarino and Johnson, 1999; Gruen et al., 2000). Meanwhile, the institution is similar to a professional association where there is no rule that forces people to join the organization. The future intentions of retention participation and coproduction are chosen in this research. These three constituents' future intentions are therefore, hypothesized to be influenced by the mediating variables.

- H₇: There is positive relationship between the mediating variables (satisfaction, trust and commitment) and the behaviour outcome (retention).
- H₈: There is positive relationship between the mediating variables (satisfaction, trust and commitment) and the behaviour outcome (participation).
- H₉: There is positive relationship between the mediating variables (satisfaction, trust and commitment) and the behaviour outcome (coproduction).



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Retention. Retention is defined as the action of renewal of the registered company's position with the organization. The behaviour to remain with the organization is one of the most important key indicators that show the organization's performance. The measurement is related to the intention of the constituents to continue registration with the organization for the following period.

Participation. Participation is an aspect of membership quality in relationship marketing. In enhancing the quality of the registered companies in the organization, it is expected that the registered companies utilize the institute's services that can benefit them. Therefore, participation here can be defined as the action of the registered companies in the organization in joining or attending the agency's programmes. The measurement is related to the extent to which the constituents "consume" the products or service of the organization.

Coproduction. This is the second aspect of membership quality in relationship marketing goal in enhancing quality. It shows the voluntary aspects from the member to join or be involved in the organization in order to develop the organization itself. Therefore, it is defined as the action of the registered companies to be involved voluntarily in the development of the organization. The measurement is related to the extent of the constituents' voluntary involvement with the organization.

A 7-point scale has also been used to measure the future intentions of the registered companies by reflective scales ranging from "Strongly disagree" to "Strongly agree" regarding their intention to proceed with registration for the next period (for the variable retention), their involvement in the organization (for the variable participation) and the willingness of the registered companies to address the long-term welfare of the organization (for the variable coproduction). Table 1 summarizes the measures.

MODEL

Figure 1 describes the relationships between the precursor and the outcomes with their mediating constructs. The emerging consensus in structural equation modeling is that any proposed model should be compared with a rival model (Bollen and Long, 1992). Figure 2 shows the proposed rival model. In order to have equal comparison, after the accepted final model has been achieved, a rival model was established. It was derived from the final model by converting the mediator constructs (satisfaction, trust and commitment) into exogenous variables.

Table 1. Research Variables

Constructs	Measurement Items
Exogenous Constructs	
Institutional actors	Innovative performance of the institutional actors Understanding the constituents' needs Strong mission and commitment to vision Understanding the needs of the society or industry Communication skills
Shared values	Innovative spirit Cohesiveness Advancement Responsibility Excellence
Contact persons or staff	Tangibles Reliability Responsiveness Assurance Empathy
Core services or products	Benefit for the registered company Contribution to the construction industry Effectiveness of the services or programmes Efficiency of the services or programmes
Mediator	
Satisfaction	Overall satisfaction with the organization Satisfaction by comparing with other organizations
Trust	Reliability in quality Confidence in quality Integrity in quality
Commitment	Affective commitment Continuance commitment Normative commitment
Outcomes Constructs	
Retention	Willingness to register for the next period
Participation	Willingness to participate in joining the programmes Willingness to participate in organizing one of the programmes
Coproduction	Willingness to contribute to the organization

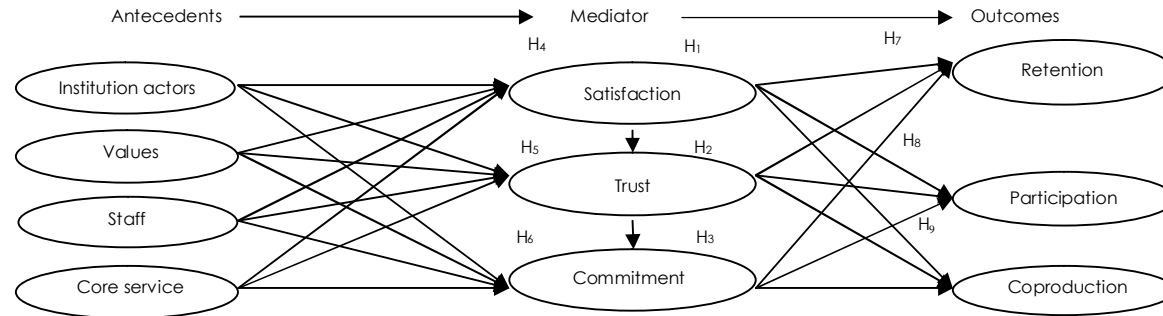
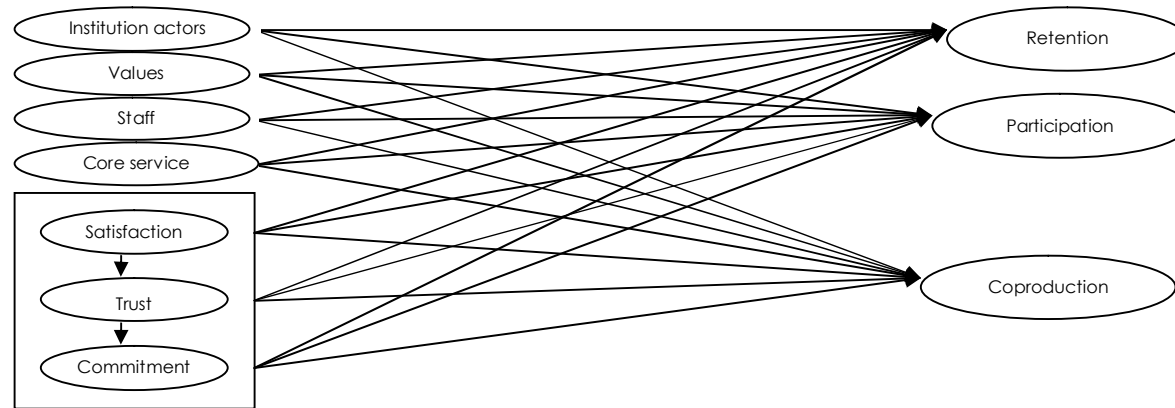


Figure 1. The Proposed Model



^a $p < 0.001$

^b $p < 0.05$

^c $p < 0.1$

^d Only the significant relationship at $p > 0.1$ level are shown

Figure 2. The Proposed Rival Model

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METHOD

The BCA is a government agency in Singapore under the auspices of the Ministry of National Development. It was formed through a merger between the CIDB and the Building Control Division of the Public Works Department (PWD). It has the primary role in developing and regulating Singapore's building and construction industry.

Construction companies in Singapore wishing to be involved in public projects need to register with the BCA. There are 218 registered companies in grades A and B, comprising 65 registered companies with grade A and 153 registered companies with grade B (data per June 2002). Four registered companies have changed addresses. Therefore, total prospective respondents were 214 registered companies. The study began by exploring the literature on institution building, relationship marketing and organizational behaviour. Then, a draft questionnaire was constructed and pretested on several registered companies. After receiving comments, the important research issues were identified from the first and second pretests, and a modified final draft questionnaire was developed.

A package comprising a self-administered questionnaire, introductory letters and stamp-attached reply envelopes was sent to all the registered companies in

grade A and B. Besides that, half of the companies were visited directly. Only 48 out of 214 registered companies returned the questionnaires. However, only 36 completed questionnaires were usable (16.82%). The rest of the companies did not reply. Some gave reasons such as no more projects or team, the company does not fill questionnaires, not relevant, busy, not interested or even returned the blank questionnaire without giving reason.

Sample Characteristics

From the total responses, 17 companies are registered under grade A (47.2%) and 19 companies are registered under grade B (52.78%). There were variations in company age [≤ 5 years establishment (5.56%), 6–10 years establishment (11.11%), > 10 years establishment (83.33%)], and length of registration with BCA [≤ 5 years registered (11.11%), 6–10 years registered (25.0%), > 10 years registered (63.89%)]. The job positions of respondents varies from top-level management (36.11%), through middle-level management (38.89%), to low-level management (25%). Their working experiences also varies [≤ 5 years experience (25.0%), 6–10 years experience (33.33%), > 10 years experience (41.67%)].

RESULTS AND DISCUSSION

The Final Model

The proposed model (Fig. 1) was tested using LISREL 8.50 (Joreskog and Sorbom, 1993). The initial 19 items for exogenous, 11 items for mediator variables and 4 items for outcome constructs were submitted to the programme for analyses. The final result (Fig. 3) with acceptable model shows 9 exogenous variables, 6 mediators and 4 outcome constructs. Three new non-hypothesized paths are shown in the final acceptable model. They are paths from variable retention to participation, retention to coproduction and coproduction to participation.

The final model also provides a smaller Chi-square (λ^2) value (123.23) compared with its degree of freedom (df) of 124 which indicates that the model is a good fit (Bollen, 1989). Even though the goodness fit index (GFI) shows that the model is a mediocre fit (0.73), the root mean square error of approximation (RMSEA) of this proposed model has an index of 0.00 and in the confidence interval of 0.00 and 0.082, which means that the model still represents a good degree of precision in the population (MacCallum et al., 1996). Additionally, the value for test of close fit is more than 0.5 (0.75) which means that the initial hypothesized model fits the data well. Therefore, it is concluded that the initial hypothesized model fits the data well. The left side of Table 2 shows that the final model supports 8 of 23

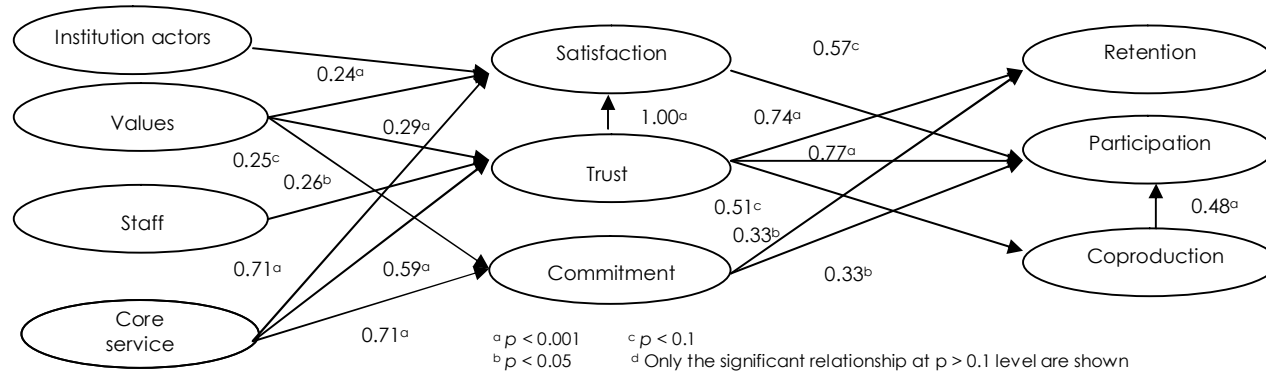


Figure 3. Final Model^d

Table 2. Parameters Estimates of Competing Models

Final Model		Rival Model	
Paths	Estimates	Paths	Estimates
Direct Effects		Direct Effects	
Institution actors → Satisfaction	0.20 ^b	Institution actors → Retention	0.43 ^b
Values → Satisfaction	-0.05	Values → Retention	-0.27 ^c
Staff → Satisfaction	-0.29 ^a	Staff → Retention	-0.08
Core service → Satisfaction	0.13	Core service → Retention	-0.83 ^b
Institution actors → Trust	-0.17	Institution actors → Participation	0.11
Values → Trust	0.29 ^a	Values → Participation	-0.03
Staff → Trust	0.26 ^b	Staff → Participation	-0.06
Core service → Trust	0.59 ^a	Core service → Participation	-0.11
Institution actors → Commitment	-0.18	Institution actors → Coproduction	0.64
Values → Commitment	0.08	Values → Coproduction	-0.31
Staff → Commitment	-0.12	Staff → Coproduction	-0.35
Core service → Commitment	0.35	Core service → Coproduction	-0.62
Satisfaction → Retention	-0.14	Satisfaction → Retention	-1.90
Trust → Retention	0.68 ^b	Trust → Retention	3.28
Commitment → Retention	0.33 ^b	Commitment → Retention	0.36 ^a
Satisfaction → Participation	0.28	Satisfaction → Participation	0.48
Trust → Participation	0.10	Trust → Participation	0.04
Commitment → Participation	0.16	Commitment → Participation	0.19
Satisfaction → Coproduction	0.64	Satisfaction → Coproduction	3.16
Trust → Coproduction	-0.46	Trust → Coproduction	-2.13
Commitment → Coproduction	0.23	Commitment → Coproduction	0.48
Trust → Satisfaction	1.00 ^a	Trust → Satisfaction	1.05 ^a
Trust → Commitment	0.61	Trust → Commitment	0.78 ^a
Retention → Participation	0.05	Retention → Participation	-0.07
Retention → Coproduction	0.26	Retention → Coproduction	-0.35
Coproduction → Participation	0.48 ^a	Coproduction → Participation	0.52 ^a
Indirect Effects^d			
Values → Satisfaction	0.29 ^b		
Staff → Satisfaction	0.26 ^b		
Core service → Satisfaction	0.58 ^a		
Values → Retention	0.24 ^a		
Core service → Retention	0.53 ^a		
Value → Participation	0.22 ^b		
Core service → Participation	0.64 ^a		
Values → Coproduction	0.14 ^c		
Core service → Coproduction	0.49 ^a		
Trust → Participation	0.67 ^b		
Trust → Coproduction	0.97 ^b		
$\chi^2_{(124)} = 123.23$	GFI = 0.73	$\chi^2_{(120)} = 127.86$	GFI = 0.72
^a p < 0.001	^b p < 0.05	^c p < 0.1	^d p < 0.1
			CFI = 0.96
			PNFI = 0.58
			CFI = 0.94
			PNFI = 0.56

^d Only the significant at p < 0.1 level are shown

(34.78%) direct effects on hypothesized paths of the model with $p < 0.1$. It also supports 11 of 28 indirect effects (39.29%) of the model with $p < 0.1$. Meanwhile, the final model's comparative fit index (CFI) is 0.96 that indicates a good fit, especially for a model with such a large number of constructs.

Antecedents, Mediator and Outcomes

From the result, we can see that the final model supports 7 of 12 (58.33%) total effects from antecedents to mediator constructs and 6 of 9 (66.67%) total effects from mediator to outcomes constructs. Moreover, it supports 1 of 2 (50%) total effects for each of mediator and outcomes constructs.

The Rival Model

The rival model was established by designating the mediator variables as exogenous variables. Meanwhile, the outcome variables are treated as a set of cluster; same as in the final model. Both models, the final and rival model, were compared and the result are shown in Table 2. The comparison uses the following criteria: (a) overall fit of the model to sample is measured by CFI, (b) the percentage of the supported model's hypothesized parameters, and (3) the most parsimonious model, measured by the Parsimonious Normed Fit Index (PNFI) (James et al., 1982).

The rival model's CFI (0.94) is lower than the final model (0.96), and only 6 of 23 (26.09%) hypothesized paths are supported with $p < 0.1$ (excluding the new paths). However, the final model supports 8 of 23 (34.78%) hypothesized paths (excluding the new paths). For the parsimony model, it provides more realistic evaluation of the hypothesized model (Mulaik et al., 1989) because it consists of two logically interdependent pieces of information (the goodness-of-fit and the parsimony of model). The PNFI of final model (0.58) improves 3.57% over the rival model (0.56).

Hypothesizing that satisfaction, trust and commitment as focal variables that mediate successful institution building, a causal model has been developed with eight main hypotheses and tested in the BCA of Singapore; one of the construction industry institutions considered to be successful. The Structural Equation Modeling test shows significant result in seven of the eight main hypotheses. The antecedents with their strong effects explain the variances in mediator constructs and they also explain the variance of the outcome constructs. This gives the indication that satisfaction, trust and commitment are indeed the key factors in explaining the future behaviour of the constituents towards their focal organization.

As the final model is extreme, since only direct paths are allowed from the 4 antecedents (12 paths) to 3

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outcome variables (9 paths) through the 3 mediator variables, the rival model is also extreme which allows only 21 direct paths from the antecedents to the outcome variables. Only 4 of 21 (19.05%) direct paths are supported in the rival model compared with 7 of 21 (33.33%) direct paths that are significant in the final model. This shows that the antecedents have affected the outcomes considerably through the key mediating variables.

As parsimony aspect is considered as the preferred aspect because of its simplicity in working towards a more elegant and easily understood way (Lambert and Brittan, 1970), both models seem to have this aspect. However, the final model is still slightly better in the parsimonious aspect than the rival model which is shown in the PNFI values of 0.58 and 0.56, respectively. Once again, it is clear that the final model supports the theory that key mediating variables contribute to institutional success in terms of cooperation among the constituents and the focal organization.

From the final result, it is shown that the variable "contact person" has an almost equal influence of negative direct effect and positive indirect effects on the variable "satisfaction". It means that the service of the contact persons who serve the registered companies give a direct negative effect to their satisfaction. Explanation came via emailed interviews with the registered

companies who remarked that they do not feel comfortable with the services of the staff of BCA which served based only on the requested items without trying to explore other needs of the companies. However, they really do trust that the contact persons work for the benefit of the registered companies. This is supported by the significant total effects from variables – staff to trust and the lack of total effects from variable – staff to satisfaction.

From the total effects, variables values and core service or product in antecedents play a significant role in giving total effect to the three variables in the mediator construct. Core service or product has the most significant influence to satisfaction, trust and commitment. It has support from the indirect effects of the core service or product and direct effects for variables trust and satisfaction and commitment, respectively. At the same time, the values induced by the institute influence the trust of the registered companies directly and the satisfaction of the registered companies indirectly. It is obvious that the variable trust has strong influence directly from the values and core service or products of the institute. Meanwhile, for the variable institution actors, it seems that the registered companies have a moderate direct effect on satisfaction only but no significant effect on trust and commitment. It proves that institution's actors are low in objectification and institutionalization (Zucker, 1991).



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On the other side of the model, mediator variables play an important role towards the outcome variables. Registered companies extend their registration because of the direct significant influence of the variable commitment and variable trust. It is also true for the variable participation that the registered companies want to participate in one of the programmes offered by the institute. Despite their low satisfaction, they have strong trust and moderate commitment to participate in the programmes of the institute. Moreover, the registered companies also have moderate trust to contribute their resources to the institution. From the result, it is also shown that the registered members' participation is also influenced by their contribution. It means that they are motivated to participate more after they have contributed resources to the organization.

As explained above, trust plays the most influential role in this relationship which is shown by one of the most significant direct effects from the antecedent values towards the mediator (trust). It is clear indeed that there is support for the theory that trust is one of the most salient factors for effectiveness of any social group in the present complex social organization (Rotter, 1967), and there is also support that trust has an important role in public administration (Ifill, 1993) and in influencing institutional accomplishment (Carnevale, 1995).

Studying the relationship of satisfaction, trust and commitment as key mediating variables is critical to institution building. The mediating variables included can provide better understanding on the impact of the antecedents towards the behaviour intentions of the constituents, especially in the institution building theory. For managers in the CIDB, developing these three important ingredients is important not only for constituents' retention strategy, but also for more participation and contribution to the organization itself.

DIRECTIONS FOR FURTHER RESEARCH

As in the antecedents, there are four latent variables which reflect the elements of an institution. The process of institutionalization is considered to be another important element to be included for future research. Since one of the dimensions of institutionalization is instilling values in the constituents of the institution (Selznick, 1957), the way it is instilled can encourage or discourage the constituents in adopting the values. It can be done by examining the mechanism for instilling value to the registered companies, e.g. imposing, authorizing, inducing, acquisitioning, imprinting, incorporating or even bypassing (Scott, 1987).

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Developing the Final Model

As shown in the result of the final model and rival model, some direct paths from the antecedents to the outcomes construct are suggested. It suggests that there may be influences from the variables institutional actors, values, core service or products to the variable retention directly. Therefore, evaluating an "extended" model that allows both direct and indirect paths from the said variables is worth consideration.

The result indicates that satisfaction, trust and commitment are important for achieving support from the constituents of an institution, and the parameter values suggest that trust has the strongest effect. This measure of outcomes behaviour included the intention across three different facets of constituents' behaviours. Are there any other intentions in the constituents' behaviour towards their institute? Further research on this matter is strongly advocated.

LIMITATIONS

First, in the context of our study, the research feedback is 16.82% and it consists of respondents identified as "major companies" with the registration grades A and B. Meanwhile, there is a third grade of registered companies

(grade C), which covers 1,267 registered small and medium sized companies. Certainly including grade C in the research will give more complete understanding of the Singapore construction industry as a whole. Therefore, extending the study to other cluster is definitely required. Second, this is the first study focusing on satisfaction, trust and commitment as key mediating variables in an institution, testing the same model on other construction industry bodies in other countries is required to test the theory. Demographic factors of a big country may have much influence on the behaviour of the constituents towards the institution, which is divided into many section areas (O'Reilly et al., 1989). The third limitation is on the application of the cross-sectional research in this study. It would be more beneficial to test the causal model by adopting a longitudinal design.

CONCLUSION

This paper started by exploring the concept of institutionalization from the development view and the legitimacy view which both require cooperation and collaboration with its constituents. Following that, the importance of trust in the society has been emphasized. By examining relationship marketing in the consumer industry, the paper has adopted the concept in this research which is still aligned with institution building theory. Emerging from



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that are four determinants of institution and three facets of constituents' behaviours. After comparing the final model and the rival model, it is shown that mediating constructs have played important roles in influencing the behaviour of the institution's constituents. Trust and commitment are the major factors that influence them directly to continue their relationship with the institution and also influence the member companies indirectly to participate in the programmes offered by the institution. Meanwhile, core service, values and staff have driven the registered companies to trust the institution. The need for relationship marketing in an institution devoted to industry development stems from the changing dynamics of the environment and its requirements for the development of the industry in facing globalization. By understanding this commitment-trust theory in a CIDB, we can nurture it by (a) providing programme or products that benefit the registered companies or contribute to improving the industry's efficiency, (b) continuing to share the high values that are believed to be the drivers for the development of the industry, and (c) maintaining high service quality of the contact person or staff of the institution. Further evaluation and replication on this theory and model are strongly encouraged for the institution building discipline and practices.

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