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Relationship marketing orientation: scale development and cross-cultural validation

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Abstract

This paper addresses the conceptual and measurement issues related to the study of relationship marketing orientation (RMO). It first reviews the concept of RMO and its important components. It then reports on the construction and psychometric assessment of a measure of RMO. Six multiitem scales are developed showing strong evidence of reliability and validity in samples from firms in Mainland China and Hong Kong. Further analysis provides evidence supporting scale invariance across the two samples. The final section includes a discussion of the implications of the findings and directions for future research.

Keywords: Relationship marketing orientation; Scale development; China; Hong Kong

1. Introduction

Relationship marketing, characterized by reciprocal, interdependent, committed, and long-term relationships between sellers and buyers, has dominated much of the managerial and academic discussions of the 1990s (Tuominen et al., 2000). During the past few years, several international seminars and special issues of journals have effectively created a worldwide forum for discussion on relationship marketing.

A relationship marketing orientation (RMO) has generally been assumed to create a competitive edge for an organization, and to have a positive impact on organizational performance. However, there is still much debate over exactly what constitutes a RMO or strategy. In fact, many scholars have claimed that the precise meaning of relationship marketing is not always clear in the literature (Blois, 1996; Lehtinen, 1996; Peterson, 1995). Nevin (1995) notes that the term has become a buzzword, with the concept being used to reflect a number of differing themes or perspectives such as database marketing, electronic marketing, multilevel marketing, customer retention and partnering, and a business philosophy. Thus, a clarification and conceptualization of this construct is needed to ensure that our knowledge of relationship marketing grows in a 'cumulative' way.

Moreover, while there has been an increase in the attention paid to relationship marketing by practitioners and academics, to date no systematic attempt has been made to develop a valid measure of it, or to assess its influence on business performance. Many of the past studies on relationship marketing have been criticized as overly simplistic due to their use of a single component perspective (Callaghan et al., 1995). As a result, business practitioners seeking to implement a relationship marketing concept have had no specific guidance regarding precisely what a RMO is and what actual effect it has on business performance.

Given these problems, this paper reports on the development and validation of a set of multiitem scales for the measurement of the RMO using established procedures from the measurement development literature. We first provide a brief conceptual background for the development of the relationship marketing concept. We then set forth the

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hypothesized components of the RMO and follow this with a description of the procedures used to construct the subscales and assess their psychometric properties. We conclude with a discussion of the implications of the research findings and directions for future research.

2. Background and previous research

2.1. Evolution of relationship marketing

Subtle changes in the concept and practice of business have been fundamentally reshaping the marketing discipline. According to Gruen (1997) and Grönroos (1989), the philosophy of business has shifted from a production orientation to a selling orientation, then to a marketing orientation, and finally to a RMO. RMO suggests that the traditional short-term transaction-oriented exchange research has to be replaced with research into long-term buyer–seller relationships.

The services marketing literature was one of the first areas in which relationship marketing research had its start. The service marketing tradition pays particular attention to the relationship between the individual consumer and service company personnel (Möller and Halinen, 2000), and questions the applicability of traditional marketing to a service context. Services researchers argue that consumer satisfaction with a service is primarily the outcome of an interaction relationship between service personnel and the consumer (Berry and Parasuraman, 1993; Grönroos, 1990) and therefore service organizations should develop long-term relationships with their customers (Berry, 1983; Grönroos, 1991; Gummesson, 1987) in order to acquire and maintain a competitive edge.

In the personal selling literature, the term "relationship selling" was used in most cases to describe relationship marketing (Chonko and Tanner, 1990; Crosby et al., 1990). It has been argued that both the salesperson and the customer find long-term relationships beneficial (Bejou, 1994).

The marketing channels literature, examining the shift from understanding marketing exchange as a transactional phenomenon to viewing it as an on-going relationship, frequently posed the following questions: What forms of governance are efficient for specific types of channel relationships? In what way is the dyadic relationship contingent on the larger channel context? How are the key constructs like cooperation, trust, communication, and conflicts manifested and related to each other?

Another contribution to the development of research on relationship marketing is the focus on the interaction and network approaches in the business marketing literature. The interaction approach conceptualizes buyer–seller interactions as dyadic interactions at both the firm and individual levels with the interaction influenced by atmosphere, a multidimensional construct involving power/dependence, trust, mutual goals, commitment, satisfaction, and adaptation (Ford, 1984; Wilson, 1995; Grönroos, 1990; Håkansson, 1982). The network approach differs from the interaction approach by extending dyadic relationships to network relationships with customers, distributors, suppliers, and other organizations that may have an interest in the firm's business (Easton, 1995, Anderson et al., 1994).

Another significant contribution to relationship marketing comes from the research on *guanxi* in the marketing literature on China. The word *guanxi* has the same meaning as "relationship" in English. *Guanxi* literally means the social relationship between two persons under a particular bonding, which refers to Confucius' five cardinal bonds (*wu lun*), including the bonds between sovereign and minister, father and son, husband and wife, old and young, and friend and friend (Hchu and Yang, 1972).

2.2. The relationship marketing concept and RMO

Although past studies have made significant progress toward understanding relationship marketing, two fundamental questions remain unanswered: What precisely is the relationship marketing concept? How can it be implemented? The concept of relationship marketing was formally introduced by Berry (1983), who defined it as "attracting, maintaining, and enhancing customer relationships." Later, Grönroos (1991) proposed to include further "establishing relationships with customers and other parties at a profit by mutual exchange and fulfillment of promises." Recently, Harker (1999) further proposed to add "proactively creating, developing and maintaining" to the definition. The above three definitions, though differing somewhat, focus on individual buyer–seller relationships that are longitudinal and mutually beneficial in nature. In short, from a firm's perspective the relationship marketing concept can be viewed as a philosophy of doing business successfully, or as a distinct organizational culture/value that puts the buyer–seller relationship at the center of the firm's strategic or operational thinking.

Strangely, despite its increasingly acknowledged importance, little research has focused on the implementation of the relationship marketing concept, referred to as the RMO, nor has there been much research on creating a valid measurement scale and testing the concept empirically. Relationship marketing as an emerging paradigm will remain undeveloped until its key components have been identified and operationalized. Thus, it is the goal of this paper to propose a conceptualization of the basic components of RMO and to develop a reliable and valid measurement scale for these components.

3. The components of the RMO

Based on past related literature (e.g., Callaghan et al., 1995; Morgan and Hunt, 1994; Wilson, 1995; Yau et al., 2000), we hypothesize that RMO is a one-dimensional construct consisting of six components: trust, bonding, communication, shared value, empathy, and reciprocity (see Fig. 1). We will discuss each component and then describe our methodology along with the findings from our analysis.

3.1. Trust

In this study, we conceptualize trust as the component of a business relationship that determines the level to which each party feels he/she can rely on the integrity of the promise offered by the other party (Callaghan et al., 1995). The inclusion of trust as a central variable in a relationship exchange has been widely examined in the marketing literature. Morgan and Hunt (1994) have also identified trust as a key construct in their model of relationship marketing. Therefore, we theorize that the higher the level of trust between buyer and seller, the greater the probability of continuance or long-term existence of the relationship.

3.2. Bonding

Bonding is defined as the component of a business relationship that results in two parties (the buyer and seller) acting in a unified manner toward a desired goal (Callaghan et al., 1995). It was recognized by Shani and Chalasani (1992) in their identification of the bond developing between consumer, supplier, and product through the application of relationship marketing. Its application to RMO consists of developing and enhancing consumer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization. Among the few empirical studies in this area is that of Wilson and Mummalaneni (1986), who find that stronger personal bonds between buyers and sellers lead to a greater commitment to maintaining the relationship. Thus, we theorize that a long-term buyer–seller relationship requires bonding.

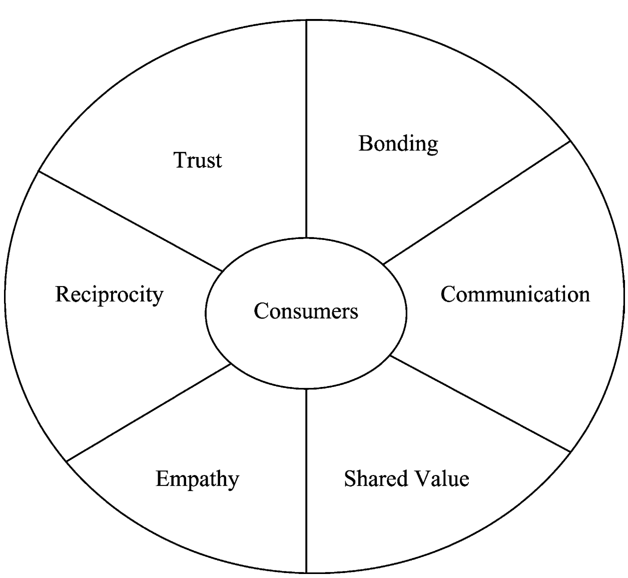

Fig. 1. The six components of RMO.

3.3. Communication

Communication is defined as the formal as well as informal exchanging and sharing of meaningful and timely information between buyers and sellers. Research in relationship marketing highlights the importance of information exchange in business relationships. Anderson and Narus (1990) stress the crucial role of communication in partnerships for the formation of cooperation and trust. Morgan and Hunt (1994) find that communication has a positive and indirect impact on the retailer–supplier relationship commitment in the automobile tire industry. Thus, we theorize that communication is another major component of RMO.

3.4. Shared value

Shared value is defined as the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong (Morgan and Hunt, 1994). Shared value has long been considered as an important component in building buyer–seller relationships (Levy and Zaltman, 1975; Evans and Laskin, 1994). Thus, we theorize that when exchange partners have common goals or values, they will be more committed to their relationships.

3.5. Empathy

Empathy is the component of a business relationship that enables the two parties to see the situation from each other's perspective. Empathy is defined as seeking to understand the desires and goals of somebody else. In the personal selling literature, the empathetic abilities of the salespeople are a prerequisite for successful selling (Greenberg and Greenberg, 1983; Sager and Ferris, 1986). In the service marketing literature, the component of empathy is used by Berry et al. (1990) in developing the SERVQUAL test instrument for service quality. In the networking literature, Smith and Johnson (1993) include empathy as an independent variable in explaining franchisor–franchisee working relationships. Based on these studies, we theorize that empathy is a necessary condition to foster a positive relationship between two parties.

3.6. Reciprocity

Reciprocity is the component of a business relationship that causes either party to provide favors or make allowances for the other in return for similar favors or allowances at a later date (Callaghan et al., 1995). The links of reciprocity to relationship marketing have been indicated by Houston et al. (1992) as a basis for the interface between exchange transactions and marketing activities. This is further reinforced by Ellis et al. (1993) who explain that relationship marketing is characterized by "...interactions, reciprocities, and long-term commitments." Thus, we hypothesize that reciprocity is an essential component of RMO.

4. Item generation and content validity

As discussed in the previous section, we have identified RMO as a one-dimensional construct consisting of six behavioral components—trust, bonding, communication, shared value, empathy, and reciprocity—and that each of the six components can be measured reliably with a multi-item scale. Following the suggestion of Churchill (1979), 42 items were developed to measure the 6 components of RMO based on past literature and a focus group discussion with 8 business managers.

Eleven business professors served as judges to evaluate the content/face validity of the items. They were exposed to the definition of each component plus a related explanation and asked to allocate each of the 42 items to an "appropriate" component or to a "not applicable" category. Items that did not receive consistent classification by at least 7 of the 11 judges were eliminated. Five items were deleted in this process.

Next, another nine business professors were invited to judge the appropriateness of the remaining items. For the six components of RMO, only items evaluated as clearly representative by at least seven of the nine judges were retained. This process resulted in 36 items for further analysis.

5. Instrument pretesting and data collection

To test the internal consistency of the RMO scale and reduce the number of items to a manageable size, a pilot survey was conducted in which 120 business executives attending a part-time MBA program were given the 36-item questionnaire in class. They were asked to indicate on a seven-point scale the extent to which they agreed with the items. With reliability analysis, eight items with item-to-total correlation below .3 were deleted. The coefficient α for the trust, bonding, communication, shared value, empathy, and reciprocity scales were .56, .60, .68, .63, .72, and .78, respectively.

5.1. Samples and data collection

Using a survey design, data were collected from firms in two Chinese economies: those of mainland China and Hong Kong. The selection of Mainland China and Hong Kong was based upon their contrasting political and economic systems. First, the political economies of Hong Kong and Mainland China differ markedly. Hong Kong is basically a free and market-driven economy while Mainland China is an economy transiting from a planned economy to a market-driven system. Second, the home market in Mainland China comprises over 1.2 billion Chinese consumers, whereas Hong Kong's home market has about 6.5 million Chinese consumers. The GNP per capita of Mainland China was around US$850 in 1999 compared to US$21,000 in Hong Kong (China Statistical Yearbook, 2000). In sum, the political economies of the two Chinese societies provide sufficiently contrasting systems to test the generalizability of the RMO model.

The data for the mainland China sample was collected from companies located in Guangzhou, the major commercial city in southern China. With the help of a major university in Guangzhou, 1200 companies were randomly selected from the Guangzhou Yellow Pages Commercial/Industrial Telephone Directory. Telephone calls were made to interview the top administrator of each company. Eventually, 300 top administrators agreed to participate. The questionnaire, administered in Chinese, was double translated as suggested by Brislin (1980) to ensure that the meanings of all items in the Chinese version of the questionnaire were the same as in the English version used for the Hong Kong sample.

To cross-validate the findings from the mainland China sample, data were also obtained from a sample of firms located in Hong Kong. In Hong Kong, the survey was administered using a two-step procedure. In the first phase, a questionnaire was mailed to "The Marketing Director/Manager" of selected organizations based on a random sampling from a database provided by the Hong Kong Trade Development Council (HKTDC). In the second phase, a follow-up letter with a questionnaire was mailed 5 weeks later.

5.2. Response rate

In Hong Kong, the questionnaires were mailed to a random sample of 1000 firms. A total of 277 completed surveys were returned, yielding a usable response rate of 27.7% (277/1000). In Mainland China, 222 completed questionnaires were returned, which represented a successful rate of 18.5% (222/1200). The characteristics of the responding firms are shown in Table 1.

To determine whether nonresponse bias was present in this study, early respondents were compared with late respondents along all the response items for each of the scales. The chi-square tests show that no significant differences existed between the early and late respondents on demographic characteristics. In addition, *t*-test results indicate that there was no significant difference between the early and late respondents on RMO and performance measures. It

Table 1
Characteristics of firms

	Mainland China sample		Hong Kong sample	
	Number	Percent	Number	Percent
Industry				
Manufacturing	61	28	73	27
Service	128	58	138	50
Others[a]	32	14	62	22
No response	1	0	4	1
Number of employees				
100 or less	44	20	176	64
101–500	97	44	41	15
501–1000	50	22	16	6
1001–5000	27	12	36	13
5001 or above	4	2	4	2
Business type				
State-owned enterprises	187	84	0	0
Private enterprises	35	16	277	100

[a] This item includes building and construction, electricity and gas, mining and iron ore, and others.

can thus be concluded that nonresponse bias is not a serious problem in this study.

6. Scale purification, stability, and dimensionality

6.1. Item analysis and reliability assessment

To purify the measurement scale for RMO, the sample was split into two subsamples (DeVellis, 1991). We first randomly split the Mainland China sample into two halves, and used the first half for development purposes and the remaining cases for validation. Further cross-validation was undertaken on the Hong Kong sample.

Overall, two items from each of the communication, empathy, and reciprocity scales were eliminated. The 22 items comprising the final subscales are listed in Appendix A. The stability of the final measures was then assessed on the validation subsamples (Table 2).

The coefficient α's of the six subscales for all the subsamples were above or very close to .6, which is considered to be acceptable for an exploratory study. In addition, the reliability of the six subscales for the Hong Kong sample seemed to be higher than the reliability of the subscales for the Mainland China sample.

6.2. Unidimensionality assessment

To assess the unidimensionality of RMO, the items comprising the six subscales were subject to principal axis factoring; this was undertaken after the subscales had been purified in order to avoid spurious results (Churchill, 1979). Following Hair et al. (1992, p. 237), a single factor was extracted. All items were loaded significantly on the single factor, indicating unidimensionality for both the Mainland China and Hong Kong samples.

7. Validity

7.1. Convergent validity

Convergent validity refers to the degree of agreement in two or more measures of the same construct. Evidence of convergent validity in the RMO scale was examined through simple correlation among the six components of the scale. Results reported in Table 3 show that correlation among the six components of RMO ranged from .429 to .790 across the two samples, and all correlations were significant at $P<.01$. In addition, each of the components was also highly correlated (.635 and above) with the overall measure of RMO. The pattern of correlation indicates that the six components are convergent on a common construct.

7.2. Discriminant validity

To evaluate discriminant validity, we included in the questionnaire a scale for measuring market orientation (MO) (Narver and Slater, 1990). This scale measures three behavioral components of an organization, namely customer orientation, competitor orientation, and interfunctional coordination. To test for discriminant validity, a simple factor test was performed on the RMO and MO data collected in

Table 2
Scale reliabilities and associated statistics

	No. of items	Mainland China data								Hong Kong data			
		Development subsample ($n=111$)				Validation subsample ($n=111$)				Validation sample ($n=277$)			
		α	Mean[a]	S.D.	Item-total correlation	α	Mean[a]	S.D.	Item-total correlation	α	Mean[a]	S.D.	Item-total correlation
Trust	4	.683	5.0	1.0	.47	.697	5.0	1.0	.49	.882	4.9	1.1	.75
Bonding	4	.728	5.2	1.1	.52	.658	5.2	1.0	.44	.854	5.3	1.0	.70
Communication	3	.596	5.2	1.1	.41	.607	5.2	1.1	.42	.754	4.9	1.1	.59
Shared value	4	.726	4.8	1.2	.52	.693	5.0	1.1	.48	.849	4.2	1.1	.69
Empathy	4	.690	5.1	0.9	.45	.722	5.2	0.9	.48	.813	4.9	1.0	.61
Reciprocity	3	.622	5.3	1.1	.43	.581	5.3	1.1	.39	.803	5.5	1.1	.66

[a] Mean scale score = sum of items/number of items.

Table 3
Correlations among the six components of RMO

	Trust	Bonding	Communication	Shared value	Empathy	Reciprocity	RMO
Mainland China sample (n = 222)							
Trust	1.00						
Bonding	.69[a]	1.00					
Communication	.59[a]	.60[a]	1.00				
Shared value	.56[a]	.54[a]	.55[a]	1.00			
Empathy	.69[a]	.76[a]	.66[a]	.62[a]	1.00		
Reciprocity	.64[a]	.64[a]	.51[a]	.50[a]	.65[a]	1.00	
RMO	.87[a]	.89[a]	.67[a]	.63[a]	.88[a]	.85[a]	1.000
Hong Kong sample (n = 277)							
Trust	1.00						
Bonding	.64[a]	1.00					
Communication	.63[a]	.78[a]	1.00				
Shared value	.57[a]	.61[a]	.66[a]	1.00			
Empathy	.61[a]	.79[a]	.75[a]	.67[a]	1.00		
Reciprocity	.45[a]	.58[a]	.53[a]	.43[a]	.53[a]	1.00	
RMO	.80[a]	.87[a]	.78[a]	.64[a]	.83[a]	.76[a]	1.000

[a] Statistically significant at the .01 level.

this study (Podsakoff and Organ, 1986; Sin et al., 2000). The RMO and MO subscales were factor analyzed together for each sample independently, using principal component analysis. As shown in Table 4, the analyses produced two factors with eigenvalues greater than unity for each sample, which account for a total of 74.68% and 75.79% of the variance for the Mainland China and Hong Kong samples, respectively. In addition, a very clear distinction results from each sample, as the RMO subscales loaded on one factor and the MO subscales loaded on another factor. Therefore, the results suggest that the respondents in each sample clearly discriminated between the RMO and MO, which offers evidence to support discriminant validity for the measurement of RMO.

7.3. Nomological validity

There are well-grounded theoretical reasons to expect a positive association between RMO and business performance. Thus, in the current context, nomological validity would be demonstrated if the scores of the measures of RMO were positively and significantly correlated with business performance.

Table 4
Results of simple factor test for discriminant validity

Variables	Mainland China sample		Hong Kong sample	
	Factor 1	Factor 2	Factor 1	Factor 2
Trust	0.84		0.76	
Bonding	0.83		0.89	
Communication	0.74		0.88	
Shared value	0.71		0.79	
Empathy	0.83		0.89	
Reciprocity	0.75		0.63	
Customer orientation		0.90		0.93
Competitor orientation		0.88		0.93
Interfunctional coordination		0.90		0.92
Eigenvalue	3.9	2.8	4.1	2.8
Percentage of variance	44	31	45	31

Given that no simple indicator can adequately capture the multifaceted nature of business performance, two broad categories of subjective measures were used in this study. The first related to marketing performance (sales growth, market share, customer retention) and the second related to financial performance (return on investment—ROI). To measure business performance, we used the following four items: (1) sales growth, (2) customer retention, (3) ROI, and (4) market share. Responses were made on a seven-point scale ranging from *better than* to *worse than* major competitors.

Table 5 shows the correlation coefficients between the components of RMO and the four performance measures. All coefficients are positive and significant. Thus, as expected, RMO has a positive impact on business performance and the nomological validity of the proposed measures is demonstrated.

7.4. Cross-cultural stability

Cross-cultural stability was assessed by (a) specifying a confirmatory factor analysis model with RMO as the latent construct and the six subscales previously developed as manifest variables and (b) examining the extent to which this specification is invariant across the mainland China and Hong Kong samples. In this analysis, sequential testing procedures for examining increasingly restrictive forms of variance were adopted (Cheung and Rensvold, 1999; Mullen, 1995; Singh, 1995). Table 6 contains the results for the comparisons of the RMO construct across the two samples. The model (M1) initially estimated involved a one-construct, six-indicator specification, whereby the factor pattern was set to be invariant across the Mainland China and Hong Kong samples. Fitting this model to the cova-

Table 5
Correlations between RMO and business performance

	Mainland China sample					Hong Kong sample				
	Sales growth	Customer retention	ROI	Market share	Overall performance	Sales growth	Customer retention	ROI	Market share	Overall performance
Trust	.34[a]	.31[a]	.38[a]	.33[a]	.39[a]	.18[a]	.17[a]	.14[a]	.11[b]	.15[b]
Bonding	.36[a]	.41[a]	.45[a]	.39[a]	.47[a]	.22[a]	.21[a]	.15[b]	.13[b]	.31[a]
Communication	.33[a]	.28[a]	.32[a]	.26[a]	.34[a]	.20[a]	.24[a]	.18[a]	.13[b]	.33[a]
Shared value	.41[a]	.31[a]	.44[a]	.42[a]	.46[a]	.14[b]	.19[a]	.13[b]	.10[b]	.19[a]
Empathy	.39[a]	.39[a]	.40[a]	.36[a]	.45[a]	.16[a]	.17[a]	.13[b]	.14[b]	.25[a]
Reciprocity	.35[a]	.33[a]	.40[a]	.32[a]	.40[a]	.23[a]	.29[a]	.14[b]	.17[a]	.29[a]
RMO	.41[a]	.41[a]	.47[a]	.40[a]	.49[a]	.27[a]	.27[a]	.19[a]	.20[a]	.34[a]

[a] Statistically significant at the .01 level.
[b] Statistically significant at the .05 level.

riance matrices of the two samples produced a quite satisfactory fit (χ^2/df=1.675, GFI=.981, AGFI=.955, RMR=.023, RMSEA=.037). Hence, we can conclude that the same factor structure of RMO is mapped in the two samples. This allows us to perform increasingly restrictive analyses to establish similarities and differences in the two samples. Model (M2) further constrains factor loadings to be equal across the two samples. This model was obtained by adding the specification of the equality of factor loadings to Model (M1). As this model is nested in M1, a chi-square difference can be computed to test formally the hypothesis of equal loadings. The test shows that the hypothesis is supported: $\chi^2_d(5)=6.882$, P=.230. Hence, we conclude that the factor loadings are the same in both the Mainland China and Hong Kong samples. Given equal factor loadings, we further tested whether the error variances were equal across samples (M3). The chi-square difference test demonstrates that error variances are not equal for the two samples: $\chi^2_d(6)=43.372$, $P<.01$.

In conclusion, we note that the measurement scale for RMO can be said to generalize the extent to which the factor pattern and factor loadings are invariant in the two samples, which provides evidence of the cross-cultural stability of the RMO scale.

Table 6
Results of two sample analysis comparisons between the Mainland China and Hong Kong samples

Goodness-of-fit index	Acceptable value (range)	Model		
		M1: Equal factor pattern	M2: Equal factor loadings	M3: Equal factor loadings and error variances
χ^2 (df)	Small relative to df	30.16 (18)	37.04 (23)	80.41 (29)
P	$P>.05$	.04	.03	.00
χ^2/df	<3.0	1.68	1.61	2.77
GFI	>.90	.98	.98	.95
AGFI	>.90	.96	.96	.93
RMSEA	$P<.05$	.04	.04	.04
RMR	$P<.05$	.02	.05	.05
Model comparisons			M2–M1 $\chi^2_d(5)=6.88$, P=.23	M3–M2 $\chi^2_d(6)=43.37$, $P<.01$

7.5. A combined measure of trust, bonding, communication, shared value, empathy, and reciprocity

A combined measure of trust, bonding, communication, shared value, empathy, and reciprocity activities was computed as an average of equally weighted sums of the scores on the six subscales of RMO. The mean values of RMO for the Mainland China and Hong Kong samples (5.167 and 5.124, respectively) were higher than the midpoint of 4.0. *T*-tests were undertaken to identify differences between the two samples. Findings in Table 7 reveal that there is no significant difference between the two samples on the mean value of RMO. However, a more in-depth analysis indicates that the Mainland China sample has higher values of communication, shared value, and empathy as compared to the Hong Kong sample. On the other hand, the Hong Kong sample was found to have a slightly higher value of reciprocity as compared to the Mainland China sample.

Chinese managers tend to put emphasis on harmony with business partners. To achieve a harmonious relationship, being empathic, having shared values, and effectively communicating are important. These are reflected more in the Mainland China sample than the Hong Kong sample. Hong Kong, on the other hand, being an open metropolis, is strongly influenced by western values such as fairness and justice. Hong Kong managers are used to operating under

Table 7
Mean levels of relationship marketing orientation

	Mainland China sample	Hong Kong sample	Significance
RMO	5.2	5.1	n.s.
• Trust	5.0	4.9	n.s.
• Bonding	5.2	5.4	n.s.
• Communication	5.2	4.9	$P<.01$
• Shared value	4.9	4.2	$P<.01$
• Empathy	5.2	4.9	$P<.01$
• Reciprocity	5.3	5.5	$P<.05$

well-observed rules and regulations. It may therefore be possible that they see reciprocity as a moral obligation, quite similar to any other obligation as required by laws and business practices. Thus, it is not surprising that the Hong Kong sample scored higher on reciprocity. However, it is worthwhile to note that as China further opens up, especially after joining the WTO, these small gaps of subdimensional difference may soon disappear under the possible influence of a more market-driven economy and receptivity to international business practices. This, of course, will be the subject of further research and analysis.

8. Discussion

This paper reports an exploratory study on the development and validation of a measure of RMO. The RMO scale was found to demonstrate reliability, unidimensionality, and validity, as well as stability across the Mainland China and Hong Kong samples. Despite the increasing research attention paid to the concept of relationship marketing, to date, there has been no valid and comprehensive operational measure of RMO. To our best knowledge, this is the first study to provide a comprehensive, psychometrically sound, and operationally valid measure of a firm's RMO.

8.1. Academic and managerial implications

The present study makes both academic and practical contributions, and suggests several applications for the research. Our academic contribution is to offer a significant advance to the current literature of relationship marketing. First, we explore the nature of relationship marketing and then develop a conceptual model of RMO with six behavioral components, namely: trust, bonding, communication, shared value, empathy, and reciprocity. Though some of the ideas expressed in this conceptual model may be familiar to marketers, its value is in integrating these various notions to provide a more comprehensive picture of RMO. Second, it provides empirical evidence on the testable scale that is both reliable and valid. This gives a new theoretical insight into how RMO is generated. Third, the model was empirically tested and found to have substantial association with a firm's business performance, indicated by customer retention, market share, sales growth, and ROI. Our conceptualization and empirical findings are encouraging. We have provided a useful foundation on which can be built further theoretical and empirical research in the field of relationship marketing.

For marketing practitioners, our findings validate the long-held belief that RMO is a critical success factor for business performance. Firms wishing to improve their relationships with customers need constantly to monitor their behavior and internal processes. The proposed scale could be used as a diagnostic tool to identify areas where specific improvements are needed, and to pinpoint aspects of the firm's RMO that require work. For the results of an exercise to be meaningful, some benchmarks or norms should be used as a basis for comparison. For example, external benchmarking at the industry level can provide a more meaningful comparison with major competitors. Periodic measurement of a firm's RMO could help managers track changes over time. In addition to aiding in the monitoring process, the six components in the RMO model can also serve training needs by helping human resource managers develop appropriate training programs that can help improve the staff's understanding of the activities involved in developing relationship marketing. Furthermore, top management can use this framework to develop relevant and effective marketing strategies and tactics. Functional managers can also use the framework to set clear policies that develop and consider relationship marketing as a necessary and essential business process rather than a burden on the staff. Changing the corporate culture and reward systems accordingly reinforces behavior that creates strong relationship marketing, and should also be considered.

8.2. Limitations

Although this study has provided relevant and interesting insights into the understanding of RMO, it is important to recognize its limitations. First, data in this study were obtained from firms in Hong Kong and Mainland China. Although it can be said that the two samples represent a cross-section of a large number of businesses, it would be useful to obtain a broader and wider sampling frame from other countries. Since respondents' perceptions, attitudes, and behavior are influenced by their cultures, it would be useful to test whether the existing RMO Model can be generalized to situations in other countries. The replication of this study on a wider scale with different national cultures is essential for the further generalization of the findings.

Second, cross-sectional data were used in this study. Consequently, the time sequence of the relationships between RMO and business performance cannot be determined unambiguously. The results, therefore, might not be interpreted as proof of a causal relationship. The development of a time-series database and the testing of the RMO association with performance in a longitudinal framework would provide more insight into probable causation.

8.3. Directions for future research

Our study is the first attempt to build and test a conceptual framework of relationship marketing. The present findings are therefore indicative rather than conclusive. However, this study suggests, in addition to the preceding suggestions for future research design, some other future research directions on RMO. First, it would be useful to assess the generalizability of the RMO model developed in this study to other contexts, such as the relationships between manufacturers and distributors, retailers and consumers, as well as between manufacturers and suppliers. With more replicative and creative research, it is expected that a more comprehensive conceptual framework related to relationship marketing can be developed in the future.

Second, although the results of this study provide support for the notion that RMO has a positive influence on business performance, it is important to note that business performance is a multidimensional construct that may be characterized in a number of ways, including effectiveness, efficiency, and adaptability (Walker and Ruekert, 1987). Therefore, it would be useful to explore the complexities of the relationship between RMO and alternative dimensions of business performance in future studies.

Third, the determinants (i.e., antecedents) of RMO also require both theoretical and empirical investigation; after all, managers need to know how they can be instrumental in shaping the RMO of their firms.

Fourth, previous studies have suggested that differences in the market environments of different countries may influence the types of strategies developed and adopted by companies, as well as the impact of these strategies on business performance (Freeman and Schendel, 1974; Douglas and Craig, 1983; Schneeweis, 1983; Douglas and Rhee, 1989; Manu, 1992). Future studies should examine the moderating effect of environmental factors such as market turbulence, competitive hostility and market growth, on the association between RMO and business performance.

Finally, data for this study were collected by the key informant approach. Although senior managers as key informants are adequate for reliable and valid data (Tan and Litschert, 1994), the information generated by a firm is not the only source of information about its level of RMO. Clearly, it is important to contrast a firm's degree of RMO as assessed by internal information (e.g., managers' responses to questionnaires, as we have done in this study) with the firm's level of RMO as perceived by its customers, competitors, and distributors. This is another challenging area for future research in RMO.

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Appendix A. RMO scale items (after purification)

Instruction: The following sentences describe the relationship between your company and your company's major customers. Please circle the most appropriate number after the following sentences according to your opinions. (The word "they" indicates the customers with whom you are in contact.)

Trust	
1. We trust each other.	1 2 3 4 5 6 7
2. They are trustworthy on important things.	1 2 3 4 5 6 7
3. According to our past business relationship, my company thinks that they are trustworthy persons.	1 2 3 4 5 6 7
4. My company trusts them.	1 2 3 4 5 6 7
Bonding	
1. We rely on each other.	1 2 3 4 5 6 7
2. We both try very hard to establish a long-term relationship.	1 2 3 4 5 6 7
3. We work in close cooperation.	1 2 3 4 5 6 7
4. We keep in touch constantly.	1 2 3 4 5 6 7
Communication	
1. We communicate and express our opinions to each other frequently.	1 2 3 4 5 6 7
2. We can show our discontent towards each other through communication.	1 2 3 4 5 6 7
3. We can communicate honestly.	1 2 3 4 5 6 7
Shared value	
1. We share the same worldview.	1 2 3 4 5 6 7
2. We share the same opinion about most things.	1 2 3 4 5 6 7
3. We share the same feelings toward things around us.	1 2 3 4 5 6 7
4. We share the same values.	1 2 3 4 5 6 7
Empathy	
1. We always see things from each other's view.	1 2 3 4 5 6 7
2. We know how each other feels.	1 2 3 4 5 6 7
3. We understand each other's values and goals.	1 2 3 4 5 6 7
4. We care about each other's feelings.	1 2 3 4 5 6 7
Reciprocity	
1. My company regards "never forget a good turn" as our business motto.	1 2 3 4 5 6 7
2. We keep our promises to each other in any situation.	1 2 3 4 5 6 7
3. If our customers gave assistance when my company had difficulties, then I would repay their kindness.	1 2 3 4 5 6 7

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