

# **Religiosity and Psychological Contracts in Asian**

## **B2B Service Relationships**

### **ABSTRACT**

The growing significance of Asia in global trade has meant that service organizations within the region need to build robust relationships with customers that may reside in nations with different socio-cultural backgrounds. This paper draws on the theories of social exchange and social capital to examine how Indonesian service providers build B2B relationships with their Asian customers in the region, when the customers are from non-Islamic nations. This study used a survey to collect its primary data. Data from 312 Indonesian firms revealed that Asian cultural-specific concepts of religiosity not only had a positive impact on transactional and relational psychological contracts, but also dampened psychological contract breaches. Only relational psychological contracts had a positive effect on relational capital and relational wellbeing, despite transactional contracts being intrinsic to these relationships. Relational capital helped to reduce psychological contract breaches and improve relationship wellbeing, whereas psychological contract breaches reduced such wellbeing. Our findings significantly extend research on B2B service relationships and offer valuable managerial insights for service decision makers operating in Asia that involves B2B relationships between organizations with specific and different socio-cultural backgrounds.

**Key words:** Religiosity, psychological contracts, relationship capital, relationship wellbeing, Asian cultural-specific concepts; Islamic vs non-Islamic nations

## **1. Introduction**

The growing importance of trading relationships with Asia (WTO, 2019) has resulted in a growth in relationship marketing (RM) studies devoted to examining Business-to-Business (B2B) relationships in east-west settings (e.g., Kingshott, Sharma, Sima, & Wong, 2020b; Yen & Abosag, 2016). This emerging body of scholarly work has paved the way for a better understanding of how relationships between organizations in culturally diverse nations are able to work closely together to create value for each other and/or their respective customers. There is still, however, a distinct paucity of studies devoted to examining cross-national B2B relationships between organizations based in countries across the Asia region with diverse socio-cultural backgrounds. By addressing this key research gap, our study investigates how Indonesian service firms build B2B relationships with their Asian customers in China, Japan, South Korea, Taiwan, Thailand and the Philippines. These combinations enable our study to focus on the Asian cultural-specific concepts (e.g., religiosity) and their influence on B2B relationships and management.

Though Indonesia and many other countries in the Asian region are listed as relatively high context on Hofstede's (2001) cultural dimensions, Indonesia is also a country with strong Islamic values and a society where religiosity plays a particularly significant role in helping to shape the views and behavior of individuals (e.g., Ismaeel & Blaim, 2012; Setiawan, De Jong, Scheepers, & Sterkens, 2020). We therefore anticipate that this important social construction within Indonesia will be reflected in decision maker attitudes and behaviors of service providers directed towards their B2B partners across Asia. To date, much extant literature within the context of Islamic countries in the Asian region has been devoted to explaining how religiosity shapes consumer attitudes within the same market context (e.g., Abu Bakar, Cooke, & Muenjohn, 2018; Kusumawati, Listyorini, Suharyono, & Yulianto, 2020). However, there is a distinct paucity of studies examining how religiosity within a predominantly Muslim country (such as Indonesia) affects cross-national B2B customer relationships with partner firms based

in non-Muslim countries within Asia. This research therefore addresses this particular gap in the B2B literature by developing a conceptual model exploring how the Asian cultural-specific construct (e.g., religiosity) helps to shape service provider expectations and obligations in B2B relationships, across Islamic vs non-Islamic contexts within the Asian region.

Whilst religiosity is often viewed through the lens of social identity theory (e.g., Tajfel & Turner, 1979), our research adopts the perspective of social exchange theory (Homans, 1958; Thibaut & Kelly, 1959) because it can help bring people together (Abu Bakar et al., 2018). Social exchange theory has also helped scholars ground B2B relationships within a range of settings (e.g., Morgan & Hunt, 1994; Kingshott, Sharma, & Chung, 2018; Kingshott et al., 2020b), so provides a suitable basis for the research context in this study. Additionally, since business relationships in the Asian region are underpinned by personal relationships and inherent social capital (Scheinbaum & Wang, 2018) we also ground our study in the theory of social capital (e.g., Bourdieu, 1986; Coleman, 1988). More recently, this theoretical perspective has also been used to help articulate business relationships within B2B settings (Madhavaram & Hunt, 2017) so, similarly, social capital theory offers a suitable basis to help explain B2B relationships within high context Asian settings. Taken together, our study shows; (a) how religiosity influences the formation of psychological contracts (relational and transactional) and their subsequent breaches, and (b) how these contracts affect relationship capital and relationship wellbeing. Consequently, the results of our study also help to address another urgent scholarly call for building more theory around the domain of psychological contracts in Asian relationship settings (Kutaula, Gillani, & Budhwar, 2020). Collectively, in response to this special issue related to Asian cultural-specific concepts and their influence on B2B relationships and management, our research contributes to the literature in many ways.

First, it examines the role the different forms of psychological contracts and associated breaches play in helping to shape B2B service relationships between providers and customers that are from different socio-cultural backgrounds within the Asian region (e.g., Indonesian-

Japan/China/Taiwan/South Korea/Philippines/Thailand). This comparative combination helps to address the urgent call for psychological contract theory in Asia (Kutaula et al., 2020).

Second, the research examines how religiosity from service providers in an Asian Islamic nation influences relationship formation with B2B customers in non-Islamic countries in the same region. Finally, unlike previous studies related to psychological contracts, this research adopts both social exchange (Homans, 1958; Thibaut & Kelly, 1959) and social capital theory (Bourdieu, 1986; Coleman, 1988) as the theoretical foundation. These two conceptual perspectives are deployed to help reveal how varied forms of psychological contract and religiosity can help build robust B2B relationships across different socio-cultural contexts within the Asian B2B marketplace.

Next, we provide an overview of the theoretical underpinnings of this research, followed by a more detailed discussion of the development of our proposed conceptual model.

## **2. Conceptual model**

### *2.1. Theoretical underpinnings*

Relationship marketing (RM) that is grounded in social exchange theory (SET) (Homans, 1958; Thibaut & Kelly, 1959) plays a critical role in helping to explain B2B relationships within Western (Brown, Crosno, & Tong, 2018; Van Tonder & Petzer, 2018), and Eastern (Kingshott et al., 2020b; Liu, Li, Tao, & Wang, 2008) contexts. Our research builds on the extant literature by examining B2B relationships between Indonesian service organizations and their customers in the Asian region. Whilst the B2B customers in our sample frame inhabit countries in Asia (China, Japan, Philippines, South Korea, Taiwan and Thailand) that hold different socio-cultural and religious beliefs to those held in Indonesia, they are all based in countries that are classified as high context, as per Hofstede's dimensions (2001). Since individuals in high context countries have relatively higher levels of collectivism that result in them focusing on the collective (Liden, 2012), this feature may also be reflected in the

relationship that Indonesian service providers have in the B2B relationships with their Asian-based partner firms. Whilst individuals from the same high context cultures value the concept of building relationships with others (e.g., Chung, Yen, & Wang, 2020) relationship formation processes between B2B firms from different cultures that are equally high context in nature needs to be explored in more detail.

Our research, accordingly, views these relationships through the lens of social exchange (SE) due to its underpinnings in moral obligations, inherent reciprocity and interdependence through socialization between parties (Kingshott, 2006). Also, given that social capital in relationships can be leveraged as a potential resource to benefit individuals and/or the organization (Nahapiet & Ghoshal, 1998), it is proposed herein that B2B service relationships within high context settings can also be grounded in the theory of social capital (SCT) (Bourdieu, 1986; Coleman, 1988). Bourdieu (1986, p. 248) describes social capital as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition - or in other words, to membership in a group”. Thus, we conceptualize this ‘group membership’ to comprise the dyadic relationship between Indonesian B2B service providers and their customers within high context Asian settings. Further to this, we posit that the relationship capital in the dyad will help strengthen the overall relationship these organizations have with Asian B2B service customers due to the intrinsic importance of establishing long-term social and personal relationships within Eastern settings (Scheinbaum & Wang, 2018), and the role that this potentially plays as business partner social capital (Luo, Hsu, & Liu, 2008).

Thus, by simultaneously grounding Indonesian B2B relationships with their Asian customers in the theories of SC and SE, our study will develop a better understanding of how Indonesian service providers can effectively engage with their customers and draw on the underlying relational capital in helping to build robust relationships. Accordingly, we draw on salient literature to develop a conceptual model (Figure 1) grounded in the theories of social

exchange (Homans, 1958; Thibaut & Kelly, 1959) and social capital (Bourdieu, 1986; Coleman, 1988). As demonstrated in Figure 1, the model seeks to explain the association between key variables, namely religiosity, psychological contracts and their breaches, relationship capital, and relational wellbeing.

<<INSERT FIGURE 1 HERE>>

## 2.2. *Religiosity, psychological contracts and psychological contract breaches*

Religiosity is commonly defined in the literature as “the adherence to beliefs, doctrines, ethics, rituals, texts, traditions and practices related to a higher power and associated with an organized group” (Baumsteiger & Chenneville, 2015, p. 2345). It comprises distinct intrinsic and extrinsic elements that collectively help to define robust core values held by individuals (Sardana, Gupta, & Sharma, 2018). As these values strongly shape consumer preferences in contexts that have high religiosity within society (Abu Bakar et al., 2018; Kusumawati et al., 2020), it is similarly anticipated that such influences will exist in B2B service settings. However, the central question that remains unanswered is how do those service firms from countries exhibiting high religiosity, such as Indonesia, successfully engage and build long-term relationships with customer firms based in Asia (i.e., China, Japan, South Korea, Taiwan, etc.) that either exhibit less religiosity and/or have a different religious makeup in their society. Conceptually, the intrinsic aspect of the religiosity construct relates to how individuals look to religion for spiritual development and guidance, whereas the extrinsic trait is where they draw on religion for personal and/or social gain (Ysseldyk, Matheson, & Anisman, 2010, p. 66). Although we recognise that religiosity may drive relationships between persons of the same religious group, due to favouring ‘in-group’ values (e.g., Dunkel & Dutton, 2016; Johnson, Rowatt, & LaBouff, 2012), we posit herein that individuals holding high religiosity will also transcend this belief through important and significant relationships with persons from other faiths (i.e., Buddhists verses non-Buddhists; Muslim verses non-Muslim; Catholic verses non-

Catholic, etc.). This assertion has some basis in the literature. Funkhouser (2020), for example, makes the point that whilst people display religious beliefs to motivate social interaction, such signals can also translate into social inclusion (p.10).

We posit that, whilst asymmetrical religious beliefs may exist between B2B partner firms based in different socio-cultural and religious contexts, such social inclusion permeates into the business relationships of these firms. Given service interactions are ostensibly social encounters between individuals (Malhotra, Ulgado, Agarwal, Shainesh, & Wu, 2005) it seems logical that service relationships transcending socio-cultural and religious divides will also yield positive benefits to all concerned. Whilst such engagements, per se, are explainable from the perspective of SCT (Bourdieu, 1986; Coleman, 1988) we extrapolate this further to argue the religiosity of the individual decision maker involved in the B2B relationship will also help to drive relationships with the customer firm. We argue this proposition will hold in B2B relationships with firms based in countries that exhibit different degrees of religiosity and/or different religions given the elevated religiosity of one of the partner firm decision makers can act as a resource to help build cross-national business relationships. This depiction of relationships is thus premised from the vantage that the religiosity construct is consistent with SCT in terms of viewing associations as a key resource that individuals can draw on to bring benefits to themselves and/or their entities (Nahapiet & Ghoshal, 1998). Its presence implies that decision makers in service firms are likely to bring their own experience of religiosity into the B2B relationships in a positive manner for their own and/or their organization's benefit.

In general, because the concept of religiosity plays a very significant role within society in Indonesia, specifically in terms of helping shape the thinking and behavior of citizens (Setiawan et al., 2020), we therefore anticipate this important social construction as a key driver in Indonesian B2B service relationships in Asia. Typically, the extant literature views religiosity through the lens of social identity theory (Tajfel & Turner, 1979), and this helps in understanding how individuals distinguish their religious group from others (i.e. the 'in-group

effect') (Cameron, 2004). Nevertheless, both social exchange and social capital theory suggest that religiosity can act as the catalyst to bring people together in the form of stimulating interaction and, through that, engender future relational obligations and expectations. We also base this on the assertion that the presence of the religiosity construct also serves to help individuals engage with one another at work (Abu Bakar et al., 2018) and, at the same time, helps to shape attitudes and behavior between individuals across cultures (Hood, 2003). In line with the existing literature (Guzzo & Noonan, 1994; Kingshott et al., 2020b; Zhao, Fu, Taylor, & Flood, 2019), we posit such engagement will also help to foster relational expectations in the form of transactional and relational psychological contracts. However, whilst such contracts can also potentially have negative relational consequences, we posit that those 'in-group' beliefs that reinforce the values of group members with one another (Funkhouser, 2020) will also help to strengthen the B2B service relationships that exist across different socio-cultural and religious business partnerships.

Typically, psychological contracts often result in dispute and disagreement (Rousseau & Parks, 1993) as a direct consequence of contract breaches (Kaufmann, Esslinger, & Carter, 2018). Contract breaches occur when one party believes the other has failed to fulfil its relational obligations (Robinson, 1996). In this study, we argue however that the presence of religiosity within the B2B service relationship will dampen any perceptions of contract breaches and, in turn, acts to fortify the overall relationship. We infer this link from previous empirical studies in other literature that specifically examines the role of religiosity on forgiveness, and how that in turn shapes the relationship. For example, Fox and Thomas (2008) show that the religiosity construct has a positive effect on the various forms of forgiveness (e.g., attitudinal, behavioural and projective) across major religions comprising of people of different nationalities. More specific to our Indonesian setting, since religiosity positively influences forgiveness that individuals have towards one another within the Javanese community (Nashori, Iskandar, Setiono, Siswadi, & Andriansyah, 2020) we expect this to be



an inherent feature in the relationship between Indonesian (both Muslim and non-Muslim) firms and their Asian B2B customers. As forgiveness relates to how individuals deal with damaging actions, resulting in relationship continuity (McCullough & Worthington, 1999), we postulate that when religiosity is present in B2B relationships, the presence of psychological contract breaches would diminish. Collectively the literature suggests that religiosity not only contributes to psychological contract formation (due to expectations of relational continuity), but further we expect that perceived breaches are also likely to be over-looked, ignored or diminished when it is present within a longer-term relationship setting. In light of the literature and the above discussion, we therefore make the following hypotheses:

**H1.** Religiosity has a positive impact on relational psychological contracts.

**H2.** Religiosity has a positive impact on transactional psychological contracts.

**H3.** Religiosity has a negative impact on psychological contract breaches.

### *2.3. Psychological contracts, relationship capital and relationship wellbeing*

As previously discussed, the emerging literature indicates that psychological contracts are the core elements within B2B relationships, and are suggested to have a positive impact on the overall relationship (e.g., Kingshott et al., 2020b). Given psychological contracts are inherent within close relationships that encompass elevated engagement and interaction between parties, they are also closely associated with social exchange theory (Ng, Feldman, & Butts, 2014; Tekleab, Laulié, De Vos, De Jong, & Coyle-Shapiro, 2020). The presence of psychological contracts helps to establish relationships between parties in terms of cross-party mutual obligation building, and the formulation of attitudes and behavior (Coyle-Shapiro, Pererira Costa, Doden, & Chang, 2019). A significant number of studies show these obligations take the form of transactional and relational contracts (Aggarwal & Bhargava, 2010; Jensen, Opland, & Ryan, 2010; Kingshott, Gaur, Sharma, Yap, & Kucherneko, 2020a) that can be collectively defined as “individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organizations” (Rousseau, 1995, p. 9).

Therefore, we postulate that decision makers within Indonesian service organizations will develop such contracts directed towards their B2B service customers in Asia, and that these perceived future obligations will in turn contribute to the overall perceived tacit value in the relationship.

We draw on social capital theory (SCT: Bourdeau, 1986; Coleman, 1988) as it dictates that such value takes the form of social capital that can be extracted for individual benefit (Hawkins & Maurer, 2012). SCT has also been shown to help firms build relationships within B2B settings within Asian (Graça & Kharé, 2020) and other contexts (Alghababsheh & Gallear, 2020), so we argue that such capital manifests in the form of relationship capital between Indonesian service providers and their Asian B2B customers. In line with the literature, we refer to relationship capital as the “level of mutual trust, respect, and friendship that arises out of close interaction at the individual level between alliance partners” (Kale, Singh, & Perlmutter, 2000, p. 218). Typically, individuals from high context cultures will place relatively higher value on relationships that involve family, friends and business connections rather than the material objects these associations potentially yield (Wood & Wilberger, 2015). Moreover, since social capital plays a bridging and/or bonding function between individuals (Putman, 2000), we propose that the obligations inherent in the psychological contract will potentially fill those intrinsic relationship functions. Specifically, we theorize that, in high context B2B service relationships where individuals view value in personal connections in their business relationships (Luo et al., 2008; Möller & Svahn, 2004), the inherent relational capital will manifest through the two forms of psychological contracts. Thus, based on the literature and the above discussion, the link between psychological contracts and relationship capital can be hypothesized as follows:

**H4.** Relational psychological contracts have a positive impact on relationship capital.

**H5.** Transactional psychological contracts have a positive impact on relationship capital.

In addition to building relationship capital, we propose further that B2B service relationships within Asia that involve psychological contracts can be grounded from the perspective of social exchange (Homans, 1958; Thibaut & Kelly, 1959) and social capital theories (Bourdieu, 1986; Coleman, 1988). On that basis, we believe that relational and transactional psychological contracts may also have a direct effect on relationship wellbeing. In line with the literature, we depict relational wellbeing as a “positive state of affairs in which the personal, relational, and collective needs and aspirations of individuals and the community are fulfilled” (Prilleltensky, 2005, p. 54). Thus, within high context societies like Indonesia and other Asian nations, where communication between individuals is less explicit and has lower levels of detail, while personal relationships thus play a larger role (Mehta, Larsen, Rosenbloom, & Ganitsky, 2006), we anticipate this to manifest through the two psychological contracts. From the perspective of social exchange, decision makers in B2B service relationships will act to maximize positive and minimize adverse negative relational outcomes (Voss, Tanner, Mohan, Lee, & Kim, 2019). This suggests that the inherent elements of future exchange embedded within the psychological contract will lead to enhanced relationship wellbeing, as this implies that parties have something positive to look forward to from the relationship.

Furthermore, social capital theory dictates that individuals rely on the inherent capital to yield positive individual and/or collective outcomes (Nahapiet & Ghoshal, 1998) and this relational aspect is prevalent in Eastern contexts where individuals draw on personal connections (Möller & Svahn, 2004; Wang, 2007). We therefore theorize that psychological contracts intrinsic to such affiliations between Indonesian service providers and their Asian customers will also positively influence the overall wellbeing within those relationships. Typically, within the B2B service context, interactions between individuals help drive survivability and wellbeing, and by acting as the glue holding the economic and social units together (Vargo & Lusch, 2011). Therefore, in light of the literature and its findings, we

equally anticipate that relational and transactional psychological contracts inherent within the Indonesian-Asian B2B relationship may also help drive relationship wellbeing. On the basis of the above discussion, we therefore make the following hypotheses:

**H6.** Relational psychological contracts have a positive impact on relationship wellbeing.

**H7.** Transactional psychological contracts have a positive impact on relationship wellbeing.

#### *2.4 Relationship capital, contract breaches and relationship wellbeing*

Grounding B2B service relationships in social capital theory (Bourdieu, 1986; Coleman, 1988) may also help explain the presence of relationship capital within relationships that Indonesian service providers have with their B2B customers throughout Asia. Conceptually, this theoretical perspective helps explain relationships from the vantage of how individuals can draw on inherent social capital in the relationship to gain a range of benefits (Nahapiet & Ghosal, 1998), as well as acting as a tacit resource residing in the buyer-supplier relationship (Whipple, Wiedmer, & Boyer, 2015, p. 4). Nahapiet and Ghosal (1998) support this by pointing out that, as social capital is jointly owned, this relational property fosters obligations that represent a duty for all concerned to undertake future actions. Therefore, we do expect that the presence of relational capital will help to obviate any perceived contract breaches. Extant SC and SE literature supports this view by suggesting that mutual trust, respect and friendship underpins relational capital (Kale et al., 2000) and helps to drive the reciprocity inherent in B2B relationships (Leonidou, Aykol, Hadjimarcou, & Palihawadana, 2018). By equipping these social and relational capital functions and features, we posit that the relationship capital of Indonesian B2B firms is likely to have a negative impact on psychological contract breaches among their Asian customers.

Nevertheless, since its presence has particular significance in high context relationships that span national/cultural boundaries such as our Indonesian/Asian setting, strong social capital comprised of strong ties between parties in business relationships is more pervasive in nations such as China, South Korea and Indonesia (Peng & Zhou, 2005, p. 323), and these are nurtured

through perpetual exchanges that are reciprocal, encompassing mutual obligations between parties (Li, 2007). Thus, we anticipate that the presence of relational capital that percolates through high context Indonesian B2B relationships with their customers in Asia may also help to increase B2B relationship wellbeing. Javidan, Teagarden and Bowen (2010) support this view by revealing that cross national/cultural relationships can only take advantage of social capital if they are able to leverage intercultural empathy, interpersonal impact and diplomacy between people from diverse backgrounds. This clearly indicates that the presence of relational capital is also going to lead directly to overall relationship wellbeing. Therefore, based on this discussion and the literature, the following hypotheses are postulated:

**H8.** Relationship capital has a negative impact on psychological contract breaches.

**H9.** Relationship capital has a positive impact on relationship wellbeing.

Psychological contract breaches may have negative relational consequences within B2B settings, given breaches may reduce loyalty and voice within the East-West buyer-supplier relationship and at the same time encourage neglecting behavior towards the partner firm (Kingshott et al., 2020b). This result is echoed elsewhere in the literature that posits that the negative relationship consequence needs to be accounted for in circumstances where psychological contracts are likely to form. For example, in employee-employer relationships, psychological contract breaches reduce relational trust (Robinson, 1996), lower job satisfaction and organizational citizenship behaviors (Zhao, Wayne, Glibkowski, & Bravo, 2007), and serve to create and/or elevate job-related stress (Costa & Neves, 2017). Moreover, both transactional and relational contract breaches are also known to negatively affect employee wellbeing (Morsch, van Dijk, & Kodden, 2020). Taken together, psychological contract breaches are likely to have serious implications for the wellbeing of B2B service relationships. As a result, the following hypothesis is postulated:

**H10.** Psychological contract breaches have a negative impact on relationship wellbeing.

### **3. Methodology**

The main aim of this research is to examine the role that religiosity and psychological contracts (PCs) potentially play within relationships in the Asian context in terms of how they affect cross-national B2B service relationships. It is critical to understand this given that countries in Asia are comprised of a myriad of socio-cultural and religious beliefs (Ullah & Ho, 2020), thus the impact of such differences in attitudes and expectations need to be accounted for in B2B relationship formation and maintenance. Our research setting focuses on ascertaining the role that religiosity plays in the formation of the psychological contracts in B2B relationships between Indonesian firms (which is a predominantly Muslim country) and their partner firms based in China, Japan, South Korea, Taiwan, the Philippines and Thailand, which countries have intrinsically different religious beliefs to Indonesia. Specifically, our study targeted key informants within Indonesian service providers in order to capture aspects of the relationship such providers have with their customers within the Asian region. In line with existing B2B literature (e.g., Kingshott et al., 2018; Kingshott et al., 2020b), key informants were specifically requested to reflect on one particular relationship their firm had in an Asian country but also on a focal relationship that was known to them to have different social-cultural and religious beliefs to their own firm based in Indonesia. Whilst the authors acknowledge that firms will have more than one B2B customer this approach was adopted to help ensure responses related to one relationship in relation to the six constructs of interest. It is important to understand such cross-national B2B relationships in our research setting because they reflect relationships in countries that represent some of Indonesia's largest trading nations (ALB, 2020) and, thus, the success of their economy is hinged upon being able to build relationships with firms from these nations. Accordingly, by investigating relationships between Indonesian service firms and their Asian B2B customers, the role that religiosity holds for the key Indonesian informants helped to shape the formation of PCs, and any subsequent breaches would help determine the best way for Indonesian service providers to model relationships with their Asian customer firms. Moreover, understanding the role that religiosity

plays in these relationships is vital because, whilst it underpins much of the social fabric within Indonesia (Noor, 2015; Setiawan et al., 2020), the impact this construct has in many Indonesian business and consumer contexts is of significance (e.g., Asnawi, Sukoco, & Fanani, 2019; Kusumawati et al., 2020).

Thus, by establishing whether religiosity also plays a role in how Indonesian firms view their relationships with overseas B2B service customers in the Asian region (from non-Islamic nations) is important, as many countries in the region have vastly different socio-cultural and religious backgrounds to Indonesia. The need to build relationships in the value chains in Asia is critical as they are projected to play a key role in world trade in the next few decades (OECD, 2018; WTO, 2019). To add new insights, this research helps Indonesian service firms better understand how they can engage in a region with diverse cultures. Thus, the proposed conceptual model that underscores the link between religiosity, PCs formation and breaches, relational capital and relational wellbeing would help establish how Indonesian service firms can nurture relationships with their Asian customers from different social-cultural and religious backgrounds to Indonesia.

To test our hypothesis, we used data collected from a national sample comprising key informants in Indonesian service organizations. Respondent firms were asked to complete a survey with one of their overseas customers specifically in mind. Firms in the sampling frame were procured from a commercial provider within Australasia that specializes in obtaining data within the Asian region. A convenience sample comprising 330 respondent firms were requested to complete the survey, from which a total of 312 firms' responses were deemed suitable for further analysis due to the need to delete outliers. Key informants in the sample frame comprised senior executives, managers and boundary-spanning personnel so were well versed enough to comment on behalf of their service firm. These key decision makers were also knowledgeable enough to reflect upon the relationships with customer firms in regards to information about the variables of interest in the conceptual model that related to helping

define their overseas relationships. Respondents were also asked in the survey to provide key demographic information about their organization and aspects of the relationships. Table 1 shows a summary of the sample profile and participant characteristics of the firms.

In order to test the proposed conceptual model (see Figure 1), the study adopted a self-administered survey questionnaire to gather information from the key informants within Indonesian service organizations. Data collection was through an online research instrument. Respondent firms were sent a URL link to the survey. The research instrument was initially developed in English and pre-tested with a number of English-speaking persons living in Australia (n=10). Since Bahasa is the national language in Indonesia, and this can vary slightly across the country, an appropriate 'level' of the language was required to ensure quality data could be solicited from respondents. The instrument translation procedure conformed to Douglas and Craig's (2007) methodology as this collaborative and iterative approach helped to address any weaknesses with traditional back-translation methods.

Thus, a number of steps in the translation process were used to develop and further refine the instrument in Bahasa. First, a senior Indonesian academic with the relevant linguistic skills and previous experience in developing research instruments in both languages undertook the initial translation. Second, an Indonesian expert that specializes in teaching the Bahasa language reviewed the translated research instrument. The translator and language expert jointly agreed on the semantics for each of the items. Third, the Bahasa version of the instrument was back-translated into English and compared with the original version. This step established that no meaning was lost in either of the scales through the translation process. Fourth, an online Bahasa version of the research instrument was pre-tested (n=12) with a number of Indonesian experts and industry practitioners to help determine the appropriateness of the items, as well as gauge their understanding of the translation. This step in the process established that the instrument was suitable for the full fieldwork study. Finally, prior to the



launch of the full study, the research instrument was pre-tested with an initial cohort of Indonesian firms (n=50) and this helped confirm that the instrument was fit for purpose.

All measures were derived from existing scales in the extant literature and modified to conform to the B2B service context in this study. Religiosity (REL) was measured using the scale derived by Sardana et al. (2018) and comprised a single factor. The different forms of relational (PCR) and transaction (PCT) psychological contracts were captured using Bal and Kooij's (2011) scale. Psychological contract breaches (PCB) were captured with Robinson and Morrison's (2000) scale. Relationship capital (RC) and relational wellbeing (RWB) was measured using the Fan and Stevenson (2019) and Falter and Hadwich (2020) scales, respectively. Each of the constructs were captured with a seven point Likert type scale, using 1="strongly disagree" and 7="strongly agree" as anchors. Table 2 shows the English version of the instrument and highlights all scale items and their psychometric properties.

To help reduce the impact of common method variance (CMV) (e.g., Podsakoff, MacKenzie, & Podsakoff, 2012; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003) a number of well-documented procedures were adopted during the fieldwork. First, the anonymity and confidentiality of respondents and data was ensured. This also helped deal with any potential for socially desirable responses (e.g., Nancarrow, Brace, & Wright, 2001). Second, in line with Kingshott, Sharma and Nair (2020), any potential ambiguity was further reduced by using well-developed scales drawn from the extant literature. Finally, the items in all the scales used were sequenced in the instrument in such a manner to ensure they were 'separated' from one another. Furthermore, with respect to testing the effectiveness of these strategies, Harman's one factor diagnostic test was adopted with the resultant un-rotated EFA revealing that none of the 6 constructs accounted for more than 50% of the variance. Overall, these strategies indicate that CMV was not problematic in the data.

#### 4. Data analysis and results

We adopted the recommended two-step approach (Anderson & Gerbing, 1988) to examine the data by first testing the measurement, followed by the structural model. First, we tested the measurement model by assessing the psychometric properties of all scales used in this research using confirmatory factor analysis, using AMOS 26. Our data reveals a good fit with the indices ( $\chi^2 = 811.679$ ,  $df = 412$ ,  $\chi^2/df = 1.970$ , CFI = 0.963, NFI = 0.928, GFI = 0.864, RMSEA = 0.056, SRMR = 0.026), all performing better than the cut-off values (Hu & Bentler, 1999; Wheaton, Muthen, Alwin, & Summers; 1977). Further to this, the data revealed that all factor loadings were higher than 0.70, with significant t-values (13.33-27.83) and no major cross loadings (Table 2).

<<INSERT TABLE 2 HERE>>

All parameter estimates ( $\lambda$ ) are found to be significantly different from zero at the  $p < 0.001$  level, which provides evidence of convergent validity. None of the confidence intervals of the correlation coefficients for each pair of scales ( $\Phi$ ) includes 1.0, suggesting discriminant validity. All the scales are reliable with regards to the composite reliabilities (0.84-0.95), which are much higher than the 0.6 recommended cut-off threshold (Bagozzi & Yi, 1988). The average variance extracted (AVE) for each construct (0.65-0.76) is  $> 0.5$  and higher than the square of the correlation with each of the other model constructs, providing further evidence of convergent validity (Fornell & Larcker, 1981). Table 3 shows the correlation matrix for all constructs along with composite reliabilities, average variance extracted and descriptive statistics (mean and standard deviation).

<<INSERT TABLE 3 HERE>>

Next, we assessed the structural model to test each of the 10 hypotheses and similarly found a good model fit ( $\chi^2 = 786.863$ ,  $df = 414$ ,  $\chi^2/df = 1.901$ , CFI = 0.961, NFI = 0.922, GFI = 0.867, RMSEA = 0.055, SRMR = 0.025), with significant paths for most of the hypothesized relationships in the model. Table 4 shows the results for each of the paths in the proposed

model. The data show that religiosity has a positive impact on both relational (H1:  $\beta = 0.913$ ,  $p < .000$ ) and transactional (H2:  $\beta = 0.726$ ,  $p < .000$ ) psychological contracts, and a negative impact on psychological contract breaches (H3:  $\beta = -0.511$ ,  $p < .000$ ), offering support for H1, H2 and H3. These results suggest that religiosity helps to build both forms of PCs but at the same time it reduces the perceptions that the relational obligations are not being fulfilled by Indonesian B2B firms' customers. Relational psychological contracts were also found to have a significant positive impact on relational capital (H4:  $\beta = 0.882$ ,  $p < .000$ ) and relational wellbeing (H6:  $\beta = 0.688$ ,  $p < .000$ ), offering support for both H4 and H6. These findings reveal that the intrinsic relational expectations in the PC, anticipated from the overseas customer, have translated into the service provider viewing positive outcomes for their firm.

<<INSERT TABLE 4 HERE>>

However, contrary to the hypotheses, the data also reveals that the transactional elements within the PC had little or no impact on relational capital (H5:  $\beta = 0.087$ ,  $p < .041$ ) and wellbeing (H7:  $\beta = 0.023$ ,  $p < .384$ ), therefore there is a lack of support for H5 and H7. These contrary findings may be potentially attributed to the fact that Indonesian service providers are immersed in relationships with other firms that are embedded in cultures that are high context in nature. Thus, decision makers in these firms are more likely to have collectivist tendencies (Manrai, Manrai, Lascu, & Friedeborn, 2019) where people are deeply involved with one another (Kim, Pan, & Park, 1998). Since transaction PCs are monetizable, temporary and largely self-interest focused (Kingshott et al., 2020a) these features do little to help advance longer-term B2B relationships and, thus, are not reflected in the link between religiosity, relational capital and wellbeing.

The presence of relationship capital is, however, found to have a significant dampening effect on the perception of PC breaches (H8:  $\beta = -0.456$ ,  $p < .000$ ), while at the same time also revealed to help improve the wellbeing (H9:  $\beta = 0.174$ ,  $p < .002$ ) of the overall relationship with the overseas B2B customer. These findings provide support for H8 and H9. These results

show the extent of value that key informants in Indonesian service firms place in regards to relational capital (RC) and its overall capacity to positively influence the relationship with their B2B service customers. Finally, our study confirms H10 by showing how psychological contracts potentially reduce relational wellbeing (H10:  $\beta = -0.125$ ,  $p < .019$ ). Together with the result relating to H8, the dampening impact of RC on PCB provides a counterbalance to the potential relational eroding link of H10. As the data supports eight of the ten hypothesized paths in the conceptual model, these findings corroborate the emerging view held in the literature that psychological contracts are critical elements within B2B relationship settings (Kingshott & Pecotich, 2007; Kingshott et al., 2020b). Overall, our data provides a further insight into the urgent need to better understanding the role that PCs play within Asian settings (Kutaula et al., 2020).

Next, we discuss the various managerial and theoretical implications of the research findings, along with the limitations of the study and potential future research trajectories.

## **5. Discussion and implications**

The main aim of this research is to build on the paucity of studies devoted to examining the role that psychological contracts can potentially play within B2B service relationships within the Asian context. In particular, the focus of this study was how religiosity affected relationships that Indonesian service firms have with their international customers - based in countries from a range of Asian-specific and different socio-cultural and religious backgrounds to their own. Since religiosity serves to shape much thinking and behavior in the archipelago nation (Setiawan et al., 2020) and, therefore, potentially affects B2B relationships that Indonesian service providers have with others, our research offers an additional insight into such important relationships within Asia.

This research also provides much needed empirical insight into psychological contracts within a wider Asian B2B setting and in doing so contributes to the extant literature in a number of ways. First, it explores the role that the different forms of psychological contract

and associated breaches can play within the B2B service relationship, thus responding directly to the urgent need to build psychological contract theory within Asian settings (Kutaula et al., 2020). In contrast to previous studies in this domain of the discipline, our research adopts the perspective of examining B2B relationships between firms with vastly different socio-cultural and religious backgrounds (e.g., Islamic nation vs non-Islamic nations). Second, to the best of the authors' knowledge there are no studies that investigate the role that religiosity plays in helping to contribute to the various forms of psychological contracts and their subsequent breaches. Though religiosity plays a core role in relationships in countries like Indonesia (Nashori et al., 2020; Setiwan et al., 2020), the differing effects this construct plays on the formation of transactional and relational contacts have not been previously examined.

Finally, by grounding this research from the perspective of social capital (Bourdieu, 1986; Coleman, 1988) and social exchange theory (Homans, 1958; Thibaut & Kelly, 1959), our research is the among the first study examining the positive role of relational capital within the formation and maintenance of international B2B service relationships in the Asian context. Our study not only shows that psychological contracts can play a positive role in service relationships (Kingshott et al., 2020b), but how they help contribute to building relational capital, which in turn helps reduce psychological contract breaches and improves relational wellbeing with B2B settings across distinctly different socio-cultural and religious contexts.

### *5.1 Theoretical implications*

As indicated, our research is premised in the notion that cross-national B2B relationships could be examined through the lens of social capital theory. Our findings have a number of theoretical implications for how B2B relationships between organizations from nations that have vastly different socio-cultural and religious backgrounds might potentially be modelled and, in particular, the context of Islamic vs non-Islamic Asian cultural conceptualization. First, those studies that examine religiosity through the lens of social identity theory suggest that individuals exhibiting elevated religiosity are not willing to have meaningful engagements with

persons from other religious groups, but rather exhibit ‘hostility’ towards them (e.g., Neuberg et al., 2014). However, our study finds that persons can harness their strong religious beliefs to leverage these into meaningful B2B relationships with others from varying religious and socio-cultural backgrounds. This suggests that the benefits from such associations are likely to outweigh any potential religious grounded prejudices held, and this positive finding needs to be factored into any approach to modelling cross-national B2B relationships that transcend social-cultural and religious boundaries. Whilst this finding is in line with previous literature that argues the presence of social capital is a valuable relational resource that can help individuals extract relational benefits (Nahapiet & Ghoshal, 1998), our research provides evidence of how that plays out in the context of B2B service relationships within the Asian region.

Second, our study reveals precisely how religiosity helps to drive the various forms of psychological contract and at the same time diminish perceptions of contract breaches. However, our findings reveal that whilst the various forms of psychological contracts may have potential relational building properties (Millward & Hopkins, 1998) this is not entirely the case within our particular B2B research setting. Specifically, religiosity helps to build both transactional and relational contracts but only the latter form of contract contributes to the longevity of the relationship. Ironically, a transactional contract is defined more precisely in the mind of the recipient than relational contracts (De Cuyper & De Witte, 2006) and this, therefore, should make it relatively easier for the recipient to translate the actions/outcomes of association into relational terms. In other words, on the face of it transactional contracts are more likely to conjure up expectations of future returns, therefore representing a more robust basis to drive such relationships. However, our findings do not support this. This may mean that there is likely to be a point reached in any B2B relationship where the transactional contract diminishes to a point where it ceases to play a meaningful relational role, and our findings are capturing this aspect of the relationship.

Finally, the literature argues that psychological contracts can be ‘double-edged’ because they engender dispute and disagreement between parties (Rousseau & Parks 1993) and, therefore, have the potential to concurrently build and erode relationships. We can observe this through the finding in employment settings that psychological breaches erode relational trust (Robinson, 1996), which was also empirically confirmed within B2B settings (Kingshott & Pecotich, 2007). Whilst these findings suggest the presence of contracts will have inevitable breaches and, through this, negative relational connotations, our findings reveal a more nuanced story than previous studies on the topic. We reveal that psychological contracts can build relational capital, and the presence of such capital helps to reduce contract breaches at the same time as enhance overall relational wellbeing. Despite the capacity of breaches to reduce relational loyalty within East-West B2B relationships (Kingshott et al., 2020b), our findings show that the positive side of psychological contracts (Rousseau & Parks, 1993) will also manifest if the right relational conditions prevail. Thus, in light of our findings, we do anticipate that there are likely to be other variables that can similarly dampen the negative impact of psychological contract breaches that also need to be identified and taken into account in future studies in this important domain of the discipline.

## 5.2 *Managerial implications*

This study offers decision makers within Indonesian service firms some valuable insights about their B2B relationships with overseas customers in the Asian region. In general, the literature shows psychological contracts are an important aspect of relationships that must be considered in a range of settings when dealing with the customer (Kingshott, 2006; Kingshott et al., 2020a; Kingshott et al., 2020b; Lövblad & Bantekas, 2010). Indonesian decision makers should therefore be aware that this construct is also going to be present in their B2B relationships that transcend national boundaries within the Asian region (e.g. Liu, Deligonul, Cavusgil, & Chiou, 2018; Reza, Mubarik, Naghavi, & Nawaz, 2020; Scheinbaum & Wang, 2018). However, these managers need to understand that, in order to navigate the complex and

diverse socio-cultural and religious contexts in each of their overseas markets, then the extent of their own religiosity will also help to play a positive role in psychological contract formation and associated relational consequences. Our findings suggest a number of managerial implications for decision makers in Indonesian B2B service firms in the Asian region (and elsewhere) that operate under similar cross-national/cultural marketplace conditions.

First, since our research indicates that psychological contracts and associated breaches are likely to be universal in nature across B2B relationships; organizational decision makers must fully understand precisely how they function in their relational building efforts. Our research finds these forms of contract are also an intricate part of cross-national B2B service relationships in Asia. However, managers need to know that given a key psychological contract driver is religiosity then its presence (along with psychological contracts) has positive B2B relational connotations. This is despite psychological contracts potentially being negative for relationships (Kingshott et al., 2020b Morsch et al., 2020), and religiosity resulting in individuals acting in a negative manner towards people with different religious beliefs (Neuberg et al., 2014; Ysseldyk et al., 2010). Indeed, decision makers in B2B service organizations within Asia can draw on our findings to help them better understand that the presence of religiosity will help diminish perceptions of psychological contract breaches, thus dampening any potential negative B2B relationship consequences of such breaches. Overall, this means that, given the presence of religiosity has positive connotations for B2B relationships in Asia that span across the socio-cultural and religious divide, then this important personal and societal attribute can (and should) be harnessed by Indonesia's service managers into building robust B2B relationships.

Second, whilst our findings confirm existing literature that finds that both transactional and relational contracts are intricate to relationships (Guzzo & Noonan, 1997; Kingshott et al., 2020a), they do tend to have a varying impact in Asian B2B service relationships. With our findings specifically in mind, service firm decision makers should be aware that transactional



contracts contribute little to relational capital and overall relationship wellbeing. Transactional contracts are largely monetizable and short term in nature (Kingshott et al., 2020a), so our data indicates that their presence effectively equates to cash-flow in terms of helping to ‘lubricate’ the B2B relationship, thus playing a limited longer term relational building role. Therefore, managers need to be mindful that transactional contracts only serve as a necessary underlying pre-condition for relationship formation, maintenance and continuity, and, thus, should not be regarded as a core feature that drives B2B service relationships between partner firms in Asia.

Finally, whilst the presence of psychological contracts potentially mean decision makers must be ever vigilant that breaches to these contracts are likely to occur, they should also be aware that relational contracts also help to build essential relationship capital and wellbeing. Typically, as relational capital can act as a ‘tacit resource’ in relationships that can be drawn upon for benefit (Nahapiet & Ghoshal, 1998), decision makers can now see precisely how this works in the context of B2B service relationships in Asia. Specifically, given that social capital is a function of relational psychological contracts, and its presence helps contribute to overall relationship wellbeing and reduced contracts, executives should know that all steps that can help build and preserve relationship capital are also central to B2B service relationship success in Asia.

## **6. Limitations and future research directions**

Like any research, there are limitations that pertain to this study for future studies to potentially address. First, this study explores B2B relationships between Indonesian service firms and their customers in the major trading countries of China, Japan, South Korea, Taiwan, Thailand and the Philippines. Hence, the findings may not be generalizable to customers in other countries within the Asian region. These countries have different religious beliefs to those living in Indonesia. Future studies can examine the effects of the variables in this model using Asian nations with similar social-cultural and religious beliefs to Indonesia (i.e., Malaysia, Brunei, and to a lesser extent Singapore, as well as Middle-Eastern countries). We

also do not examine specifically how firms with intrinsic religious beliefs (i.e., Muslim, Christian, or Buddhism-based) relate to firms within the same country (and elsewhere in Asia) in terms of how each religion draws upon religiosity to nurture B2B service relationships. Future research could also explore these relationships in more detail, as well as how relevant the constructs in our model are in helping to drive relationships in East-West contexts, which would help to build a better understanding of how B2B relationships can prevail within global settings.

Second, we draw on social capital theory (Coleman, 1988; Bourdieu, 1986) to help ground our conceptual model, and through that explore how religiosity serves to drive the overall relationships. Our findings depict B2B service relationships in terms of how they influences psychological contracts, and the extent to which this construct influences the level of relational capital and wellbeing in the service relationship. Future research could extend our conceptual model to include pertinent relational variables, such as those postulated under the guise of the SE theory (Kingshott, 2006; Kingshott et al., 2020b), in order to build more robust B2B relationships. We also asked the key informants to reflect on one focal relationship to measure the impact of the variables of interest in the model, however, future studies could equally examine how these variables affect other relationships within a firm's B2B portfolio.

Finally, whilst our study was cross-sectional and similar in nature to most B2B studies, given the chronology associated with relationships, this implies that under certain circumstances there may be merit in longitudinal studies. For instance, it is inevitable that long-term B2B relationships wax-and-wane over time (Dwyer, Schurr, & Oh, 1987; Wathne & Fjeldstad, 2019) and these types of studies would be able to capture these effects. The role of extreme external factors may also have the potential to moderate the hypothesized links between variables in our model. Due to the cross-sectional nature, we were unable to capture the 'time effects' such as global financial crises (Theron, Terblanche, & Boshoff, 2013) and COVID-19 (Cortez & Johnston, 2020) on the relationships we have investigated.

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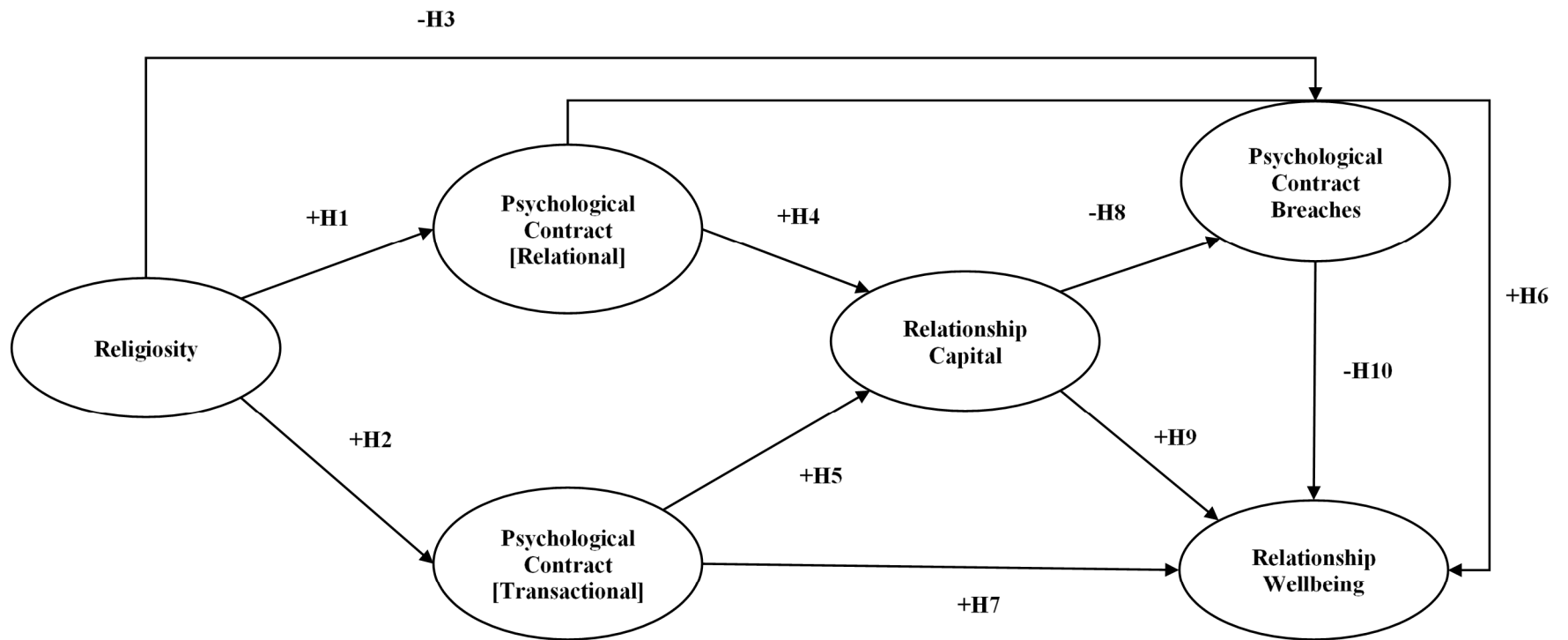
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**Fig. 1.** Conceptual model

**Table 1**

Sample characteristics (N = 312)

<b>Parameter</b>	<b>Frequency</b>	<b>Parameter</b>	<b>Frequency</b>
<b>Relationship length</b>		<b>Type of service industry</b>	
< 1 year	35 (11.2%)	Accommodation & food	50 (16.2%)
1 to 2 years	55 (17.6%)	Administrative & support	21 (6.7%)
2 to 5 years	87 (27.9%)	Art & recreational	20 (6.4%)
5 to 10 years	63 (20.2%)	Education & training	27 (8.7%)
10 to 15 years	47 (15.1%)	Electricity, gas, water & waste	17 (5.4%)
15 to 20 years	15 (4.8%)	Financial services	36 (11.5%)
20 to 25 years	6 (1.9%)	Health care & social assistance	13 (4.2%)
> 25 years	4 (1.2%)	Information media & communications	25 (8.0%)
<b>Partner firm location</b>		Insurance services	8 (2.6%)
China	137 (43.9%)	Professional, scientific & technical	18 (5.8%)
Japan	83 (26.6%)	Rental, hiring & real estate services	15 (4.8%)
South Korea	66 (21.2%)	Services [general]	17 (5.4%)
Taiwan	10 (3.2%)	Tourism	7 (2.2%)
Philippines	8 (2.6%)	Transport, postal & warehousing	6 (1.9%)
Thailand	4 (1.3%)	Other	32 (10.3%)
Other	4 (1.3%)	<b>Respondent role in organization</b>	
<b>Number of employees</b>		Boundary spanning staff	46 (14.7%)
1 to 5	39 (12.5%)	Trainee manager	28 (9.0%)
6 to 10	26 (8.3%)	Functional manager	61 (19.6%)
11 to 20	36 (11.5%)	General manager	69 (22.1%)
21 to 50	56 (17.9%)	Board member	24 (7.7%)
51 to 100	42 (13.5%)	Director	32 (10.3%)
101 to 500	56 (17.9%)	Proprietor	26 (8.3%)
> 500	57 (18.3%)	Other	26 (8.4%)
<b>Share income from relationship</b>		<b>Share of time spent on relationship</b>	
< 10%	36 (11.5%)	< 10%	39 (12.5%)
11 to 20%	41 (13.1%)	11 to 20%	45 (14.4%)
21 to 40%	68 (21.8%)	21 to 40%	114 (36.5%)
41 to 60%	90 (28.8%)	41 to 60%	77 (24.7%)
61 to 80%	48 (15.4%)	61 to 80%	22 (7.1%)
> 80%	29 (9.3%)	> 80%	15 (4.8%)
<b>Types of relationship</b>		<b>Monthly revenue (US\$)</b>	
Once-off customer	26 (8.3%)	< 1,000	24 (7.8%)
Repeat customer	33 (10.6%)	1,000 to 2,000	19 (6.2%)
Service agreement	35 (11.2%)	2,000 to 5,000	26 (8.5%)
Network partner	139 (44.6%)	5,000 to 10,000	32 (10.4%)
Licencing arrangement	12 (3.8%)	10,000 to 50,000	95 (30.9%)
Franchise agreement	29 (9.3%)	50,000 to 200,000	60 (18.2%)
Strategic alliance / joint venture	25 (8.0%)	200,000 to 500,000	25 (8.0%)
Fully owned subsidiary	10 (3.2%)	> 500,000	26 (8.5%)
Other	3 (1.0%)	Not-reported	4 (1.3%)



**Table 2**

Scale items with psychometric and descriptive properties

ITEMS [N=312]	$\lambda$	SMC	M	SD
<b>Religiosity [REL 1-7]</b> [Scale origin: Sardana, Gupta & Sharma, 2018] [ $\alpha=.92$ ]			<b>5.12</b>	<b>1.49</b>
<i>In relation to your personal beliefs and religious practices:</i>				
REL1 I often hear religious sermons, talks or prayers on TV, radio or in person	.82	.68	4.91	1.92
REL2 I live life according to my religious beliefs and follow rituals	.87	.76	5.19	1.78
REL3 I often go to a religious place	.81	.66	4.98	1.86
REL4 What religion offers me most is comfort in times of trouble and sorrow	.81	.65	5.13	1.95
REL5 I enjoy reading books about my religion	.81	.66	5.14	1.84
REL6 I go to a religious service because I enjoy interaction with people there	.71	.50	4.86	1.90
REL7 I go to a religious service because it helps me feel socially secured and cared for	.70	.48	4.98	1.91
<b>PC Breaches [PCB 1-3]</b> [Scale origin: Robinson & Morrison, 2000] [ $\alpha=.92$ ]			<b>2.78</b>	<b>1.53</b>
<i>In relation to your customer firm:</i>				
PCB1 Almost all the promises made by my customer have been kept so far*	.87	.75	5.02	1.83
PCB2 I feel that our customer has come through in fulfilling the promises made to us*	.86	.74	5.16	1.69
PCB3 To date our customer has done an excellent job of fulfilling its promises to our firm*	.89	.81	5.14	1.75
<b>PC Relational [PCR 1-8]</b> [Scale origin: Bal & Kooij, 2011] [ $\alpha=.95$ ]			<b>5.28</b>	<b>1.59</b>
<i>In relation to your customer firm:</i>				
PCR1 It is important to be flexible and work irregular hours with this customer if necessary	.77	.59	5.05	1.84
PCR2 Our firm expects to grow the relationship with this customer	.82	.67	5.36	1.98
PCR3 We feel part of a team in the relationship with this customer	.89	.78	5.20	1.92
PCR4 Our firm has a reasonable chance of building this customer relationship if we work hard	.89	.79	5.17	1.87
PCR5 This customer develops/rewards our firm when we work hard with them	.86	.73	5.30	1.85
PCR6 We expect to gain rewards from this customer with length of service and our effort to achieve goals	.80	.64	5.04	1.89
PCR7 We feel this customer reciprocates the effort put in by our firm	.81	.66	5.14	1.74
PCR8 We are motivated to contribute 100% to this customer in return for future relationship benefits	.85	.72	5.19	1.89
<b>PC Transactional [PCT 1-4]</b> [Scale origin: Bal & Kooij, 2011] [ $\alpha=.89$ ]			<b>4.76</b>	<b>1.65</b>
<i>In relation to your customer firm:</i>				
PCT1 Our firm works only the minimum hours on this customer and no more	.83	.69	4.55	1.95
PCT2 Our commitment to this customer is defined by our contract	.91	.83	4.77	1.88
PCT3 We prefer to work a strictly defined set of hours on this customer	.77	.59	4.90	1.92
PCT4 We only carry out what is necessary to get the job done	.81	.66	4.75	1.89
<b>Relationship Capital [RC 1-4]</b> [Scale origin: Fan & Stevenson, 2019] [ $\alpha=.94$ ]			<b>5.28</b>	<b>1.69</b>
<i>In relation to your customer firm:</i>				
RC1 This is a trust-based relationship	.87	.76	5.16	2.08
RC2 There are high levels of reciprocity in the relationship	.87	.76	5.19	1.87
RC3 The customer is committed to maintaining a close relationship with our firm	.88	.77	5.16	1.89
RC4 The customer has a high level of respect towards our firm	.87	.76	5.19	1.84
<b>Relationship Wellbeing [RWB 1-6]</b> [Scale origin: Falter & Hadwich, 2020] [ $\alpha=.95$ ]			<b>5.29</b>	<b>1.59</b>
<i>In relation to your customer firm:</i>				
RWB1 Our firm is always interested in the relationship with them	.86	.75	5.16	1.86
RWB2 Our firm is very attentive towards this relationship	.89	.79	5.22	1.75
RWB3 Our firm is fully engaging in this relationship	.84	.71	5.07	1.81
RWB4 Our firm feels optimistic about dealing with the customer	.89	.80	5.27	1.82
RWB5 The dealings in this relationship are important to our firm	.85	.72	5.28	1.88
RWB6 Our firm achieves something from our dealings with the customer	.87	.75	5.32	1.79

$\lambda$ =Standardized Factor Loadings; M=Mean; SD=Standard Deviation; SMC=Squared Multiple Correlations;  $\alpha$ =Cronbach

**Table 3**

Correlation matrix and discriminant validity

<b>CONSTRUCTS</b>	1. REL	2. PCB	3. PCR	4. PCT	5 RCA	6. RWB	<b>AVE</b>	<b>M</b>	<b>SD</b>	<b>CR</b>
1. Religiosity [REL]	<b>.82</b>						.65	5.12	1.49	.91
2. PC Breaches [PCB]	-.796*	<b>.87</b>					.76	2.78	1.53	.90
3. PC Relational [PCR]	.850*	-.848*	<b>.84</b>				.70	5.28	1.59	.95
4. PC Transactional [PCT]	.635*	-.633*	.661*	<b>.83</b>			.69	4.76	1.65	.90
5. Relationship Capital [RCA]	.736*	-.781*	.833*	.616*	<b>.87</b>		.76	5.28	1.69	.93
6. Relationship Wellbeing [RWB]	.839*	-.838*	.819*	.636*	.841*	<b>.86</b>	.75	5.29	1.59	.92

Note: Square root of Average Variance Explained (AVE) on diagonal; M=Mean; SD Standard Deviation; CR=Composite Reliability; \*\*p<.001

**Table 4**

Structure model: Hypotheses tests

<b>Hypothesis</b>		$\beta$	$\beta^2$	$p$	<b>Results</b>
H1 (+)	Religiosity → Psychological Contract [Relational]	0.913	0.834	0.000	Supported
H2 (+)	Religiosity → Psychological Contract [Transactional]	0.726	0.527	0.000	Supported
H3 (-)	Religiosity → Psychological Contract Breaches	-0.511	0.261	0.000	Supported
H4 (+)	Psychological Contract [Relational] → Relationship Capital	0.822	0.676	0.000	Supported
H5 (+)	Psychological Contract [Transactional] → Relationship Capital	0.087	0.008	0.041	<i>Not-supported</i>
H6 (+)	Psychological Contract [Relational] → Relationship Wellbeing	0.688	0.437	0.000	Supported
H7 (+)	Psychological Contract [Transactional] → Relationship Wellbeing	0.023	0.000	0.384	<i>Not-supported</i>
H8 (-)	Relationship Capital → Psychological Contract Breaches	-0.456	0.028	0.000	Supported
H9 (+)	Relationship Capital → Relationship Wellbeing	0.174	0.030	0.002	Supported
H10 (-)	Psychological Contract Breaches → Relationship Wellbeing	-0.125	0.016	0.019	Supported

$\chi^2=804.464$ ,  $df=404$ ,  $\chi^2/df=1.99$ , CFI=0.97, NFI=0.94, TLI=0.95, GFI=0.86, RMSEA=0.05, SRMR=0.03