

Effect of buying firm's satisfaction with supplying firm on the buyer-seller relationship sustainability in a B2B dyad

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Several researches in the business arena indicate that long term sustainable relationships among trading partners yield improved business performance. This research paper examines the effect of buyer's satisfaction with supplier, on the long term relationship sustainability between the buyer and the seller. The relationship sustainability is analyzed in the context of Small and Medium Enterprises (SME) in emerging economy (India). The contribution of SMEs to economic activities post-recession in India is quite substantial. Hence, the study results can contribute to the advancement of knowledge in this area, and the practicing managers can utilize the same.

The definition of SME is fairly diverse and based on number of different parameters across different countries. The dominant parameters are investment capacity, number of employees, turnover and nature of activities. In India, there is a separate ministry, looking after policy formulation and regulation for micro, small, medium enterprises (www.msme.gov.in). The definition of SME in India considers investment in plant and machinery as the deciding factor for categorizing firms as small and medium sized.

Literature review designates that satisfaction of the buyer is majorly related to cooperation and commitment from the supplier side.

The empirical study involves a structured survey of 306 buyers. Exploratory and confirmatory factor analyses are used to test the validity and reliability of the measures. A structural equation technique with AMOS 16.0 is used to estimate the causal model and test the hypotheses.

As hypothesized both cooperation ($\beta=0.317$ at $p<0.001$) and commitment ($\beta=0.310$ at $p<0.001$) from the supplying firm significantly influence the level of satisfaction of the buyer. The influence of satisfaction on relationship sustainability is direct and positive. The buyer always looks for the cooperation from the supplier especially during the time of crisis. The buyer feels satisfied, when supplier keeps its promises and when buyer observes that the supplier is committed to serve him better. Consequently higher satisfaction level will result in long-term relationship sustainability.

It can be concluded from the above study results that the long-term relationship based on satisfaction based factors is sustainable in SME sector in India. This is an important learning for a recovering economy like India.