

Abstract

The causal observation that long term sustainable relationships among trading partners yield improved business performance has been increasingly accepted both by academics and practitioners. This study examines the relationship dimensions between the buyers and sellers in Small and Medium Enterprise (SME) sector in India. The purpose of the study is to identify the major antecedent factors of buyer-seller relationship sustainability and develop a conceptual model. We intend to test this causal model by using cross-sectional survey data of purchasing managers in SMEs in India. The objective of this study also includes the testing of mediating effects of key relationship variables like trust, satisfaction and dependence on relationship sustainability.

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. The empirical analysis also includes testing of mediating and moderating effects.

The result highlights the importance of inter-personal trust, framed as trust in the salesperson, in sustaining long term relationship in SME sector. Contrary to earlier study findings, the constrained based factors like buyer's dependence, availability of alternatives, associated switching costs have insignificant implication on relationship sustainability. The influence of satisfaction on relationship sustainability is direct and positive. Satisfaction mediates the positive influence of cooperation and the trust in the salesperson mediates the positive direct effect of likability, expertise and similarity of salesperson on relationship sustainability.

The study combines different theoretical approaches and explores potential new paths in relationship marketing field especially for SME sector. The practitioners can use the findings to develop a strategic program for long term sustainable relationships in business environment in order to establish a competitive advantage.

Key words: Relationship marketing, small and medium enterprises, business to business, Trust in Supplier, Trust in Salesperson, Dependence on Supplier