

# **THE CONSEQUENCES OF RELATIONSHIP SATISFACTION AMONG CAR DEALERS: A LOOK AT MALAYSIAN AUTOMOBILE INDUSTRY**

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## **ABSTRACT**

With the increasing interest in buyer-supplier relationships, relationship satisfaction has become an important factors in relationship marketing and channel theory. In the area of business relationships, relationship satisfaction is viewed as an essential ingredient in the development and maintenance of long-term buyer-supplier relationships and becoming critical in business relationships to lower transaction costs and foster greater economic value for both marketers and their customers. Despite the assumption that relationship satisfaction influences buyer-supplier relationship, previous studies in this area had focused more on factors affecting overall satisfaction of relationship rather than the consequences of the satisfaction. Using a survey method, this study investigates the consequences of relationship satisfaction on trust and commitment among 107 Malaysian car dealers. Results revealed that when the car dealers are satisfied with the relationship with their suppliers, they tend to be more committed and trust the suppliers. Results are compared with earlier findings and implications for future research are discussed.

**Keywords:** Relationship satisfaction, car dealership, trust, commitment

## **1. INTRODUCTION**

Relationship has become an inevitable feature in today's business environment. Businesses are increasingly emphasizing on the relationships they have with their suppliers and are demanding that they adhere to high standards. The pressure to compete also makes it necessary of the development and maintenance of relationships between buyers and suppliers. In relation to

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that, small and large companies nowadays are fostering partnerships with suppliers as a foundation of their supply strategies (Theng-Lau & Goh, 2005) owing to the fact that developing successful business-to-business relationships can be beneficial to both buyers and sellers (Sheth & Sharma, 1997). Even though, sustainable business relationships can be created by factors such as good customer service, good merchandise and efficient distribution systems, most firms overlook the sustainable competitive advantage that can be created through long-term relationships with their suppliers (Ganesan, 1994). In other words, the cutting edge for business today is long-term relationships.

With the increasing interest in buyer-supplier relationships, relationship satisfaction has become an important factor in relationship marketing and channel theory (Abdul-Muhmin, 2005; Ramaseshan et. al., 2006; Rodriguez et. al., 2006). In business relationships, relationship satisfaction is viewed as an essential ingredient in the development and maintenance of long-term buyer-supplier relationships. Relationship satisfaction is becoming critical in business relationships and it has been found that successful business relationship has contributed in lowering transaction costs and foster greater economic value for both marketers and their customers (Geyskens & Steenkamp, 2000; Ping, 2003).

In other words, the satisfaction of business relationship has huge potential for enabling companies, small and large, to develop better collaboration and coordination for long-term based strategies and commitment in business relationship. Totally new competitive advantages and opportunities would open up for companies. As a result the importance of relationship satisfaction is emphasized.

During the last decade, selling and buying companies relied heavily on short-term economic transaction where each transaction is viewed as an independent opportunity without any consideration of future contact and long-term relationships (Gummesson, 1994). In particular, due to the development of relationship marketing approach, firms have been attempting to improve the efficiency of transaction between buyer and supplier long-term relationship orientation (Biong & Selnes, 1995; Doney & Cannon, 1997; Ganesan, 1994; Jonsson & Zineldin, 2003; Theng-Lau & Goh, 2005). These researches on buyer-supplier relationships are characterized as long-term relationship and required suppliers to gain an in-depth knowledge on relationship elements in order for them to achieve a sustainable competitive advantage over rival suppliers. Specifically, Rodriguez et al. (2006) argued that relationship satisfaction, trust and commitment are issues of great interest. Thus, further examination on relationship satisfaction is needed because the competitiveness in business-to-business marketing depends on actively maintained relationships that are nurtured by each of the parties involved.

In marketing channel relationship, researchers have revealed that a channel member's satisfaction increases long-term orientation and continuity (Bolton, 1998; Selnes, 1998). In such cases, channel members like retailers and dealers must develop good working relationships with their suppliers in order to provide merchandise efficiently and effectively to the consumers. This is because the retailers and their suppliers are interdependent on one another and this relationship is a key to a successful channel distribution. In addition, building strong relationships between manufacturers, suppliers, distributors, retailers, and customers has

become an important channel strategy in both industrial and consumer markets. Through the utilization of relationship element like relationship satisfaction, buyers and suppliers could integrate various functions spread over different areas within them which could lead to greater levels of channel trust and commitment. This effort could enhance their capability to cope with today's worldwide trend towards building closer and more integrated relationships between channel intermediaries and suppliers (Corsten & Kumar, 2005; Leonidou et al., 2006).

Despite the assumption that relationship satisfaction contributes to buyer-supplier relationship, previous researches had concentrated more on factor affecting towards an overall satisfaction of relationship and less research focus has been given to investigate the consequences of the satisfaction (Geyskens & Steenkamp, 2000). Furthermore, by using relationship satisfaction as a predictor, a few studies have shown that relationship satisfaction contributes to relational consequences such as trust and commitment (Abdul-Muhmin, 2005; Bigne & Blesa, 2003; Ganesan, 1994; Selnes, 1998). However, relatively little research has examined the relationship satisfaction consequences in dealer-supplier relationship. Also, the findings that relationship satisfaction contributes to relational consequences in channel relationship, however, have not fully replicated in developing countries markets (Roslin & Melewar, 2004). The underlying gaps lead many researchers to suggest for further empirical research in this area (Abdul-Muhmin, 2005; Geyskens & Steenkamp, 2000; Ramaseshan et al., 2006; Roslin & Melewar, 2001; Theng-Lau & Goh, 2005). As a result, this study seeks to amplify the existing knowledge of dealer-supplier relationships by examining the relationship constructs that are likely to contribute the most to success in ongoing business relationships.

## 2. LITERATURE REVIEW

Satisfaction is an evaluation by relationship partners of the characteristics of their channel relationships (Abdul-Muhmin, 2005; Andaleeb, 1996; Frazier, Gill, & Kale, 1989; Lee, 2001; Skinner et al., 1992). Channel member satisfaction is defined most frequently as a positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm (Dwyer, 1980). Channel satisfaction with the overall exchange relationship reflects a party's cognitive state of feeling adequately or inadequately rewarded for the sacrifice undergone in facilitating that relationship (Howard & Sheth, 1969).

The level relationship satisfaction is an important measure of an inter-firm relationship. Evaluating this relationship between channel members, could lead the manufacturer, supplier or distributor to question and change the method of working relationship, then resulting in an increase in relationship satisfaction in the long term. It appears that relationship satisfaction of business parties can be seen as a critical turning point in the development of buyer-seller relationships and it is a core determinant of success. In other words, relationship satisfactions allows a basic business relationship to continue to the point where a high level of commitment exists between the parties involved, and where the dissolution of the relationship becomes increasingly difficult because of the strong bond that has developed.

To summarize, relationship satisfaction is widely considered in the literature as a unidimensional variable, basically as a result of its affective component (Andaleeb, 1996;

Anderson & Narus, 1990; Ganesan, 1994; Scheer & Stern, 1992). Specifically, channel relationship literatures have focused on satisfaction of relationship as an overall positive affective state resulting from appraisal of a firm's working relationship with another firm. However, a meta-analysis study by Geyskens et. al., (1999) and another recent study by Gesyken and Steenkamp (2000) have empirically confirmed that satisfaction consists of economic satisfaction and social satisfaction. They argued that understanding channel relationship satisfaction as 'economic satisfaction' and 'social satisfaction' is important because a channel member's activities may produce economic satisfaction with its counterpart, while undermining the counterpart's social satisfaction, or vice versa. By including the economic and social satisfaction, rather than overall satisfaction of channel member, the role of relationship satisfaction in developing and managing relationship may be understood better. Furthermore, relationship satisfaction as economic and non-economic (social) is intriguing and has not been addressed in primary channels research previously. Thus, it is imperative that empirical research to be conducted to examine the above issues regarding the satisfaction in channel relationship. This sentiment is echoed by recent study by Auh and Johnson (2005) who believes that relationship satisfaction is one of the most important cornerstone concepts in marketing theory and potential factors lead to relationship satisfaction merits further investigation.

In addition, Hunt and Nevin (1974) view that channel member satisfaction is related to other important behaviors within channel. For example, Ganesan (1994) in an investigation of long-term buyer-seller orientation found that a retailer's satisfaction with past outcomes is significantly related to the retailer's long-term orientation. This is further supported by recent study by Liu, Leach and Bernhardt (2005) on buyer-supplier relationships, when they claim that satisfaction plays an important role in allocating business share among suppliers.

### **2.1. Trust**

Trust has been defined predominantly in term of one's belief about the motives or intent of another party (Blau, 1964). For example, Anderson and Weitz (1989) defined trust as one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party. Similarly, Anderson and Narus (1990) further explain trust as the belief that the partner will perform actions that will result in positive outcomes for the firm and not to take unexpected actions that may result in negative outcomes.

In most channel studies, trust has been defined as the extent to which a firm believes that its exchange partner is honest and benevolent. Honesty is a channel member's belief that one's partner is reliable, stands by its words, fulfilled promised role and is sincere (Dwyer et. al., 1987). While, benevolence is a channel member's belief that its partner is genuinely interested with the relationship and is motivated to seek gains jointly (Crosby et. al., 1990; Geyskens et. al., 1998). Thus, high levels of trust enable firms to focus on the longer-time benefits of the exchange (Doney & Cannon, 1997; Ganesan, 1994). When trust exists, both buyers and sellers believe that long term investments can be made with limited risk because both parties will refrain from using their power to renege on contracts or to use a change in circumstances to obtain profits in their own favor. Trust increases the partner's tolerance for each other's behavior and it facilitates conflict resolutions (Hakansson & Sharma, 1996). For example, a buyer's trust

in their supplier; i ) reduces the perceptions of risk associated with opportunistic behavior; ii) it increases the buyers confidence that short-term inequities will be resolved over time and iii) it reduces the transaction costs in an exchange relationship (Ganesan, 1994). Buyers who trust their suppliers are less likely to use alternatives source of supply and more likely to accept any short-term inequities arising in the exchange relationship (Kumar, 1996).

Ganesan (1994) examines trust in term of benevolence and credibility as consequences of satisfaction with previous outcome obtained by retailer from the vendor relationships. The researcher argued that retailer's satisfaction with outcomes would increase its perception of vendor's benevolence and credibility. In line with this, study by Selnes (1998) in food producer serving in Norwegian institutional market, also found strong effect of satisfaction on trust in customers' relationship with their food supplier. Thus, customers' satisfaction with the supplier appears to be necessary in order to achieve a higher degree of customer trust and loyalty. In a way, satisfaction is a manifestation of the other party's ability to meet relational norms and thus leads to trust (Ring & Van de Van, 1994; Sabel, 1993).

From the discussion above, studies consistently support that the channel member's trust satisfaction will be greater in those cases in which the supplier or reseller inspires satisfaction. Otherwise, the channel members will feel more insecure and nervous about the possible actions of the supplier or reseller, which will probably lead to less trustable situation. It explains that trust can be an important consequence of relationship satisfaction to the degree that it reduces perceived risk more efficiently than other available mechanism (Bigne & Blesa, 2003). Marketing literature shows a positive link between trust and satisfaction, however, the causal order of this relationship is not altogether so clear (Rodriguez et al., 2006). Although both trust and relationship satisfaction are suggested to be two of the key concepts in relationship marketing, little efforts has been devoted to explain trust as consequences of relationship satisfaction which operationalized as social and economic terms (Geyskens et al., 1999). Thus, it is imperative that empirical research be conducted to examine issues regarding the trust and relationship satisfaction in distribution channel. Given these findings, greater relationship satisfaction can be expected to lead to higher degree of trust. Therefore, it is hypothesized that:

H1: Relationship satisfaction (economic satisfaction and social satisfaction) is positively related to higher degree of trust among the car dealers.

## **2.2. Commitment**

Commitment is "an implicit or explicit pledge of relational continuity between exchange partners" (Dwyer et al., 1987) or willingness to make short-term sacrifices to realize long-term benefits from the relationship (Anderson & Weitz, 1992; Gundlach et. al., 1995). Similarly, Ganesan (1994) notes that commitment is "forward looking" and reflects the desire to have a long-term relationship with exchange partners.

An established study in trust-commitment model by Morgan and Hunt (1994) proposes that a firm will commit to an exchange partner when the relationship is considered so important as to warrant maximum efforts to maintain it. Enduring desire to maintain the relationship reflects a

committed partner who wants the relationship to endure indefinitely and is willing to work at maintaining it (Morgan & Hunt, 1994). This implies that the relationship is important and that there is a desire to continue the relationship into the future (Wilson, 1995).

Study by Ganesan (1994) demonstrated that satisfaction plays an important role in determining commitment in retailer-vendor relationship. The researcher argued that satisfaction with past outcomes would lead to desirable outcomes like long-orientation and relationship commitment. Other views on customer satisfaction and commitment come from Garbarino & Johnson (1999) who examined the relationships between component of satisfaction attitudes and commitment among the customers of an off-Broadway repertory theater. The study found that customers' satisfaction attitudes positively related to their commitment. Similarly, study by Sharma and Patterson (2000) in the context of a professional consumer service found that service satisfaction have impact on relationship commitment. Within a sales setting, Johnson, Barksdale and Boles (2001) found that satisfaction with the salesperson increased the buyer's commitment to the relationship. The above sentiment is echoed by recent study by Abdul-Muhmin (2005) who used commitment as consequences of relationship satisfaction in the cross sectional survey among 282 Saudi Arabia manufacturer firms, results show positive relationship between relationship satisfaction and relationship commitment.

Thus, commitment is essential in fostering buyer-seller relationship that would ensure that both exchange parties can reap benefits accrued from the relationship (Wilson, 1995). In fact, it is a central expectation or relational norm within working relationship and measurement for the relationship in the future (Wilson, 1995). Commitment also implies that the relationship will bring future value and benefit to the relationship (Ramaseshan et al., 2006). Therefore, the potential impact of this factor on relationship satisfaction of the dealers becomes vital in channel relationships.

Even though numerous studies have been carried out to examine the linkage between commitment and satisfaction, unfortunately the results produced were more on the overall satisfaction in relationship. Indeed the link between satisfaction and commitment is far more complex (Bloomer & Lemmink, 1992), than indicated by some marketing scholars. This suggests that more research is required to establish the relationship between commitment and specific of relationship satisfaction as economic satisfaction and social satisfaction of the dealers rather than overall satisfaction.

Previous studies on relationship marketing (Crosby et al., 1990; Garbarino & Johnson, 1999; Kumar et. al., 1995; Morgan & Hunt, 1994), noted that trust was empirically tested and has a significant impact on buyer-seller relationships. Trust is also viewed as an essential ingredient for successful relationship (Andaleeb, 1996; Bigne & Blesa, 2003; Morgan & Hunt, 1994). According to Ganesan (1994), trust affects long-term orientation by reducing the perception of risk associated with opportunistic behaviors in buyer-seller relationship. This is further supported by Morgan and Hunt (1994) when they indicated that trust in relationships will cause buyers and suppliers desire to commit themselves to the relationships and its as antecedent of commitment. Furthermore, Andaleeb (1996) argued that it is important to earn the trust of partner for firms that desire to build long-term relationships characterized by commitment. It

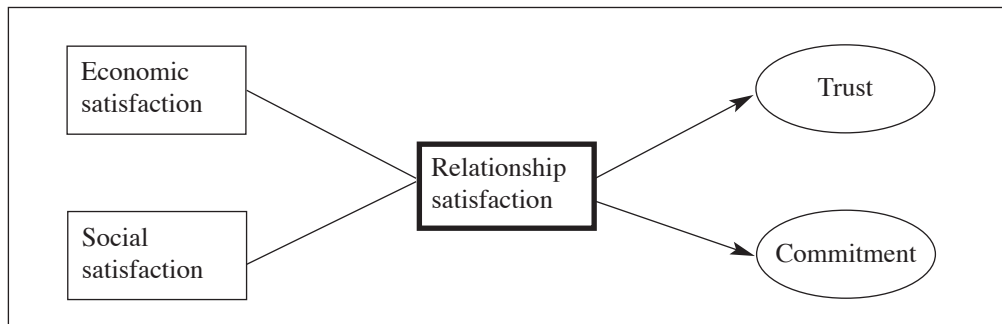
is therefore justified that relationship satisfaction has a potential to lead to higher degree of commitment among car dealers. Therefore, we hypothesized that:

H2: Relationship satisfaction (economic satisfaction and social satisfaction) is positively related to higher degree of commitment among the car dealers.

### 3. METHODOLOGY

Our sample consists of car dealers in Peninsular Malaysia. From the discussions in the literature review, the following framework has been constructed. Figure 1 shows that relationship satisfaction will lead to higher degree of commitment and trust among the car dealers. This study focuses on national car dealers. 300 questionnaires were distributed to new national car dealers in Peninsular Malaysia. Out of this number, 109 were returned and 2 were incomplete. A total of 107 responses were usable and being used for subsequent analysis. Thus, the effective response rate is 35.6 percent. This response rate is considered adequate and within the range reported by other researchers for channel studies (Abdul-Muhmin, 2005; Baker et. al., 1999; Kumar et al., 1995).

**Figure 1:** Conceptual Model for Relationship satisfaction, Trust and Commitment



#### 3.1. Measure Development

A questionnaire instrument was developed to measure dealers' perceptions about relationship satisfaction with their suppliers. The items are based on the previous studies discussed in literatures. Referring to table 1, trust was measured using a ten-item scale from Kumar et al. (1995). It has been widely used in dealer-supplier relationship studies (Scheer et. al., 2003). The trust variable consists of honesty and benevolence items. For the purpose of this study, the ten items formed into one variable were used by Corsten and Kumar (2005) and has the reliability alpha of .83. This scale also has a reliability coefficient alpha of .92 in study by Scheer et al. (2003). Commitment is measured using scale developed by Anderson and Weitz (1992). The instrument composed of six items that focused on enduring desire to maintain the existing relationship with the dealers. The internal reliabilities reported by Anderson and Weitz (1992) was .83. For relationship satisfaction, scale adapted from Geyskens and Steenkamp (2000) were used. This scale has been found to be the most robust measure of satisfaction in



channel relationship as economic satisfaction and social satisfaction and the internal reliabilities reported by Ramaseshan et al. (2006) for economic satisfaction and social satisfaction were .86 and .82 respectively. All of the dimensions developed were measured using 5 points Likert-type scales, ranking from strongly disagree (1) to strongly agree (5) was used for all the variables in this study.

The alpha values for the present study were calculated to assess the internal consistency reliabilities of the scales. Relationship satisfaction is measured using 5 items for economic satisfaction and 5 items for social satisfaction and the alpha values respectively is .90 and .87. For the trust and commitment scales, the results indicate acceptable values of .92 and .89 respectively. Inter-correlation between variables was done, where the values of correlation coefficients for all the three variables exceeded .50 and below .80 and significantly correlated.

**Table 1:** Descriptive and Reliability Analysis Results

Variables	No. of Items	Mean	Standard Deviation	Alpha value
Economic satisfaction	5	3.66	.70	.90
Social satisfaction	5	3.71	.62	.87
Trust	10	3.67	.62	.92
Commitment	6	3.73	.76	.89

#### 4. RESULTS

The regression analysis was used to test the hypotheses. Results from the analysis are summarized in Table 2. As shown in table 2, both economic satisfaction ( $\beta = .59$ ;  $p < .01$ ) and social satisfaction ( $\beta = .24$ ;  $p < .01$ ) were positively related to trust. Therefore, provide support for hypothesis H1. The second hypothesis was also supported. The economic satisfaction ( $\beta = .43$ ;  $p < .01$ ) and social satisfaction ( $\beta = .59$ ;  $p < .01$ ) have positive relationships with commitment.

**Table 2:** The Influence of Relationship Satisfaction on Trust and Commitment

Independent variables	Coefficient ( $\beta$ )	<i>t</i> value
<i>Dependent variable: Trust</i>		
Economic satisfaction	.586	3.39*
Social satisfaction	.240	4.22*
<i>Dependent variable : Commitment</i>		
Economic satisfaction	.428	5.55*
Social satisfaction	.591	4.10*

**Notes:** \* $p < .01$



## 5. DISCUSSION AND CONCLUSIONS

This study found a positive relationship between the economic and social relationship satisfaction with dealer's trust and commitment. Trust was found affected by social satisfaction higher than economic satisfaction. This indicates that dealers are likely to actively feel comfortable and harmony together with economic benefits in building trust based relationship. Apparently, dealers value and consider relationship satisfaction as an important prerequisite for building trustworthy relationship. This is because trust is a learning process, where the creditworthiness of exchange partners is gradually assessed from specific actions in different episodes of the working relationship (Ford et al., 1998). Further, in this continuing relationship, dealers' satisfaction with relationship provide confidence that they are not being taken advantage by supplier and both parties are concerned about the others' welfare in the relationship. The decisions to model trust as a consequence of relationship satisfaction was based on the findings of meta-analysis study by Geyskens et al. (1999). The findings help to articulate our understanding of trust and lend credence to the commonsense belief that it has a basis in any relationship satisfaction.

It can be concluded that the findings of this study are in line with (Caceres & Paparoidamis, 2005; Geyskens et al., 1999; Selnes, 1998) who found relationship satisfaction positively affects trust in channel relationship. The present study indicates that when dealers are satisfied with the relationship, they tend to develop greater trust on their supplier.

Meanwhile, the findings on relationship satisfaction and commitment concur with most previous research. Commitment is built by economic satisfaction and social satisfaction. Dealers perceived that as more economic and social benefits flow from the relationship to the dealers, the dealers become more committed and show a greater willingness to invest further resources into the relationship. This indicates that dealers have feelings of unity in a relationship characterized by satisfaction and involvement for common goals. Commitments implies there are mutual benefits and that the parties want the relationship to endure and are prepared to expend cost and effort in maintaining it (Morgan & Hunt, 1994).

Specifically, satisfaction affects a supplier's benevolence because it indicates the supplier's concern for equitable outcomes and welfare of the dealer. Satisfaction also likely to be related to a supplier's credibility because it indicates effective performance of channel functions through greater reliability and expertise. Therefore, the more the dealers are satisfied with the relationship with their supplier, the higher the tendency for them to trust the supplier. This seems to confirm that the relationship between relationship satisfaction and trust is a major factor in the study of channel relationship. The dealers perceived that they received favorable economic and social benefits from supplier relationship and willing to reciprocate effort due to satisfaction with the relationship. In other words, dealers' satisfaction with the relationship is instrumental in their enduring desire to maintain the relationship, sense of loyalty and an expectation of continuity. The significant influence of relationship satisfaction on commitment also suggests that commitment has a time orientation and developed at a later stage of the relationship after many satisfactory exchange episodes.

Our establishment of a positive association between dealers' relationship satisfaction and their commitment lends credence to the findings of the previous studies in the context of distribution channels (Ganesan, 1994; Geyskens & Steenkamp, 2000; Zineldin & Jonsson, 2000). The finding is also consistent with Abdul-Muhmin (2005) who found positive linkage between relationship satisfaction and commitment in business-to-business relationship. This explains that a dealer who satisfied with the relationship would be more committed. This supports Dwyer et al. (1987) contention that it requires a channel member to consider seriously and comprehensively the social and economic resources that are needed to invest in the relationship for further development. Overall, relationships that have been reaping lasting positive outcomes will lead the parties to increase their own commitment to their relationship.

### ***5.1. Theoretical and Managerial Implications***

Theoretical and managerial implications of this research are discussed. From a theoretical perspective, an interesting finding in the current study involves the consequences of relationship satisfaction such as trust and commitment. The findings assert the theoretically relationship between relationship satisfaction, trust and commitment that is established in exchange and relationship theory (Dwyer et al., 1987; Ganesan, 1994). Theoretically, the findings validate the importance of relationship satisfaction in mollifying a partner's fear of opportunistic behavior and. Further, it is a necessary antecedent of present trust and commitment is supported by the research of Geyskens et al. (1999), Ramasheshan et al. (2006) and Selnes (1998), which found that trust and commitment in two organizations exchange relationships developed slowly over a relationship satisfaction. Thus, satisfaction derived from the relationship might contribute to dealers' perceptions that suppliers will act fairly and in the best interest of the relationship and serve to calm the dealers' fear of opportunistic behavior.

This study provides a few key implications on how managers in automotive suppliers in particular can manage their relationship with dealers in an effective way. The business goal is to establish and maintain relationship with the dealers for long-term sales instead of maximizing short-term sales. Relationship marketing helps dealers and suppliers to build, develop and keep a continuous process of relationship building. Suppliers-dealers should devote their attention to relationship satisfaction specifically, in order to "increase the pie rather than divide the pie". Both suppliers and dealers look for effective relationships in order to maximize their profits, minimize their costs and ultimately lead to the long-term commitments and trust.

The result of this research would help suppliers and dealers to understand the importance of economic and social relationship satisfaction in establishing long-term relationships and provide actionable guidance toward improving the relationship. Obviously, from suppliers point of view, a dealer's relationship satisfaction is important for two reasons. First, suppliers who are partnering with highly customer-oriented dealers may be able to create greater value for end customers and thereby gain a competitive advantage by maintaining satisfied relationship with the existing dealers. Second, suppliers may be able to improve their own levels of performance through trickle-up effect, which means that when dealer's satisfaction improves, it will lead to suppliers' sales improvement.

A practical implication of the results of this study is that when dealers perceive economic and social satisfaction gaining from the relationship with the suppliers, it would lead them to develop greater trust and commitment with the suppliers. The supplier should be aware that the dealers' perception of their relationship satisfaction is very important in establishing long-term relationship. The study found relationship satisfaction leads to trust and commitment, implying that satisfied dealers perceive and expect to maintain stronger continued relationships. The findings indicate that relationship satisfaction of the dealers has a direct impact on the dealers' trust and commitment to the supplier firm. Dealers' experiences and satisfaction with the supplier relationship appears to be a necessary premise in order to achieve an enhancement of the relationship. Trust in the supplier relationship plays an important role in terms of reducing perceived risk in extending the scope of the relationship. Meanwhile, commitment becomes an important relationship building block, which warrants maximum effort to maintain the existing relationship. If the dealer is satisfied with past performance, the willingness to cooperate is more likely to be present. On the other hand, if the dealer is not satisfied, trust and a willingness to develop the relationship may reduce.

Overall, if supplier wants to increase dealers' trust and commitment in the relationship, the supplier has to ensure that the dealer is satisfied with the economic and social elements in relationship. The study suggests that supplier should consider using economic and social elements frequently, which is more effective in cultivating channel relationship in automobile industry. As more economic and social benefits flow from the relationship to the dealer, the dealer becomes more committed and shows greater willingness to maintain and invest in the relationship. In addition, supplier should communicate clearly to dealer the economic and social benefits that are linked to the expected behavior outcome. Considering this, managers of the supplier firm need to assess ways to monitor levels of dealer's satisfaction both in an economic sense namely, profitable market, attractive discounts and high quality marketing supports and social sense which includes feeling of harmony, professional critics, mutual respect and communication. Thus, managing dealer's relationship satisfaction is a key element in both relationship maintenance and enhancement in automobile industry.

## ***5.2. Limitations of the Study and Future Research Suggestions***

Although this study has some interesting findings on the consequences of relationship satisfaction, this study also has several limitations. The sample of dealers was taken from one industry. Somewhat unique to this industry is the fact that it is in a mature stage. This means that majority of the firms are well established, only a few new firms are entering this industry. Consequently, the results of this study cannot be generalized to other industries such as agriculture, mining, and health. Additional research on factors affecting relationship satisfaction should be expanded to different types of industries/sectors such as service (education, health etc.), textiles and clothing, electronics, etc.

Another important limitation is that this analysis is cross-sectional in nature. The nature of data collection is a cross-sectional study whereby the data is collected at one point of time. However, an attempt was made to minimize such problem by using a well-established scale for most constructs, and pre-testing the questionnaire to ensure that there was no perceived overlap

between the different variables. Additional research must be done longitudinally in order to assess the impact of determinants and consequences over time. The longitudinal studies would provide valuable input in investigating the impact of channel strategies taken by supplier firms that are aimed at enhancing the degree of relationship satisfaction, trust and commitment.

Since the impact of relational issues on relationship satisfaction has already been demonstrated in this current study, an additional research is needed to fully understand the impact of such issues like opportunism, cooperation, and communication. Further, interpersonal factors in relationship need to consider how these can be used to determine relationship satisfaction. Other aspects of relationship might be complaint handling, response strategies, and loyalty.

### 5.3. Conclusions

These findings provide additional evidence to the growing body of knowledge concerning the importance of relationship-based approach. It was revealed that the dealers' economic and social relationship satisfaction lead to the development of trust and commitment to the supplier firm. Specifically, trust and commitment of the dealers appear to be develop based on the amount of economic and social satisfaction that the dealers perceive to obtain from having relationship with the suppliers. The finding gives academicians and managers a much stronger basis than intuition and anecdotes for recommending the wisdom of adopting and implementing relationship-marketing approach. Preferably the management should take initiative in the way that has been suggested under discussion for the purpose of harmonizing the dealer-supplier relationship. There must be a rightful desire within both the supplier and dealer to understand each other, to feel the importance of the relationship, and arrive at decisions that are acceptable to each party besides working together towards progress of both in terms of specific goals and long-term relationship. The evidence from this study suggests the need for enhancing theories and models relating channel relationships in Malaysia. Much more still needs to be learned about the consequences of relationship satisfaction in relational exchange. For this reason, it is hoped that this study will generate some interest among other researchers to examine the issues related relationship satisfaction in Malaysian channel distribution relationship.

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