

Validating the Relationship between Trust, Commitment, Economic and Non-Economic Satisfaction in South African Buyer-Supplier Relationships

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ABSTRACT

Purpose – The paper validates the relationship between satisfaction, trust and commitment in South African business buyer–supplier relationships. Satisfaction was looked at from the dual perspective of economic and non-economic satisfaction.

Design/methodology/approach – A research model showing hypothesized relationships between the constructs was tested using data collected from 250 large companies in South Africa. Structural equation modelling using AMOS software was used to analyse the data. The results provide support for the distinctiveness of both economic and non-economic satisfaction and the mediating effect of trust.

Findings – The findings show that economic satisfaction exerts a direct influence on trust, which in turn has a direct influence on commitment. Trust and commitment were both found to have a positive influence on non-economic satisfaction.

Research implications – The tested nomological network of business relationship quality dimensions validates some of the recent findings by Ferro *et al.* (2015) in the South African context of buyer–supplier relationships.

Originality/value – The study contributes to a better understanding of satisfaction and its relationship with other relationship quality constructs, especially in the context of large companies in South Africa.

Keywords: Economic satisfaction, Non-economic satisfaction, Trust, Commitment, Business relationships, South Africa.

INTRODUCTION

Satisfaction is widely considered as a guiding philosophy of business relationships (Yeung *et al.*, 2013). Empirically, its importance is evidenced by the many studies that have found satisfaction to be an important factor for the success of business relationships (Del Bosque Rodríguez *et al.*, 2006; Hutchinson *et al.*, 2012; Human and Naudé, 2014; Hashim and Tan, 2015). Reviews of literature on studies that have

focused on the quality of business relationships, especially in the context of direct and indirect channel relationships, show that satisfaction is closely related to trust and commitment (Voldnes *et al.*, 2012; Mpinganjira *et al.*, 2014), with Walter *et al.* (2003) and Sarmiento *et al.* (2014) describing the three constructs as key indicators of relationship quality.

At the core of relationship marketing efforts is the need to establish long term relationship with customers. The importance of establishing and maintaining good business relationships is more pronounced in business-to-business contexts than in business-to-consumer markets. This is mainly due to the large orders often associated with such exchanges. Successful management of business-to-business relationships can help suppliers to secure greater revenue and is also known to help yield greater profits in the long run (Rauyruen and Miller, 2007). Furthermore, satisfied members of business channels are known to be less inclined to terminate existing business relationships, less prone to file lawsuits against business partners and more inclined to participate in collective activities (Geyskens *et al.*, 1999; Svensson *et al.*, 2010; Mpinganjira *et al.*, 2014). Farrelly and Quester (2005) point out that satisfaction is critical to ensure the long-run validity of business channels.

While the importance of relationship satisfaction cannot be disputed and a lot of studies have been conducted over the years to better understand the concept, a review of literature shows that there are several research concerns regarding the construct. One of the concerns relates to how the construct is measured (Del Bosque Rodríguez *et al.*, 2006). A review of literature shows that most studies measure satisfaction by focusing on social aspects of business relationships (Geyskens *et al.*, 1999; Nyaga *et al.*, 2010; Goail *et al.*, 2014). This is despite acknowledgement in literature of the existence of two types of satisfaction in channel relationships, namely economic and non-economic or social satisfaction. Geyskens and Steenkamp (2000) argue for research to recognise the presence of the two types of satisfaction in business channel relationships and not conceptualise satisfaction as a unitary construct. In their study they define economic satisfaction as “a channel member’s evaluation of the economic outcomes that flow from the relationship with its partners such as sales volume, margins, and discounts” (Geyskens and Steenkamp, 2000, p. 13). They note that economic satisfaction comes about as a result of role performance and achievement of goals. Non-economic satisfaction, on the other hand, is associated with intangible attributes of business relationships. Sanzo *et al.* (2003, p. 329) define it as “a positive affective response towards relationship’s psychological aspects”. It includes a feeling of joy and happiness that members of a channel relationship may experience in their interaction with one another (Johnson and Grayson, 2005; Goail *et al.*, 2014). In an effort to address the concern, the current study investigates satisfaction from the dual perspective of economic and non-economic satisfaction. Ferro *et al.* (2015) and Del Bosque Rodríguez *et al.* (2006) bemoan the scarcity of research that looks at satisfaction as a multi-dimensional concept and call for more research that takes cognizance of this.

The second concern relates to the difficulty of ascertaining from empirical studies the effects of satisfaction. Farrelly and Quester (2005) point out that it is difficult to ascertain effects of satisfaction as results are mixed. They attribute this to two possible factors, namely the variety of variables used to define satisfaction and the contexts within which studies are undertaken. A meta-analytic study conducted by Geyskens *et al.* (1999) found that results of studies in which satisfaction was measured using economic items often differed from those in which non-economic items were used. They note that even where an overall measure is used, the proportion of economic versus non-economic items used in the measure can lead to varying results. Several later studies, including those by Del Bosque Rodriguez *et al.* (2006), Jiang *et al.* (2009), Nyaga *et al.* (2010) and Rutherford (2012), have also shown different effects of non-economic compared to economic satisfaction. On the issue of context, research shows that cultural factors have a way of influencing the dynamics of business relationships, including relationship-related factors that may be more valued than others (Lai, 2007; Voldnes *et al.*, 2012). Channel members' perception of effective relationship-building strategies may thus be different in different business contexts (Clampit *et al.*, 2015).

Another concern relates to the position of satisfaction in relation to other constructs in studies aimed at understanding relationship success. Of concern in this study is the relationship between satisfaction, trust and commitment. As noted before, satisfaction, trust and commitment are considered key variables in assessing the quality of business relationships (Sarmiento *et al.*, 2014). A review of literature, however, shows a lack of consensus among scholars on the nomological position of satisfaction in relation to trust and commitment. Some researchers (e.g. Hashim and Tan, 2015 and Moliner *et al.*, 2007) argue that satisfaction generates trust and commitment, while others argue that satisfaction is caused by trust and commitment (e.g. Mpinganjira *et al.*, 2014 and Svensson *et al.*, 2010). Part of this confusion may be due to the fact that most studies fail to take into account the fact that there are the two types of satisfaction in channel relationships, economic and non-economic. Research that includes all four constructs, namely economic satisfaction, non-economic satisfaction, trust and commitment, is rare. Additionally, the few studies that have incorporated the four constructs in their studies have also produced mixed results. For example, Rutherford (2012) found that both economic and non-economic satisfaction are significant precursors of trust and commitment, while Farrelly and Quester (2005) and Nyaga *et al.* (2010) found that trust and commitment lead to both economic and non-economic satisfaction. Ferro *et al.* (2015) found that economic satisfaction is a precursor of trust and commitment, which in turn influence the level of non-economic satisfaction.

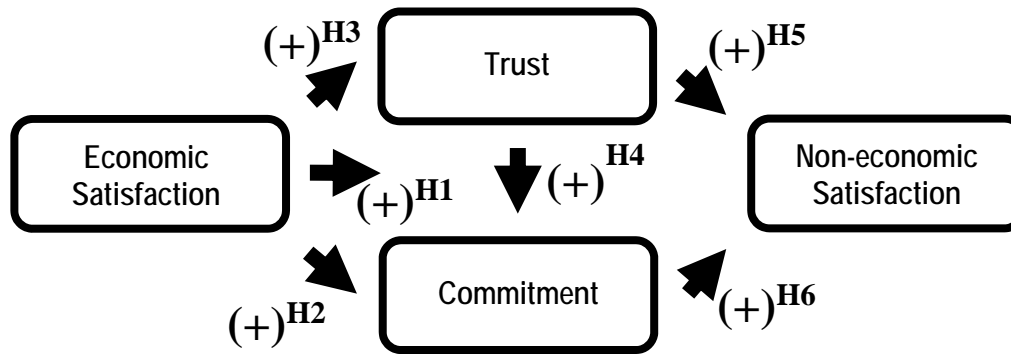
Taking cognizance of the concerns outlined above, this paper aims at examining the relationship between economic satisfaction, non-economic satisfaction, trust and commitment using a sample of large companies in South Africa. In so doing, the study contributes to the literature in a number of important

ways. Firstly we validate what other researchers have found on dimensions of satisfaction and relationship between the constructs. Thus the paper helps enrich the scarce research centring on economic and non-economic components of satisfaction. It also contributes to understanding the different positioning of trust and commitment in relation to economic and non-economic satisfaction. The current study specifically positions trust and commitment in between economic and non-economic satisfaction. This positioning is unique as most past studies, except that by Ferro *et al.* (2015), have investigated different nomological networks. Additionally, the study contributes to the understanding of business relationships in the context of an African country, South Africa. Ferro *et al.* (2015) examined the nomological network using a sample of small and medium-sized firms in Spain, while the current study focused on large companies in South Africa. South Africa is widely considered to be an important economic gateway to Africa (Draper and Scholvin, 2012). To the authors' knowledge, this is the first study conducted using a sample of companies from Africa looking at relationships between the four constructs. Hair *et al.* (2010) pointed out the importance of validation of studies noting that such studies help provide evidence to substantiate findings. They further stated that when findings are established to be valid, their contribution to theory is heightened. Lai (2007) and Wasti *et al.* (2006) point out the importance of examining and testing theories on business relationships in varied contexts, more so in the context of non-western countries, noting that perceptions of influence strategies may be different and that this may lead to different taxonomies of influence strategies.

The rest of the paper is organised as follows. The next section presents the conceptual framework examined in this study and discusses the main constructs examined as well as the proposed relationship between them. This is followed by the methodology and presentation of results, respectively. Thereafter the results are discussed and their managerial implications outlined. The last section of the paper presents conclusions drawn, outlines limitations of the study and provides suggestions for future research.

CONCEPTUAL FRAMEWORK

Figure 1 The conceptual model



Source: Ferro *et al.* (2015)

Figure 1 presents the conceptual model used in this study to examine the relationship between satisfaction, trust and commitment in order to validate (i.e. verify or falsify) the findings of the original study by Ferro *et al.* (2015). As noted before, the three constructs are widely accepted in relationship marketing as key indicators of relationship quality. Ability of any firm to build high relationship quality is key to ensuring that customers do not defect to competitors but maintain long term business relations with a supplier (Mpinganjira *et al.* 2013; Grönroos and Helle, 2012). It helps ensure that a supplier is not only able to attract but also keep customers (Sheth *et al.* 2015; Ravald and Grönroos, 1996). The model used in this study starts with the assessment of economic satisfaction and argues that this has a positive influence on the development of trust and commitment, which in turn positively impact on non-economic satisfaction. The model also postulates that economic satisfaction exerts a positive direct influence on non-economic satisfaction.

Economic satisfaction and non-economic satisfaction

A review of literature on the relationship between economic and non-economic satisfaction shows variations in how the two constructs are positioned relative to each other. Studies by Del Bosque Rodriguez *et al.* (2006) and Rutherford (2012), for example, have positioned economic satisfaction earlier than non-economic satisfaction in the nomological network. Farrelly and Quester (2005), on the other hand, argue that non-economic satisfaction is a precursor of economic satisfaction, while studies by Ramaseshan *et al.* (2006) and Lai (2007) place the two constructs in similar positions. Commenting on the position of the two constructs relative to one another, Del Bosque Rodriguez *et al.* (2006) argues for the need to keep in mind that business relationships in their initial stages tend to be purely economic. They argue that positive economic satisfaction derived from business activities positively influences how the quality of the interchange that takes place between the parties is evaluated. They point out that where high levels of economic satisfaction prevail, members become readily willing to respond to problems that

may arise in a positive and constructive manner, and that this in turn helps to increase their satisfaction with the social part of the relationship. Accordingly, Ferro *et al.* (2015) reason that it is logical to expect economic satisfaction to precede relationship-oriented outcomes encapsulated in non-economic satisfaction. This argument is further supported by a stream of literature that positions supplier performance, a construct related to economic satisfaction, as a precursor to social satisfaction. For example, a study by Sivadas *et al.* (2012) found that project performance leads to relational satisfaction. In their argument they point out that firms will normally be willing to invest more in a relationship only once they are clear of payoff. Similarly, Cater and Cater (2009) found that supplier performance leads to affectively oriented satisfaction. It is thus hypothesized in this study that:

H₁: Economic satisfaction relates positively to non-economic satisfaction.

Economic satisfaction and commitment

Long-term relationships are known to be built on the foundation of commitment (Van Vuuren *et al.* 2013). This is because commitment is related to desire on the part of partners to maintain a valued relationship. Rauyruen and Miller (2007, p. 3) define commitment as “a psychological sentiment of the mind through which an attitude concerning continuation of a relationship with a business partner is formed”. Morgan and Hunt (1994, p. 23) note that commitment is about “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it”. In their study Ring and Van de Ven (1994) submit that economic satisfaction with the supplier influences the decision to maintain the relationship. They note that the decision to commit to a relationship is influenced by the assessment of the economic efficiency of past interactions. Morgan and Hunt (1994, p. 24) note that “because partners that deliver superior benefits will be highly valued, firms will commit themselves to establishing, developing and maintaining relationships with such partners”. In their studies Sahadev (2008) and Ramaseshan *et al.* (2006) found that economic satisfaction does have a positive influence on levels of commitment in business relationships. In line with these findings, it is hypothesized in this study that:

H₂: Economic satisfaction relates positively to commitment.

Economic satisfaction and trust

According to Zaheer *et al.* (1998), trust in a business-to-business relationship refers to the expectation that another business can be relied upon to fulfil its obligations and to act as well as negotiate fairly. Unfair negotiations and acts of opportunism in general have the capacity to erode the level of economic

benefits that a partner may derive in a relationship. Morgan and Hunt (1994, p. 23) define trust as “willingness to rely on an exchange partner in whom one has confidence”. The importance of “confidence” in relation to trust is great, especially when one views relationships as a series of transactions that foster awareness or suspicion of unfair acts or otherwise. Chen *et al.* (2011) note that satisfaction with performance in a business relationship exerts a positive impact on trust. Leonidou *et al.* (2008) state that satisfaction with past outcomes helps nurture trust. This may be because trust in business relationships takes time to build and can be difficult to build in the presence of an unsatisfactory business exchange relationship. In a study focusing on franchise partnerships, Altinay *et al.* (2014) found that satisfaction with performance as defined by fulfilment of roles exerts a significant positive influence on levels of trust among partners. Ferro *et al.* (2015) in their study found that economic satisfaction has a positive influence on trust. It is accordingly hypothesized in this study that:

H₃: Economic satisfaction relates positively to trust.

Trust and commitment

Trust is considered a key factor that influences commitment in a business relationship. A number of studies, including those of Hashim and Tan (2015), Human and Naudé (2014), Svensson *et al.* (2010) and Morgan and Hunt (1994), have reported findings that show the positive influence that trust has on commitment. Studies have specifically shown that in business relationships between buyers and suppliers, if a buyer does not feel that the supplier is honest, competent and benevolent enough, the relationship will be characterized by low levels of trust (Dowell *et al.*, 2015; Del Bosque Rodríguez *et al.*, 2006). Consequently buyers do not commit to such suppliers. On the other hand, high levels of trust towards suppliers provide buyers with confidence that the partner will not act opportunistically towards them. Where this trust exists, it helps to reduce levels of perceived vulnerability to risks and creates an environment where firms can invest in building long-term relationships. Morgan and Hunt (1994) point out that trust is of high value in buyer–supplier relationships, especially when deciding on investing more in a relationship. This is because no business would under normal circumstances want to commit to untrustworthy partners. Studies by Segarra-Moliner *et al.*, (2013), Cater and Cater, 2010) as well as Del Bosque Rodríguez *et al.*, (2006) also report findings that show the significant influence trust has on commitment. Accordingly it is hypothesized in this study that:

H₄: Trust relates positively to commitment.

Trust and non-economic satisfaction

Del Bosque Rodríguez *et al.* (2006) point out that when business relationships are characterized by high levels of trust, feelings of security prevail and that this eventually leads to greater levels of satisfaction. In their study, which focused on business relationships between manufacturers and their distributors, they specifically found that trust is an antecedent of non-economic satisfaction. Farrelly and Quester (2005) point out that the direct relationship between trust and non-economic satisfaction is quite easy to comprehend due to the fact that trust is a psychological construct. They note that where business relationships are characterized by trust, partners would be expected to be friendly towards one another, communicate more openly and show emotional affection towards one another. This in turn would provide a conducive environment for experiencing non-economic satisfaction. Findings in studies by Nyaga *et al.* (2010), Del Bosque Rodríguez *et al.*, (2006) and Ferro *et al.* (2015) provide further support for the influence that trust has on non-economic satisfaction. It is thus hypothesized in the study that:

H₅: Trust relates positively to non-economic satisfaction.

Commitment and non-economic satisfaction

Commitment to business partners has been conceptualized in a number of studies including Del Bosque Rodríguez *et al.* (2006), Farrelly and Quester (2005) and Nyaga *et al.* (2010) as a precursor to non-economic satisfaction. One of the arguments advanced in support of this reasoning is the expectation that higher levels of commitment to a relationship should provide an atmosphere in which parties feel that they can achieve goals without worrying about threats of unfair business conduct. Farrelly and Quester (2005) point out that this in turn should stimulate the level of non-economic satisfaction. Del Bosque Rodríguez *et al.* (2006) note that commitment leads to business partners striving to work at the relationship, thereby positively impacting on perceptions of compatibility, which in turn affects levels of relational satisfaction. The link between commitment and non-economic satisfaction may also be closely linked to a buyer's own efforts invested in maintaining relations with a supplier. Svensson *et al.* (2010) argue that when a business partner such as a buying firm sets high priority on a relationship with a supplier they will tend to be more involved with the supplier. They point out that in such situations clear specifications of requirements are likely to be communicated, which makes it easy for a supplier to meet the buyer's expectations, which in turn positively impacts on relational satisfaction. Findings by Johnson *et al.* (2008) also confirm the positive influence that commitment has on affective form of satisfaction. Based on the above arguments, it is hypothesized that:

H₆: Commitment relates positively to non-economic satisfaction.

METHODOLOGY

Research context and sample

The study targeted the top 500 companies in South Africa identified from TopCo, which lists South Africa's top 500 companies based on revenue. Each company was first contacted with the aim of getting details of the most suitable key informant to respond to the questionnaire. The targeted key informants were the purchasing managers of each company, who were in some companies called procurement managers or chief buyers. Once the details were obtained, the targeted key informants were contacted and asked to participate in the study by responding to questions from a structured questionnaire. Computer-assisted telephone interviews were specifically used to administer the questionnaire. Respondents were asked to keep a specific supplier in mind when responding to the questions.

By the end of the data collection period a total of 250 fully completed questionnaires were captured. This represented a 50% response rate. Two items, (i) how much the respondent knew about his/her company's perspective on the study topics and (ii) how much the respondent knew about specific experiences with this supplier, were included in the questionnaire for the purposes of checking the competency of the respondent used in the study. This is in line with Campbell's 1955 recommendations that respondents used in a study need to be competent enough to answer questions relating to the subject matter under investigation. A five-point scale, ranging from 1 = I do not have knowledge to 5 = I have a lot of knowledge, was used for the two items. Findings showed mean values of 4.26 and 4.33 respectively for the two items, which showed that the respondents were very knowledgeable and therefore competent enough to answer the questions.

Measures and scale items

Items used to measure each construct were adapted from previous research studies by Ferro *et al.* (2015). Items used to measure economic satisfaction were originally sourced from Sanzo *et al.* (2003); items used to measure non-economic satisfaction were sourced from Andaleeb (1996); items used to measure commitment were sourced from Morgan and Hunt (1994) as well as Anderson and Weitz (1992); and items used to measure trust were sourced from Zaheer *et al.* (1998). Each item was measured using a five-point Likert-scale with anchor points of 1 = strongly disagree and 5 = strongly agree. Table 1 provides details of the statement items used to measure each construct.

Table 1 Scale items

| |
|---|
| Economic satisfaction |
| X ₁ . This supplier contributes to our market share. |
| X ₂ . We benefit economically from the relationship with this supplier. |
| X ₃ . This supplier contributes to our financial performance. |
| Non-economic satisfaction |
| X ₄ . The relationship between this supplier and us is positive. |
| X ₅ . Our relationship with this supplier reflects a happy situation. |
| X ₆ . The relationship between this supplier and us is satisfying. |
| Trust |
| X ₇ . This supplier is fair in its negotiations with us. |
| X ₈ . We can rely on this supplier to keep promises made to us. |
| X ₉ . This supplier is trustworthy. |
| Commitment |
| X ₁₀ . We'd like to continue our work with this supplier. |
| X ₁₁ . We intend to do business with this supplier well into the future. |
| X ₁₂ . We are dedicated to continuing doing business with this supplier. |

ANALYSIS AND RESULTS

The data was analysed using version 21 of SPSS/AMOS software. The measurement and structural properties of the research model were tested using confirmatory factor analysis and structural equation modelling. Confirmatory factor analysis was run with a four-factor measurement model and 12 indicator variables. The results presented in table 2 show satisfactory goodness-of-fit measures for the measurement model as per Hair *et al.* (2010).

Table 2 Measurement model – goodness-of-fit measures.

| CMIN | DF | P | CMIN/DF | NFI | RFI | IFI | TLI | CFI | RMSEA |
|--------|----|-------|---------|-------|-------|-------|-------|-------|-------|
| 86.001 | 48 | 0.001 | 1.792 | 0.963 | 0.949 | 0.983 | 0.977 | 0.983 | 0.056 |

Construct reliability and validity

Table 3 presents results of validity and reliability tests. The results show that the variance extracted from each construct exceeds 50%. The actual range was from 55.3% to 86%, which indicates that the constructs met the condition for convergent validity as per Hair *et al.* (2010). The composite trait reliability levels of all constructs are above 0.7. According to Hair *et al.* (2010) composite trait reliability coefficients of 0.7 and above indicate high levels of reliability. The actual range in this study is from 0.84 to 0.95, which indicates very high levels of construct reliability. Furthermore, the variance extracted was compared to the squared inter-construct correlations in order to assess the constructs in the model for discriminant validity (Hair *et al.*, 2010). The results in table 3 show that the variance extracted was larger

| | | | | | | | | | | | | | |
|---|--------|----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1 | 86.001 | 48 | 0.001 | 1.792 | 0.963 | 0.949 | 0.983 | 0.977 | 0.983 | 0.056 | 0.727 | 0.701 | 0.715 |
| 2 | 86.517 | 49 | 0.001 | 1.766 | 0.963 | 0.950 | 0.984 | 0.978 | 0.984 | 0.055 | 0.742 | 0.715 | 0.730 |
| 3 | 86.593 | 50 | 0.001 | 1.732 | 0.963 | 0.951 | 0.984 | 0.979 | 0.984 | 0.054 | 0.758 | 0.730 | 0.745 |

Hypothesis tests

Table 5 presents results of hypothesis tests done on the three structural models. Model 1 results provide support for four of the hypothesized six structural paths. Specifically the results show that the relationships between economic satisfaction and non-economic satisfaction as well as between economic satisfaction and commitment were not significant ($p > .005$). The structural path associated with the highest influence was found to be the one between trust and commitment ($\beta = .837$). From the regression weights, it is also evident that trust is a stronger precursor of non-economic satisfaction ($\beta = 0.627$) than commitment ($\beta = .295$).

Further tests were done on the relationship between economic and non-economic satisfaction. The results showed that the hypothesized relationship between the two constructs was significant in the absence of trust and commitment. When trust was included in the analysis, the relationship between economic satisfaction and non-economic satisfaction became insignificant. Furthermore the relationship between economic satisfaction and commitment became not significant after incorporating trust as a mediator between economic satisfaction and non-economic satisfaction. Consequently, we conclude that trust is a mediator between economic and non-economic satisfaction in the studied South African business relationships.

Results in table 5 show that tests of structural model 2 provide support for four of the tested five hypotheses. Specifically the results show no significant relationship between economic satisfaction and commitment. Results of the testing of structural model 3 show support for all four hypotheses considered.

Table 5 Tests of hypotheses – competing models

| Hypothesis | Exogenous construct | Endogenous construct | Correlation/significance | Regression weight | | | Significance | | | Finding |
|------------|-----------------------|---------------------------|--------------------------|-------------------|-------|-------|--------------|--------|-------|---------------|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | |
| 1 | Economic satisfaction | Non-economic satisfaction | 0.57/0.000 | 0.047 | NA | NA | 0.462* | NA | NA | Not supported |
| 2 | Economic satisfaction | Commitment | 0.55/0.000 | 0.031 | 0.019 | NA | 0.652* | 0.779* | NA | Not supported |
| 3 | Economic satisfaction | Trust | 0.62/0.000 | 0.625 | 0.635 | 0.638 | 0.000 | 0.000 | 0.000 | Supported |
| 4 | Trust | Commitment | 0.86/0.000 | 0.837 | 0.846 | 0.860 | 0.000 | 0.000 | 0.000 | Supported |
| 5 | Trust | Non-economic satisfaction | 0.86/0.000 | 0.582 | 0.627 | 0.633 | 0.000 | 0.000 | 0.000 | Supported |
| 6 | Commitment | Non-economic satisfaction | 0.82/0.000 | 0.295 | 0.281 | 0.275 | 0.006 | 0.010 | 0.011 | Supported |

* Hypothesis NOT supported NA – Not applicable

DISCUSSION AND IMPLICATIONS

The South African business environment is characterized by growing levels of competition. One way in which firms can enhance their chances of success is by harnessing measures that help in maximizing value creation. Establishing and maintaining good business relations with channel members, particularly their suppliers, can help firms work towards this end (Miguel *et al.*, 2014). The primary purpose of this study was to test a nomological framework with a set of hypothesized relationships that can serve as a guide to the development and maintenance of good buyer–supplier relations in business-to-business markets.

The construct of satisfaction is widely used in relationship marketing literature to assess strength and quality of business relations. Closely related to it are the constructs of trust and commitment. The three constructs are known to be the key constructs of relationship quality (Sarmiento *et al.*, 2014). This study examined the relationship between the constructs using a sample of South African large companies. In looking at satisfaction, the study separated economic satisfaction from non-economic satisfaction so as to allow for the testing of the nomological relationship between the two types of satisfaction and trust as well as commitment.

The findings in the study show that the level of economic satisfaction with suppliers plays an important role in reinforcing trust, which in turn influences commitment. Trust and commitment were each found to have a direct positive influence on non-economic satisfaction. The positive relationship found between economic satisfaction and trust are consistent with arguments by Chen *et al.* (2011), as well as Altinay *et al.* (2014). The positive relationships found between trust, commitment and non-economic satisfaction on the other hand in line with findings reported by Del Bosque Rodríguez *et al.* (2006). No significant

direct relationship was however found between economic and non-economic satisfaction. This is rather contrary to assertions by Cater and cater (2009) showing the positive influence that performance has on affective satisfaction. The results are however in line with findings by Ferro *et al.* (2015). Contrary to Ferro *et al.* (2015) no direct influence was found in this study between economic satisfaction and commitment. The results show that while it may be expected that a channel member who is economically satisfied will want to commit to a relationship, the expected link between the two constructs need not be taken for granted. This may be because other factors, including environmental uncertainties, can influence the extent to which economic satisfaction may influence commitment. Environmental uncertainty is about the difficulty faced when trying to make accurate predictions about the future. Uncertainties relating to a task environment can create doubts about the longevity of favorable market conditions. This propels channel members to take short-term decisions and reduce the time span of goals, which in turn has a negative influence on long-term commitment (Sahadev, 2008). In cases of high uncertainty, it can be risky for a firm to make long term commitments towards one supplier (Buvik and Grønhaug, 2000). Changes in conditions make a once good relationship not have as much value associated with it. If a buyer was to be locked up in such relationship they can end up making themselves more vulnerable to opportunistic behaviors more so if the cost of switching is high.

This study's findings have wide implications for the management of buyer-supplier relations in the South African market. The results on economic satisfaction point to the need for suppliers to focus on tangible benefits if they are to win the trust of buyers. Economic satisfaction in this case specifically relates to perceptions that a supplier is of value to a buyer as evidenced by positive contributions made towards the achievement of goals related to the market share of the buying firms, to financial performance and to economic growth in general. As pointed out by Geyskens *et al.* (1999), economic satisfaction is about ensuring that business customers derive productivity and financial rewards from their relationship with a supplier. In order for suppliers to effectively contribute to this, managers need to understand and appreciate their role as facilitators of their buyers' business success. They need to see their role as not just to ensure that supplies are delivered. Rather they need to invest time and effort in understanding their customers' business and how they as suppliers can meaningfully contribute more to their buyers' business value creation activities. Development of close working relationships between buyers and suppliers can help facilitate this. Miguel *et al.* (2014) point out that in many businesses today supply chain activities are expected and are being used to help businesses maximize value. Through close working relations, managers of supplier firms can help buyers save on costs, gain early or exclusive access to innovative products from suppliers, increase revenue opportunities and avoid stock-outs. Close business working relationships enable more of such benefits to be derived than would be possible if entities were

not in a close business relationship and were working through the traditional transactional purchasing arrangement.

The findings in the study show that trust in South Africa's buyer-supplier relationships is based on beliefs that one will be fair in business negotiations, can be relied upon to keep promises made, and is considered generally to be trustworthy. In sum it is about not taking advantage of business partners; even here the possibility for opportunism without detection presents itself (Zaheer *et al.*, 1998).

Findings in this study that point to no direct link between economic satisfaction and commitment as well as between economic satisfaction and non-economic satisfaction are worth noting. Commitment in South African buyer-supplier relationships is about intentions to continue working with a channel member, especially well into the future, as well as about one's level of dedication to continuing doing business with a partner, in this case a supplier. In general it is about a persistent desire to maintain a business relationship (Rauyruen and Miller, 2007; Morgan and Hunt, 1994). The results in this study simply show that the fact that a business relationship is associated with significant levels of financial performance and other tangible benefits does not mean that channel members will be ready to invest in a long-term relationship. This disclaimer may be justified by different factors including problems in the processes through which business partners achieve mutually accepted economic goals. Sahadev (2008) notes that it is possible to achieve high economic satisfaction while behaviors associated with the process may fall short of good practices that can help nurture commitment. They specifically highlight the importance of behaviorally based coordinating efforts such as sharing of expertise as well as good non-coercive communication between partners, noting that the absence of these can compromise the ability of managers to effectively use economic satisfaction to enhance commitment. By paying attention to the process through which expected economic outcomes are achieved, managers may also be able to impact on customers' trust in a business partner, which in turn would exert positive influence on commitment.

Managers need also to take note of the fact that the results in this study have corroborated findings in past studies, including by Ferro *et al.* (2015), that show the importance of trust and commitment. The results in this study specifically show that both constructs play an important role in generating social benefits of joy and pleasure in business buyer-supplier working relationships. More precisely, the findings show that both trust and commitment are significant precursors of non-economic satisfaction. Accordingly, the results point to the need for managers to be honest and trustworthy in their dealings with business channel members.

CONCLUSION

Using relationship marketing theory, this study examined and tested a research framework that looked at the relationship between satisfaction, trust and commitment in business relationships. Specifically the study focused on the buyer–supplier relationship in South African business channels. Satisfaction was looked at from the dual perspective of economic and non-economic satisfaction. From the findings of the study a number of main conclusions can be drawn. Firstly, from the results on assessment of the measurement model, the study provides support for believing that satisfaction in business buyer–supplier relationships is a construct consisting of two distinct dimensions of economic satisfaction and non-economic satisfaction. The economic satisfaction component is associated with tangible benefits of the economic exchange, while the non-economic satisfaction component is associated with affective social elements relating to relationships. The second conclusion drawn is that as distinct constructs, the presence of one does not mean the presence of the other. Specifically, the findings of the study show that economic satisfaction does not have a direct positive influence on non-economic satisfaction. Rather economic satisfaction influences non-economic satisfaction through its influence on trust. Positive valuations of economic benefits in buyer–supplier business relationships result in the development of trust among members. The third conclusion drawn is that economic satisfaction influences commitment through its influence on trust. In other words, the presence of economic benefits does not necessarily lead to commitment to a business relationship. In the absence of trust, economic satisfaction will not result in commitment. The last main conclusion drawn from the findings of the study is that both trust and commitment are key precursors of the non-economic dimension of satisfaction. The empirical findings indicate satisfactory goodness-of-fit measures for the structural model and provide support for four of the hypothesized relationships.

The findings in the study need to be understood with due regard for its limitations. One of the limitations related to the fact that the sample included only large companies in South Africa. This means that the findings cannot be generalized to small and medium-sized businesses or to large companies operating in other countries or cultural contexts. Another limitation is that the study examined the research framework from the perspective of the buying firm only and not the supplying firm. The limitations offer opportunities for future studies. More specifically, future research can test the framework in other countries and cultural contexts. Future research can also look at ways of examining the framework by focusing on the supplier and not the buyer (customer). Another proposal for future research is to include more constructs in the model, particularly constructs that can improve our understanding of precursors of economic satisfaction.

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