

**THE MEDIATING EFFECTS OF BUYER-SUPPLIER
RELATIONSHIP ON RELATIONSHIP OF TRUST AND
COMMITMENT, AND ORGANIZATION PERFORMANCE
OF AGRICULTURE BASED SMEs IN KELANTAN**

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UNIVERSITI UTARA MALAYSIA
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By

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**Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
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in Partial Fulfillment of the Requirement for the Master of Science
(Management)**

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ABSTRACT

Previous studies had justified that buyer-supplier relationship has a positive relationship with organization performance of SMEs. Plus, the positive relationship between trust and buyer-supplier relationship of SMEs also has been indicated in a past studies. However, not many researches were done to study the commitment effect on buyer-supplier relationship, and the mediating effect of buyer-supplier relationship with trust, commitment, and organization performance of SMEs. In addition, there are few researches done in primary agriculture based SMEs that are focusing on micro enterprise is and this situation needs to be changed since this sector has contributed 7.3% to the Malaysia Gross Domestic Product (GDP). This study fills up the gap by identifying the relationship of trust, commitment, buyer-supplier relationship and organization performance of primary agriculture based SME's concentrating on micro enterprise. Plus, this study has presented the hypothesis regarding this relationship. This study concentrates on SMEs' primary agriculture of micro enterprise type located in Kelantan, whereby Kelantan is the third ranking state with the most number SMEs' involvement in Malaysia with a total about 37, 823 SMEs. The questionnaires were distributed to 120 respondents and 100 questionnaires were returned back. However, two questionnaires had to be rejected because there were not fully completed. So, the total number of samples in this study is 98. A list of the respondents was retrieved from Jabatan Pertanian Negeri Kelantan, complete with an email address and contact number. The finding shows that there is a positive relationship between trust and commitment on buyer-supplier relationship, and there is a positive relationship between buyer-supplier relationship and organization performance of primary agriculture based SMEs in micro enterprise type. However, buyer-supplier relationship is a partial mediator of the relationship between trust and commitment to organization performance. The recommendation of the organization and future research were also discussed.

Keywords: Buyer-supplier relationship, trust, commitment, organization performance, small-medium sized enterprise (SME)

ABSTRAK

Kajian lepas membuktikan hubungan pembeli-pembekal mempunyai hubungan positif terhadap prestasi organisasi Perusahaan Kecil Sederhana (PKS). Tambahan pula, hubungan positif antara kepercayaan dan hubungan pembeli-pembekal PKS juga telah ditunjukkan melalui kajian lepas. Di samping itu, penyelidikan yang melibatkan pertanian utama PKS yang memberi tumpuan terhadap perusahaan mikro masih kurang dan situasi ini perlu diubah kerana sektor ini memberi sumbangan sebanyak 7.3% kepada Keluaran Dalam Negara Kasar (KDNK) Malaysia. Kajian ini memenuhi jurang dengan mengenal pasti hubungan kepercayaan, komitmen, hubungan pembeli-pembekal, dan prestasi organisasi pertanian utama PKS yang menumpukan kepada perusahaan mikro. Tambahan pula, kajian ini juga membentangkan hipotesis berkenaan dengan hubungan tersebut. Kajian ini juga menumpukan kepada perusahaan mikro pertanian utama PKS di Kelantan, di mana Kelantan berada di tempat ketiga pada kedudukan PKS di Malaysia yang mempunyai jumlah kira-kira 37, 823 PKS. Soal selidik telah diedarkan kepada 120 responden dan 100 soal selidik telah dikembalikan. Walau bagaimanapun, dua soal selidik ditolak kerana tidak lengkap. Oleh yang demikian, jumlah sampel dalam kajian ini ialah 98. Senarai responden diperoleh daripada Jabatan Pertanian Negeri Kelantan, lengkap dengan alamat dan nombor telefon. Kajian mendapati bahawa terdapat hubungan yang positif antara kepercayaan dan komitmen dengan hubungan pembeli-pembekal, dan terdapat hubungan yang positif antara kepercayaan dan komitmen dengan hubungan pembeli-pembekal, dan juga hubungan antara hubungan pembeli-pembekal dengan prestasi organisasi pertanian utama PKS dalam perusahaan mikro. Walau bagaimanapun, hubungan pembeli-pembekal adalah pengantara separa antara kepercayaan dan komitmen terhadap prestasi organisasi. Cadangan kepada organisasi dan kajian akan datang juga telah dibincangkan.

Kata kunci: Hubungan pembeli-pembekal, kepercayaan, komitmen, prestasi organisasi, perusahaan kecil dan sederhana (PKS).

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LIST OF ABBREVIATIONS

BSR	Buyer-supplier relationship
CBAs	Cost Benefit Analysis
COMM	Communication
DV	Dependent Variable
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IV	Independent Variable
KDNK	Keluaran Dalam Negara Kasar
KM ²	Kilometer square
KMV	Key Mediating Variable
MRS	Manufacturing Related Services
NPAT	Net Profit After Text
OP	Organization Performance
PKS	Perusahaan Kecil dan Sederhana
ROA	Return of Asset
SME/SMEs	Small medium-sized enterprise
SPSS	Statistical Package for the Social Science

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter will describe the general information of buyer-supplier relationship of the small medium-sized enterprise (SMEs) in Malaysia and small medium-sized enterprise (SMEs) in Kelantan. This chapter also expresses the problem statement, objective, and scope of this study.

1.1 Background of the study

Nowadays, it is important for the organizations to distinguish which individuals and which relationships are the essential in order to ensure the success of their business activities. In a dynamic business environment, the organization can be a buyer, supplier, customer or end user (Benton, 2010). Most of the organizations are only focusing on one party which is the buyer and doing a lot of strategies to capture the buyers' interest in the product or service offered. As stated by Benton (2010), many firms are only concerned with the relationship between themselves and their customer rather than the relationship between themselves and their suppliers. Neglecting the relationship with the supplier is a factor why the organizations are faced with failures. Thus, in today's business environment, competitive advantage can only be achieved if organizations understand and also pay attention to the buyer-supplier relationships. Neglecting these relationships

can make it more difficult to handle and control the running of the organization in the future. For example, an organization could be facing delivery problem, unsustainable quality of products, increased priced, and many problems. These buyer-supplier relationship will not only strengthens all aspects of development, but will also enhance the image and productivity of the organization (Mishra, 2011).

1.1.1 SMEs in Malaysia: An overview

Besides large businesses, SMEs are also one of the industrial sectors that need to consider the impact the relationship between buyer and supplier. According to National SME Development Council (2013), in Malaysia, SMEs have contributed 6% growth in the nation's economy in the year 2012. By the year 2013, for the real Gross Domestic Product (GDP), SMEs have continued to contribute to a 5%-6% growth in the nation's economy. The rising of contribution percentage in Malaysia's economy proved that SMEs are beneficial to Malaysia's economy and support Malaysia's overall development.

From the National SME Development Council (2013), the definition of SMEs in Malaysia was changed in January 2014 whereby a new definition will be used. The redefinition of SMEs is an approach for Malaysia in order to ensure that the definition will fit with SME Masterplan. Hence, the specific or new definition of SMEs in Malaysia has defined as Table 1.1.

Table 1.1
A New Malaysia SMEs definition based on size

Category	Micro	Small	Medium
Manufacturing	Annual sales turnover is less than RM 300,000, or number of employees is less than 5	Annual sales turnover is from RM 300,000 to less than RM 15 million, or number of employees from 5 to less than 75	Annual sales turnover is from RM 15 million to not exceed than RM 20 million, or number of employees from 75 to not exceed than 200
Services and other sectors	Annual sales turnover is less than RM 300,000, or number of employees is less than 5	Annual sales turnover is from RM 300,000 to less than RM 3 million, or number of employees from 5 to less than 30	Annual sales turnover is from RM 3 million to not exceed than RM 20 million, or number of employees from 30 to not exceed than 75

Source: National SME Development Council, 2013

Therefore, the statistic shows that the total number of SMEs in Malaysia is 645,136 in all 13 states as well as 3 federal territories in Malaysia. 90% of the 645, 136 is from the service sector, 5.9% of the 645, 136 is in manufacturing sector, 3.0% is in the construction sector, 1.0% represents the primary agriculture sector, and other 0.1% represents the mining and quarrying (Department of Statistics Malaysia, 2014.). From the definition stated and the statistic given, the researcher can conclude that SMEs is playing an important role that is supportive to Malaysia in terms of economic growth, Malaysia's development, and decreasing the unemployment rate.

Therefore, to sustain the SMEs in Malaysia, buyer-supplier relationship is one of the vital elements that will assist in improving the quality and productivity in SMEs in

Malaysia. In addition, SMEs can also reduce the cost of business by creating a good relationship between them as buyer and the supplier. According to Mishra (2011), the buyer-supplier relationship is of utmost importance in today's business environment since it will improve the competitiveness of the SMEs.

1.1.2 SMEs in Kelantan: An overview

This study attempts to investigate the SMEs in Kelantan. Kelantan is a state in Peninsular Malaysia and it is located in the northeast part of the peninsular. It is the nearest state situated to the south of Thailand, the west of Terengganu, the north of Pahang, and the east of Perak (Department of Statistics Malaysia, 2014.). It has an area of 15, 105 km² (Department of Statistics Malaysia, 2014.), and a population of about 1.6 million (Travel Portal to Exotic Malaysia, 2012). The majority of the population in Kelantan are involved in agriculture activities mainly revolving around the production of rice, tobacco, and rubber (Yusoff, 2011).

According to Department of Statistics of Malaysia (2014), Kelantan is the top three states with SMEs involvement in Malaysia with a total of about 37,823 SMEs or 5.9 % from the total number of SMEs. From the statistic, compared to other 13 states in Malaysia, SME is one of the main sectors that contributed to the economy in Kelantan. However, according to the 2010 Gross Domestic Product (GDP) figure, Kelantan has the second lowest GDP growth after Sabah with only 4.1% growth and Kelantan also was ranked as the poorest state in Malaysia (Yusoff, 2011).

1.2 Problem statement

National SME Development Council (2013) highlighted that the Competition Act 2010 was announced in June 2010 and was implemented since 1st January 2012. The main purpose of the establishment of this Act is to protect and control the relationship among all parties, emphasising on eradicating anti-competitive practices (unhealthy competition) among all players in the SME's competitive environment. Some activities are prohibited under the Act to ensure the activities of SMEs are under control, and these include price fixing, sharing of market, and bid rigging. According to the Act, besides competitors, the relationship between buyer and supplier in SME also has been monitored by the Competition Act 2010.

However, although this Act has been implemented in SMEs, SMEs in Malaysia still face a few challenges in terms of access to finance, access to human capital, access to technology, and access to market (SME Magazine, 2011). One of the main challenges that have been highlighted in this study is access to market whereby the increase in the competition among SMEs causes many companies to increase the price to secure lost businesses and to get back on track. Yet, the rising cost of goods did not help to improve the relationship among competitors or supplier, but the company will be facing worst circumstances. According to SME Magazine (2011), the challenge in 2011 and 2012 for SMEs is to build the confidence of buyer, supplier and regaining their purchasing powers. Therefore, the element of trust and commitment in the buyer-supplier relationship in SMEs need to be explored and analysed to help the improvement in SMEs performance. As stated by Lancastre and Lages (2006), trust and commitment are

keys for the successful relationship because these factors will encourage buyer or supplier in terms of protecting the investment relationship, provide long-term benefit by staying with existing parties, and avoid unnecessary risk because the level of confidence and trustworthiness is high. These two elements can be existent through healthy negotiation, sharing information such as pricing and product availability, and making decisions together by both parties.

In addition, as stated by Hashim (2005), in operation and production management process, the SMEs are faced with several problems. However, this study is going to highlight only two problems that are happening in the operation and production process, whereby 8.1% is representing unreliable of suppliers or parts, and 2.7% comes from the difficulties to get raw materials or parts from the local sources. As highlighted from the previous issue, lack of information, bad negotiation, and disagreement in decision making are the main factors for SME facing the problem of getting raw materials or parts, and the failure in gaining successful relationship between buyer and supplier. The two highlighted problems are significantly the result of a conflict between buyer and supplier in terms of lack of trust and commitment. From the justification by Stuart, Verville, and Taskin (2012), the relationship between trust and buyer supplier relationship has a positive impact on firm performance. In addition, according to Ruyter, Moorman, and Lemmink (2001), the effective relationship is the outcome of effective commitment between buyer and supplier. For that reason, the element of trust and commitment between buyer and supplier of SME is going to be explored in this study.

Nevertheless, there are numerous studies that examined the buyer-supplier relationships on SMEs. However, most of the empirical studies are focusing only on one component in a buyer - supplier relationship, which is trust. Therefore, the research of buyer-supplier relationship in SMEs should be extended by taking two components which are trust and commitment (Mishra, 2011) to allow for better understanding on the more significant relationships of various components affecting on SMEs performance (Isa, 2009).

Apart from that, in Malaysia, the numbers of researches that are related to the SMEs are on the increase and have been supported by the Malaysian government in order to develop and increase the level of SMEs in Malaysia. According to the article published by Singh (2013), the Prime Minister of Malaysia, Dato' Seri Najib Tun Razak and other members of the cabinet have agreed on doing Cost Benefit Analysis (CBAs) which focuses on the interests of SME and Bumiputra business community with comprehensive analysis on national interest. CBAs is a technique to determine or to provide the best approach and practises to achieve the benefits comprising labour, time, and cost saving (Drèze & Stern, 1987). Therefore, the study on SMEs that focusing on specific state in Malaysia, Kelantan, helps contribute to the government in terms of identifying the problems faced in SMEs and the results from this study will helps the government to come up with appropriate intensive programmes for the SMEs in specific area.

1.3 Research objectives

This study is focusing on the relationship between buyer and supplier of SMEs in Kelantan. Specifically, the objectives of this study are as follows:

- I. To study the effect of trust on buyer-supplier relationship.
- II. To study the effect of commitment on buyer-supplier relationship.
- III. To study the effect of buyer-supplier relationships on organization performance of SMEs.
- IV. To determine the mediating effect of buyer-supplier relationship on the relationship between trust and organization performance of SMEs
- V. To determine the mediating effect of buyer-supplier relationship on the relationship between commitment and organization performance of SMEs

1.4 Research Questions

From the discussion, this study is going to answer the following questions:

- I. Does trust effects on buyer-supplier relationship?
- II. Does commitment effects on buyer-supplier relationship?
- III. Does buyer-supplier relationship effects on organization performance of SMEs?
- IV. Does buyer-supplier relationship mediate the relationship between trust and organization performance of SMEs?
- V. Does buyer-supplier relationship mediate the relationship between commitment and organization performance of SMEs?

1.5 Significance of the Study

This study attempts to identify the buyer-supplier relationship as a mediating variable linking trust and commitment element on organization performance of SMEs. The finding of this study is expected to contribute to provide information and knowledge about trust and commitment value which specifically helps to strengthen the relationship between buyer and supplier on SMEs in Kelantan.

Besides that, the finding in this study also would help the national government to provide intensive programmes to buyer and supplier in micro-enterprise of agriculture based SMEs to improve the relationship among both parties and organization performance. The findings will reveal which element is important in contributing to the relationship between buyer and supplier that affects on organizational performance. Based on the findings, national government can identify the appropriate programmes suitable for the entrepreneur of micro-enterprise in agriculture based SMEs in Kelantan.

Furthermore, in terms of the demographic result, this study will assist the national government to determine which type of product in micro enterprise of primary agriculture based SMEs has the potential to penetrate the international market. In addition, the results from this study will also contribute to the literature regarding buyer-supplier relationship and organization performance involving the SMEs.

1.6 Scope and Limitation of the Study

In Malaysia, SMEs has been divided into five sectors which are services, manufacturing, agriculture, construction, mining and quarrying (National SME Development Council, 2013). From five sectors, the scope of this study consists of primary agriculture whereby it is only focusing on micro enterprise of SMEs in Kelantan. According to National SME Development Council (2013), primary agriculture has contributed 7.3% overall GDP in Malaysia, whereby this sector is the third in a ranking of overall GDP. One of the reasons of choosing primary agriculture as scope for this study is because, according to Ministry of Finance Malaysia (2011), the supply chain in primary agriculture is need to be improved to minimise from production losses as well as improve to the supply process. This study expects to contribute to improve the relationship between buyer-and supplier of primary agriculture in Malaysia's SMEs. Primary agriculture is divided into three categories which are micro enterprise, small enterprise, and medium enterprise. From Media Conference Report on SMEs (2011), micro enterprise contribute 77.0% total of establishment which is the highest percentage of establishment from other sizes in SMEs. According to the report from Jabatan Pertanian Negeri Kelantan as an updated in 2014, the total of micro enterprise in primary agriculture in Kelantan is 131 which has an annual sales turnover of between RM 50,000 and RM 300,000. Jabatan Pertanian Negeri Kelantan is representing Malaysia's government to provide fund and intensive program for entrepreneur who are involved in primary agriculture. Due to time constrain and distance to collect data, this study is concentrating only on one specific sub-sector in primary agriculture of SMEs in Kelantan, which is the micro enterprise.

1.7 Organization of the Thesis

In generally, this study is consists of five chapters which are introduction in CHAPTER 1, literature review in CHAPTER 2, methodology in CHAPTER 3, results and discussion in CHAPTER 4, and conclusion and recommendation in CHAPTER 5.

In CHAPTER1, this study is going to discuss the background of the study relating to buyer-supplier relationship in general and focusing on SME. Besides that, an overview of SMEs in Malaysia and Kelantan also has been mentioned in the background section of the study. Besides the background of the study, the problem statement also has been highlighted which discussed on two issues related to buyer-supplier relationship, trust, and commitment and future research that has been suggested by previous study related to trust and commitment in buyer-supplier relationship. Other than that, lack of study in primary agriculture on micro enterprise also has been discussed in the problem statement. Other than that, the objectives of the study, research questions, and scope and limitation of the study also has been reviewed in CHAPTER 1.

CHAPTER 2 presents the literature review that is related to this study consisting of definitions and previous study on trust, commitment, buyer-supplier relationship, types of buyer-supplier relationship, importance of buyer-supplier relationship to the organization, primary agriculture SMEs in Malaysia and organization performance. Plus, the theoretical framework of the previous study also has been discussed in this chapter.

CHAPTER 3 presents the method used to collect data. The theoretical framework of this study also has been built in this chapter. The hypothesis of this study, research design, measurement of variable/instrumentation, data collection, sampling, data collection procedures, and techniques of data analysis has been discussed in this chapter.

CHAPTER 4 presents the result and discussion based on data collection. In this chapter data analysis has been highlighted and discussion of the result has been reviewed. CHAPTER 5 presents the conclusion and provides some recommendation to improve the study for future research. The organization of the thesis has been summarised as Figure 1.1.

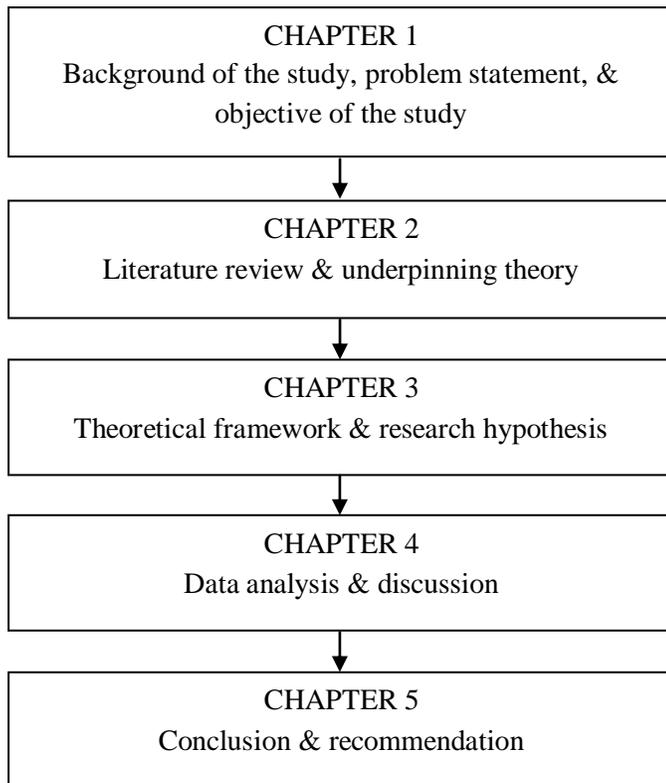


Figure 1.1
Organization of the thesis

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

There is much fact and verification in the literature review that ‘trust’ is the main factor to make sure the success in the buyer-supplier relationship that will be affected by the organization performance. In this chapter, the researcher is going to review on another factor which is ‘commitment’ that plays as a main role in the successful relationship between supplier and buyer. Besides the factors, the researcher is going to describe the details of buyer-supplier relationship in SME.

This chapter is going to discuss about the specific definition based on previous study related to the definition of buyer-supplier relationship, organization performance, trust, commitment, and primary agriculture of SMEs in Malaysia. Besides that, this chapter also includes a review of literature on how important of buyer-supplier relationship to the organization performance. Other than that, model, theory that has been used in the previous study, and underpinning theory also has been discussed in this chapter.

2.1 Trust

In this study, trust is the independent variable. Cooper, Dirks, and Kim (2009) defined trust as “a complex and multifaceted construct”. Otherwise, according to Smeltzer

(1997), trust is defined as “an important variable in the development and maintenance of relationships”. In addition, according to Burt, Petcavage, and Pinkerton (2010), trust also is defined as “being confident that the other party will do what it says it will do”. Other related definition is that trust also has been identified by Golin (2004) as the most important aspect in social contact and trust also is comprised of a process and the outcome which “it is at the heart of dealing with the relationship”. In another dimension, trust can be described as the level of efficiency and willingness to take action and being fair (Joseph & Winston, 2004), therefore the satisfaction was achieved by creating trust as a superior strategy (Ranaweera & Prabhu, 2003). Mishra (2011) stated that trust and long-term vision are important for the success of a multiform relationship, including buyer-supplier relationship, and trust also offers the SME an alternative for managing inter-firm relationships, especially in their relationships with suppliers. The factor of trust is able to influence the partnership between supplier and buyer to create a better performance of the organization.

Singh and Sirdeshmukh (2000) described trust as relates to (positive) expectations about the intentions and/or behaviour of the exchange partner whereby it focuses on one’s beliefs that the exchange partner would act in a manner that is responsible, evidences integrity, and is not potentially injurious. In this context, it is relates on the positive expectation and behaviour of supplier and buyer towards organization performance. Plus, trust also is defined as the ability and the willingness to face up to risk or challenges, and weakness in term of difficulties and fragile (Walker, Kutsyuruba, & Noonan, 2011). Besides that, trust also has been illustrated as a complex concept in a writing which plays a key role in a supply chain relationship (Sahay, 2003).

A key of the relationship in supply chain is the reasons for the researcher to explore the factor of trust in a buyer-supplier relationship and how trust can affect the organization performance. Trust also being an important role in the model. Without trust, the effect to the buyer-supplier relationship as an antecedent could not be described in a correct way (Morgan & Hunt, 1994; Wagner, Coley, & Lindemann, 2011).

Otherwise, trust violation can be defined as a concern on incidents that lower these trusting beliefs in and trusting intentions toward a trustee, for example due to ‘trustors’ original assumptions about their trustees’ guilt, degree of responsibility, future behaviour, and type of transgression. The word trustor is referring to the individual whose trust has been violated. In this context, supplier or buyer has a potential to be a trustor and a trustee in their business relationship. Besides that, the concept of trust implies the participation of at least two parties, a trustor and a trustee. Trustor is the party who places him or herself in a weak situation under uncertainty. However, trustee is the party on whom the trust is placed, who has the opportunity to take advantage of the weaknesses of the trustor (Laequddin, Sahay, Sahay, & Waheed., 2010).

2.2 Commitment

Commitment also is one of the factors that give impact on buyer-supplier relationship which is an independent variable in this study. Parker (2010) has stated as commitment is an important component of the buyer-supplier relationship. According to Jausi (2001), “commitment is an attitude which is unique from other attitude studies in organizational research”. Besides that, Benton, (2007) has stated that commitment is “the feeling of

being emotionally impelled”. Besides that, according to Prahinski, Benton, and Fan (2012), commitment in buyer-supplier relationship can be defined by three dimensions. Table 2.1 shows the dimensions that clarify the definition of commitment in buyer-supplier relationship context.

Table 2.1
The dimension of commitment definition in buyer-supplier relationship context

Item	Dimension
First dimension	The degree to which suppliers feel loyalty
Second dimension	Expected longevity for both parties which are buyer and supplier in relationship
Third dimension	Considers the relationship as a long-term relationship

Source: Prahinski et al., 2012

Brooks (2003) has clarified that “attitudinal commitment focuses on the process by which people come to think about their relationship with the organization”. This clarification is relates on the relationship between supplier and buyer. Other than that, Mugarura (2008) described as a commitment is functioned to create positive and strong effects on customer intentions to continue the relationship. The level of efficiency, productivity, and effectiveness will be increased when the commitment is presented. In this phase, buyer’s commitment may influences positively supplier’s commitment, therefore continuance of the relationship can be maintain.

Meyer and Allen (1991); Mastar (2012) has illustrated three types of commitment whereby affective commitment is an emotional attachment to the organization, continuance commitment is in between staying or leaving the organization based on rational analysis of the costs, and normative commitment is more on a sense of

moral responsibility to stay with the organization. The explanation of three types of commitment above is more on organizational commitment, however, these characteristics can be expressed and fit with supplier and buyer commitment. Other than that, Lovblad and Hyder (2010) have explained that the affective relationship commitment of an individual is based on how an individual has maintained his/her relationship with the supplier due to emotional rewards gain from the relationship. Based on this description, it proves that the level of commitment between supplier and buyer are maintained based on the emotional rewards gain from the relationship, or it can illustrate as win-win situation for both parties.

2.3 Trust and commitment

The higher levels of trust and commitment are related to higher levels of customer retention, and organizational profitability (Wong & Sohal 2002). Based on this description, the researcher has convinced that the role of trust and commitment are important to sustain the relationship between supplier and buyer in order to achieve successful organization performance. Rutherford (2007) simplify as the potential for a long term relationship will arise as opposed to a short term transaction, when the levels of trust and commitment is increasing in an exchange. Besides that, trust and commitment among buyer and supplier will have a higher tendency to be established in long term duration, the risk will be reduced, and the uncertainty of opportunistic behaviour occurring from the other party will be diminished (Chouan, 2013). As stated by Zineldin and Jonsson (2000), trust and commitment are developed because of many reasons, not just because a supplier has good products at a reasonable price, but it is

probably because of collaborative relationship provides secure delivery, low failure rates, advice about product use, and etc. In addition, in a business environment, long-term relationship in cooperation will be effective if this relationship has a trust and commitment characteristic (Izquierdo & Cillán, 2004).

Besides that, according to Morgan and Hunt (1994), both elements of trust and commitment are conducive in producing out comes in terms of promoting efficiency, productivity, and effectiveness. Hence the Key Mediating Variable (KMV) model has been introduced to verify both elements of trust and commitment effect to five important outcomes in the relational exchange in relationship marketing and as mediating to five antecedents in relational exchange. Figure 2.1 below shows the KMV model of relationship marketing.

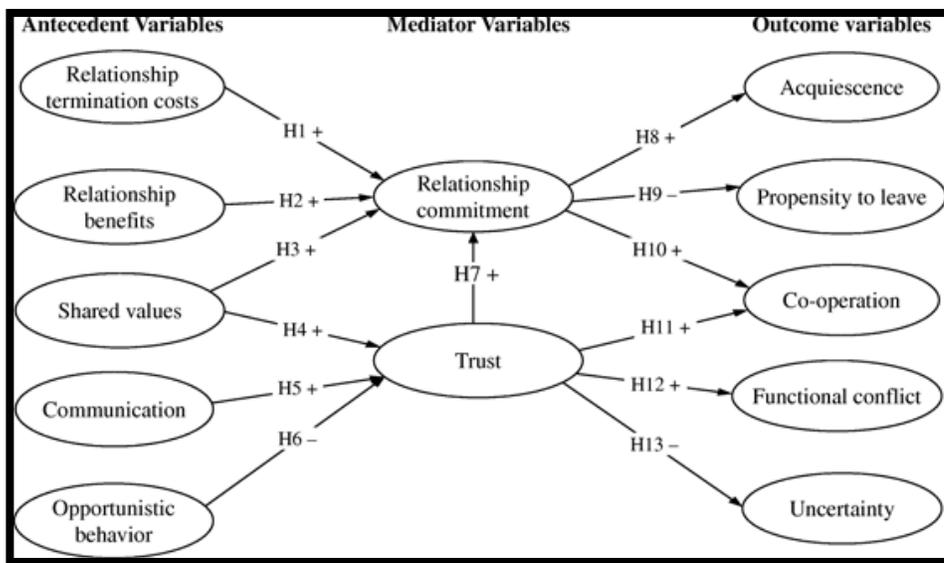


Figure 2.1
The KMV Model of Relationship Marketing
 Source: Morgan and Hunt, 1994.

Based on KMV model, it explained on the commitment and trust is a key to success in relational exchange in relationship marketing. Relational exchange in relationship marketing comprised four main instruments which are supplier partnership, lateral partnership, buyer partnership, and internal partnership (Morgan & Hunt, 1994). According to Izquierdo and Cillán (2004), the relational-oriented exchange functions to control and harmonization the relationship between buyer partnership, supplier partnership, lateral partnership, and internal partnership. Therefore, from the KMV model in Figure 2.1, the idea of trust and commitment has been generated as being the important elements in buyer-supplier relationship in this study. Hence, the framework of the relationship between trust and commitment with buyer-supplier relationship has been built up as Figure 2.2.

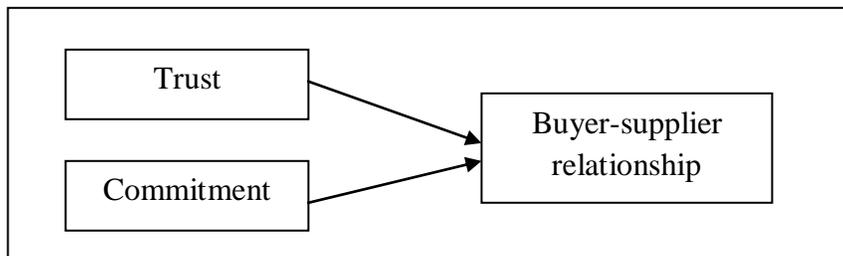


Figure 2.2

A theoretical framework of trust and commitment, and buyer-supplier relationship

Based on framework in Figure 2.2, this research is going to study the effect of trust and commitment elements on buyer-supplier relationship of SMEs in Kelantan that focusing only on micro-enterprise in primary agriculture. The results of this research will analyses which elements, whether trust or commitment is more effect to the buyer-supplier relationship.

2.4 Buyer-supplier relationship

In this study, the buyer-supplier relationship is functioning as a mediating variable between trust and commitment factor, and the relationship with organizations performance. From previous studies, buyer–supplier relationship functions as a mediating variable between “unethical activities on trust within a partnership and psychological contract violations” (Hill, Eckerd, Wilson, & Greer, 2009). According to Baxter (2012), buyer-seller relationship is mediates the relationship between a seller and attractive buyer in B2B, and seller’s commitment in investing resources. Besides that, the buyer-supplier relationship also can be impacted to the Key Performance Indicator of the individual performance. According to Gebert (2012), buyer-supplier relationship is a mediating variable between performance control, and management control system. Kannan and Tan (2006) stated that a successful buyer-supplier relationship functions as a mediate between buyer-supplier engagement, supplier selection, and the relationship with firm performance.

During 1970’s and 1980’s, there is some adversarial between buyer and supplier that has been widespread in Western economies, whereby these relationships were short-term and the main concern was the price (Morrissey & Pittaway, 2006). Adams et al. (2012) agreed that in some organizations, buyer-supplier relationships are predominantly short-term, nevertheless, in other organizations, buyer-supplier relationships primarily involving long-term cooperative relationship, which established business transactions with social engagements, thus encouraging repeat transactions. According to Adams et

al. (2012), “long-term” relationship seems to be one year and above, and “short-term” relationship is being less than one year.

The relationship between buyer and supplier is depending on how the organizations utilised them in order to assure both parties will gain benefits from the relationships establishment (Nawi, 2003). The progressive buyers are looking for suppliers that can give benefit to them, whereby buyers should know the potential suppliers in terms of distribution cost, production cost, and wages (Baily, Farmer, Jessop, & Jones, 2005). Based on that point of view, buyer and supplier can achieve win-win situation if the relationship between them has been well controlled by the organizations. As stated by Thomas (2005), the close relationship between buyer and supplier were proved based on involvement of strong relationship and a good cooperation between firms. In addition, Thomas (2005) has also highlighted on negative impact working towards supplier in terms of the perceived cost and the quality of product from suppliers, if buying firms earn high adaptation cost on the supplier.

2.4.1 Types of buyer-supplier relationship

According to Burt, Petcavage, and Pinkerton (2010), the buyer-supplier relationships consist of three types which are transactional relationship, collaborative relationship, and alliance relationship. However the types of buyer-supplier relationships have been explained specifically by dividing into four types that consist of transactional relationships, collaborative and alliance relationships, collaborative relationships, and supply alliances. Otherwise, Blevins (2012) has stated on the buyer-supplier

relationships are only comprised three of the types which are transactional, collaborative, and alliance.

2.4.1.1 Transactional relationships

As said by Burt et al. (2010), in transactional relationships, price is the main focus. These relationships also can be categorised as a series of an independent deal because cost, data, information, and forecast are not shared between two parties. According to Blevins (2012), the transaction between buyer and supplier in this relationship could be occurred only at one time. Despite of that, the level of trust is very low in this relationship. Due to the relationship, supplier tends to get more benefit than the buyer because the buyer has to take what they are received and pay for the product even the product is not achieving their requirement in terms of quality and specification.

2.4.1.2 Collaborative and alliance relationships

The second type of buyer-supplier relationship, according to Burt et al. (2010) is collaborative and alliance relationships. The main focus of this relationship is achieving a lower total cost, and improves the supply chain performance. Regarding to (Beamon, 1999), supply chain performances are included cost, activity time, customer responsiveness, and flexibility.

2.4.1.3 Collaborative relationships

Another type of buyer-supplier relationships is collaborative relationships. Based on Belvins (2012), a collaborative relationship is giving benefits to both parties. The level of trust between buyer and supplier are high. The main focus of this relationship is increase saving, and future innovation. In this relationship, a buyer has a power in negotiation to get the quality product and accurate specification from supplier, besides that, the supplier also has an opportunity to control the price. Because of that, both parties are willing to be responsible in this relationship. Collaborative relationship provides nine advantages for buyer and supplier in terms of “long-term contracts and relationships between both parties, reduction of risk for suppliers, reducing total cost, improvement of process, improvement of products, increased investment in R&D, increases investment in training, increased investment in equipment, and highly focused on customer needs”(Burt et al., 2010).

2.4.1.4 Alliance relationships

According to (Belvins, 2012), the alliance relationships are different with collaboration relationships. This relationship is a systematic approach between both parties in terms of excellent communication. The main focus of this relationship is helping each other when any party need help or facing on the uncertainty. The level of trust among buyer and supplier is very high. The systematic communication between both parties will gain the advantage of “faster in delivery time, lower cost, and higher quality”.

2.4.1.5 Supply alliances

According to Burt et al. (2010), trust is the main principal in this relationship. The failure to develop and manage trust creates a failure in this relationship. The main focus of supply alliance is achieving continuous improvement (KAIZEN) by reducing cost. This relationship creates an innovation by holding trust to gain the common goals.

2.4.2 Important of buyer-supplier relationship to the organizations

The failure or success relationship between buyer and supplier is giving impact to the organization performance. Many literatures have discussed on the importance of buyer-supplier relationship to the organization performance in different perspectives. On supply perspective, by developing the relationship between buyer and supplier, organizations can reduce supply spends and supply complexity (Doran, Thomas, & Caldwell 2005), that can be the problems in the organization. Besides that, the buyer-supplier relationship can avoid the organization facing on a competitive bidding process, and increase the market stability. Other than that, the organization also will gain benefits from this relationship, such as “setup time reduction, improved process oriented layout, systematic product design, and improved data capture” (Benton, 2007).

As suggested by Kannan and Tan (2006), success of buyer-supplier relationship is positively impact to the firm performance. In addition, success buyer-supplier relationship is mediates the relationship between buyer-supplier engagement and supplier selection with firm performance. Figure 2.3 illustrates the theoretical

framework of success buyer-supplier relationship as a mediator between buyer-supplier engagement and supplier selection on firm performance.

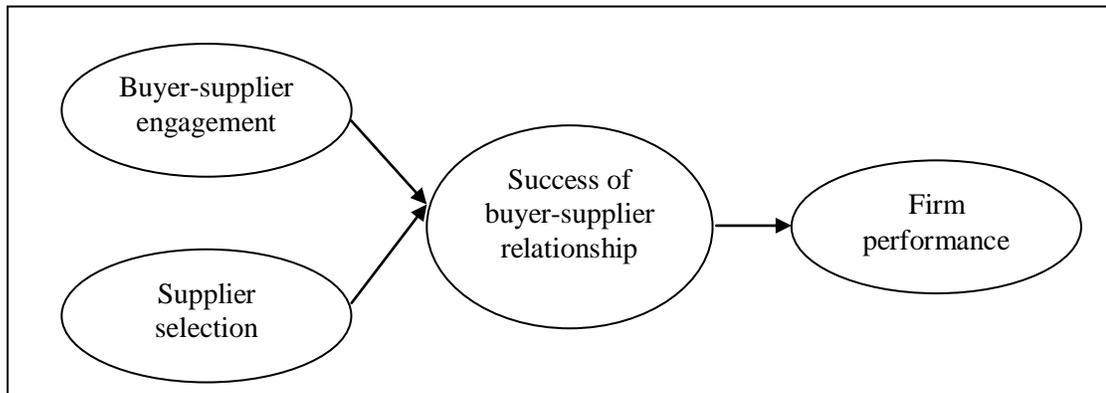


Figure 2.3

A theoretical framework of success buyer-supplier relationship as a mediator between buyer-supplier engagement and supplier selection on firm performance

Source: Kannan and Tan, 2006

The framework of this study has been built based on the theoretical framework in Figure 2.3. The framework in Figure 2.3 shows while there is a relationship between success of buyer-supplier relationship and firm performance. According to the result that had been found by Kannan and Tan (2006), success on buyer-supplier relationship impact 45% of the firm performance. Hence, based on the framework in Figure 2.3, the ideas of the relationship between buyer-supplier relationship and organization performance will be generated to illustrate the framework of this study as in Figure 2.4

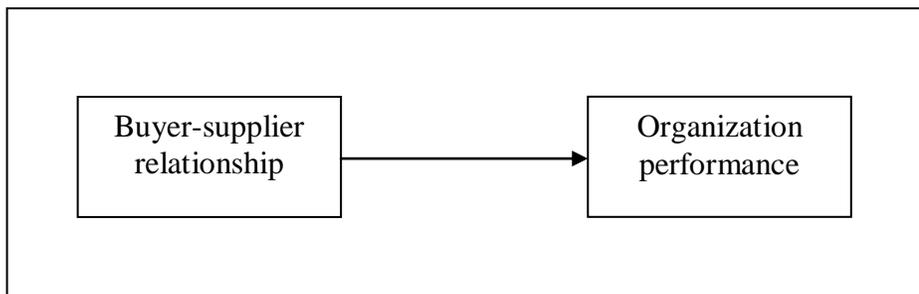


Figure 2.4

A theoretical framework of buyer-supplier relationship and organization performance

Based on theoretical framework in Figure 2.4, it shows the relationship between two variables which to find out whether buyer-supplier relationship has a relationship with the organization performance. Hence, the objective for this study is going to examine the relationship between buyer supplier relationship and organization performance of SMEs in Kelantan.

2.5 Primary agriculture SMEs in Malaysia

According to National SME Development Council (2013), an agriculture sector in SMEs is expected to improve which supported by food product such as livestock and vegetables, plus the increasing of palm oil production. According to Daite (2013), the agriculture sector has contributed quite impressive figures to the economies in Asia since last five years after the Asian Financial Crisis in 2007. Besides Malaysia, other Asian Countries such as Cambodia, Lao PDR, and Myanmar account for more than 30% contribution of agriculture sector to the nation economic, towards Asian economic. Singapore and Brunei have the smallest agriculture sector, while Vietnam, Indonesia, Singapore, Philippines, and Thailand have about 10%-20% of their economies contributed by the agriculture sector. Malaysia's agriculture sector has contributed 10.1% to GDP in Asia. Table 2.2 shows the key indicator of agriculture for ASEAN.

Table 2.2
Key Indicator of Agriculture for ASEAN

Countries	Nominal GDP as of 2012 (in billion US\$)	Real GDP growth, 2008-2012 (in % simple average)	Agriculture value added as % of GDP, 2012
Brunei	16.95	0.7	0.7
Cambodia	14.06	5.4	36.7
Indonesia	878.04	5.9	12.8
Lao PDR	9.30	8.0	30.8
Malaysia	303.53	4.2	10.1
Myanmar	51.44	4.9	48.4
Philippines	250.27	4.7	12.6
Singapore	274.70	4.4	0.0
Thailand	365.56	2.9	12.2
Vietnam	141.67	5.9	21.3

Source: Daite, 2013; World Bank, World Development Indicators, 2013

As stated by Harmonised System (1996) as an updated by Yu (2008), agriculture can be divided into three classes which are perishable good, cereals, and other products.

Table 2.3 shows the detail of the agriculture product classification.

Table 2.3
Classification of agriculture product

Perishable Goods	Cereals	Other Products
Meat	Rice	Live animals
Fisheries	Maize	Product from animal origin
Dairy produce such as birds' eggs, honey bee, and other edible product from animal	Wheat	Wheat gluten
Trees, plants, and roots	Barley	Oil seeds, oleagi fruits
Edible vegetables		Gums and resins
Edible fruits and nuts		Sugar and sugar confectionary
Coffee, Tea, Mate, and spices		Cocoa
		Beverages, spirit, and vinegar
		Tobacco

Source: Harmonised System, 1996; Yu, 2008

The primary agriculture of SMEs in Malaysia has been defined in two types which are in general definition and specific definition. For general definition, according to National SME Development Council (2013), primary agriculture of SMEs in Malaysia can be defined as “full-time employees not exceed than 75 or annual sales turnover not exceeding 20 million”. However, in specific definition, primary agriculture of SMEs in Malaysia has been divided into three classes which are micro enterprise, small enterprise, and medium enterprise. According to the report from Jabatan Pertanian Negeri Kelantan as an updated in 2014, micro enterprise in primary agriculture has been divided into six types of product which are spice and routes, sauce, juice, pastry and cake, junk food, and frozen food.

2.6 Organizations performance

Carton (1996) describes the “organization performance can be judged by many different constituencies, and resulting in many different interpretations of successful performance”. However, according to Lee, Nathan, Nathan, and Rao (2004), market-oriented goals, combining with financial goal is the main element to measure the organization performance. When market-oriented goal and financial goal are achieving the forecasting set by the company, it means that, there is well organization performance. Therefore, the organization performance in financial perspective depends on the value creation for stockholders. The value creation is the fundamental of overall performance principle to the organization. In other perspective, as indicated by (Adams et al., 2012), organizations performance can be defined based on two characteristics which are “the ability to maintain long-term profitability and market share” and “the relative competitiveness compared with other businesses”. According to Hamann, Schiemann, Bellora, and Guenther, (2013), the organizations performance consist of four dimensions, which are “profitability, liquidity, growth, and stock market performance”. The other financial measurement also has been described by Wells (2003), hence, described on profit does not always explain on the performance level of organization. Other than profits, performance can be measured based on the cash flow and rates of return. Operating ratios collection, return on equity, net profit after tax (NPAT), and other relative measurement could be the best relative measurement for organizational performance (Richard, Devinney, Yip, & Johnson, 2008). Other than that, Lee et al. (2004) pointed that organization performance could be measured based on short-term and long-term performance. For short-term performance, it can be measured

by based on level of productivity, level of inventory (the less inventory, the higher performance of organization), and the cycle time (as much as cycle time can be reduced, the level of organization performance is high). Long-term performance can be measured based on the level of market shares, and profits that obtained by all supply chain involvement.

In terms of non financial measurement, performance of the organization can be measured by looking at the quality of the product, system flexibility, and the efficiency of the process. Great performance in the supply chain is based on excellent production process in chain activity (Toni & Tonchia, 1996). Besides that, another non financial measurement for organizational performance can be a measure of the level of customer satisfaction. When the level of customer satisfaction is high, it can be considered as high level of organization performance. Basically, product value, quality of the product, customer requirement, and capturing loyal customer are the dimensions to measure the customer satisfaction (Jamal & Naser, 2002; Feciková, 2004). Indeed, the organizations that achieved a better performance in terms of financial result with longer period compared to their main competitors has been considered as high performance organizations (Waal, 2007).

2.7 Underpinning Theory

The proposed model of this study is underpinned by two theories which are the Relational View Theory and the Resource Based-View Theory. The Relational View Theory is contributing in developing a framework of trust and commitment effect on

buyer-supplier relationship. Hence, the Resource Based-View Theory is contributing in developing a framework of buyer-supplier relationship towards organization performance.

2.7.1 The Relational View Theory

This theory explains on cooperative strategy and sources of interorganizational competitive advantage (Dyer & Singh, 1998). This theory highlighted on the strategies and the potential sources in the organization which is the relationship among internal customer of the organization. According to Kerr (2012), internal customer can be defined as anyone who plays a role in producing or supporting to the company's end product or service. Figure 2.5 below shows the value chain of internal customer in buyer-supplier relationship.

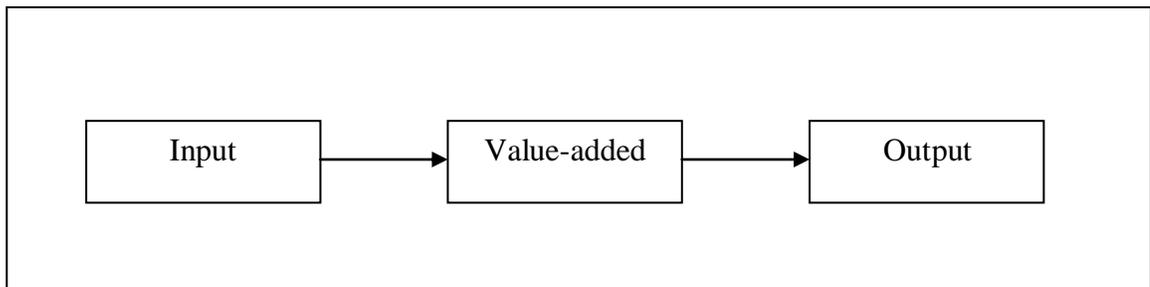


Figure 2.5
Internal Process Buyer-supplier Value Chain
Source: Kerr, 2012.

Based on Figure 2.5 above, internal customer has contributed by adding value to the organization. By adding some value from the internal customer, it will help the organization to achieve the competitive advantage compared to other firms. For

example, internal customer may contribute to non-financial perspective in term of time accuracy and eliminate waste. In addition, the consideration of this theory also is more of the firm's long-term goal of achieving competitive advantage (Hassan, 2013). A good relationship with the internal customer gives advantage for the organization to establish for many years and it is coming out from a good supporter by the internal customer. In this study, the supplier also includes on internal customer.

According to this theory, four potential sources of interorganizational competitive advantage are relation-specific asset, knowledge-sharing routines, complementary resources/capabilities, and effective governance. Figure 2.6 below shows the detail on four potential sources that has been suggested in this theory:

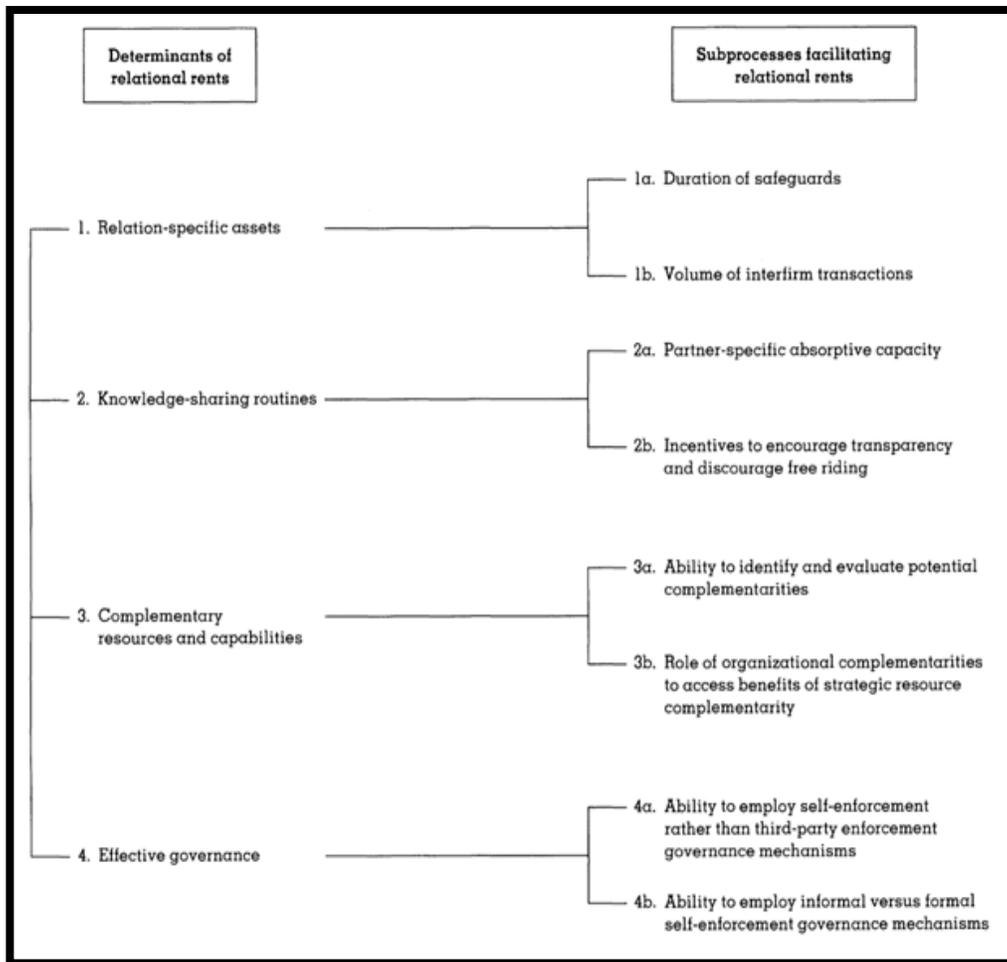


Figure 2.6
Determinants of Interorganizational Competitive Advantage
 Source: Dyer and Singh (1998)

Based on Figure 2.6 above, this study is going to focus on second determinant or second potential source to achieve an interorganizational competitive advantage which is knowledge-sharing routines. According to Dyer and Singh (1998), knowledge-sharing routines explain on how important the firm alliance partners that effect to the company. Alliance partners can transfer information for competitive advantage to the company whereby the company will get the important information through partner. Besides that, alliance partners can exploit outside sources of knowledge which has been named as

absorptive capacity. By doing absorptive capacity, it will easily for the company in implementing new knowledge to improve the company performance. Lastly is the capability for alliance partners to generate rents by knowledge sharing to be dependent in knowledge sharing in terms of “to be transparent, to transfer the knowledge, and not to free ride on the knowledge acquired from the partner”. The knowledge-sharing routines come out with three propositions as follows:

Proposition 2: “The greater the alliance partners’ investment is in inter-firm knowledge-sharing routines, the greater the potential will be for relational rents”.

Proposition 2a: “The greater the partner-specific absorptive capacity, the greater the potential will be to generate relational rents through knowledge sharing”.

Proposition 2b: “The greater the alignment of incentives by alliance partners is to encourage transparency and reciprocity and to discourage free riding, the greater potential will be to generate relational rents through knowledge sharing”.

The second determinants of this theory which is knowledge-sharing routines contribute the identification and applicable of trust and commitment as independent variables of this study that might be effected on the buyer-supplier relationship. Table 2.4 shows the theoretical foundation of trust and commitment in knowledge-sharing routines.

Table 2.4

Theoretical foundation of trust and commitment in knowledge-sharing routines

Theory	Basis	Contribution	Authors
Relational View Theory	Knowledge-sharing routines	Trust is an essential foundation or basis of knowledge-sharing routines with and between organizations which is among internal customer.	Holste, 2003
		The level of commitment among internal customer will increase if the level of knowledge-sharing routine is increasing. Hence, the organization performance also will be improved.	Howell, 2012

Source: Dyer and Singh, 1998; Holste, 2003; Howell, 2012

The second determinants in the Relational View Theory which is knowledge-sharing routines explained about the importance of the partnership in sharing information, especially when the internal customer which is an alliance partnership in the organization has sharing accurate and important information. Based on this study, the alliance partnership is referring to the relationship between buyer and supplier in the organization.

The accurate information or knowledge sharing among internal customer helps the organization achieve the competitive advantage because the basic problem in the organization will be eliminated. For example, if the organization is giving the information on the amount of product needed by the organization, then the supplier is misunderstood on what has been ordered by the organization, thus the organization will be facing on the payment problem or etc. The simple problem occurred in the

organization probably is a big reason for the organization not achieving the competitive advantage.

Knowledge-sharing routines has contributed to this study in generating the theoretical framework of existing the element of trust and commitment to alliance partnership whereby based on the context of this study is the buyer-supplier relationship.

2.7.2 The Resource-Based View Theory

This theory explains and forecasts how organization can achieve high performance and sustain the competitive advantage in gaining and control over the resources which are tangible and intangible asset. Tangible asset includes equipment in the organization, while intangible asset includes process-knowledge or the relationship among internal and external customers in the organization (Barney, 1991; Rungtusanatham, Salvador, Forza, & Choi, 2003). According to Barney (1991), there are four empirical indicators of the potential of organization resources to generate sustainability in competitive advantage which are values, rareness, imitability, and substitutability.

Based on Rungtusanatham et al. (2003), the Resource Based-View proposes, when an organization control the resources, the organization gains a sustainable competitive advantage. Hence, when the organization has a good relationship with the buyers and the suppliers, the resulting connections, the suppliers and the buyers in the organization will provide the benefits for organization to sustain in the competitive advantage. Table 2.5 shows the theoretical foundation of buyer-supplier relationships with organization performance.

Table 2.5

Theoretical foundation of buyer-supplier relationships with organization performance

Theory	Contribution	Authors
Resource Based-View Theory	The Resource Based-View Theory contributes to develop, strengthen, and protect relationships with the suppliers on the upstream side and with the buyers on the downstream side to improve the performance and the operational level in the organization.	Rungtusanatham et al., 2003

Source: Barney, 1991; Rungtusanatham et al., 2003

The Resource Based View Theory contributed to this study on the generating and developing the theoretical framework between buyer-supplier relationship and the organization performance.

CHAPTER 3

METHODOLOGY

3.0 Introduction

This chapter describes the theoretical framework and explains the research methodology used in this study. This chapter has been organised into nine sections which are research framework, hypotheses/proposition development, research design, operational definition, instrumentation, data collection method, sampling, and statistical method. Three main variables which are Independent Variables (IV), Mediating Variable, and Dependent Variable (DV) has been selected and tested in this chapter.

3.1 Research framework

The theoretical framework of this study has been build up based on the previous research related on buyer-supplier relationship and organization performance as the main subject. One of the studies has been suggested by Adams et al. (2012) which focused on buyer specificity and supplier specificity in buyer-supplier relationships and its role in the organization performance. Mishra (2012) has suggested the concept of trust in buyer-supplier relationship. Plus, the KMV model that has been created by Morgan and Hunt (1994) on the elements of trust and commitment in relationship of marketing helped to develop the framework of this study. Other than that, this framework also was developed based on some modifications from Nawi (2003) which

generally concentrated on the relationship between purchasing strategies and organization performance. The framework of this study has also been generated based on the Relational View Theory, which concentrating on second determinant which is knowledge-sharing routines that has been suggested by Dyer and Singh (1998). Hence, the theoretical framework of this study has been developed as below:

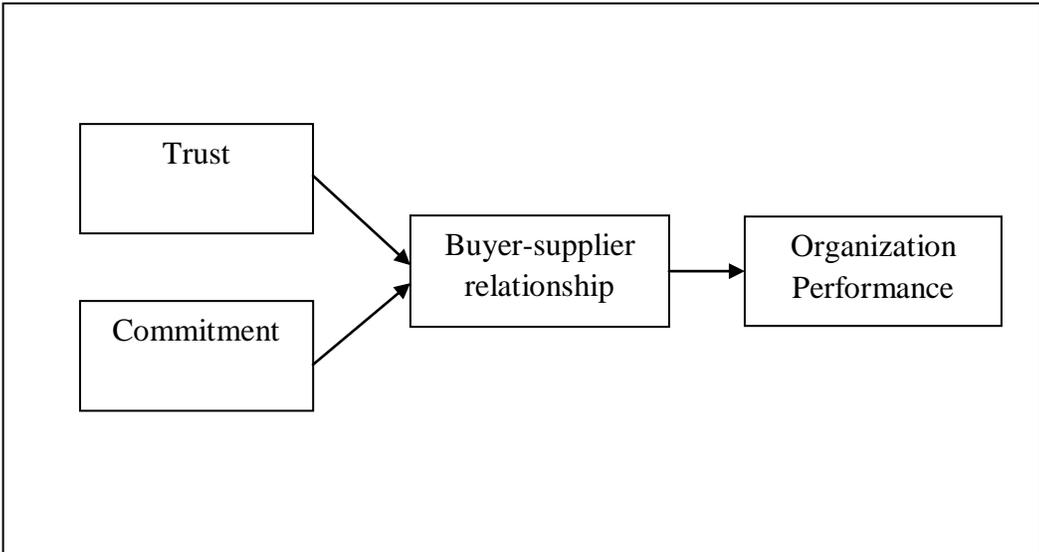


Figure 3.1
Theoretical Framework

In figure 3.1, this study consists of three main variables which are independent variable, mediating variable, and dependent variable. Independent variable consists of two elements which are trust and commitment. This study is interested to test trust and commitment as the elements of buyer-supplier relationship. In this study, buyer-supplier relationship is presenting a mediating variable. This study is interested to test the effect of buyer supplier relationship as a mediating linking trust and commitment to organization performance. In this study, organization performance is presenting a dependent variable. Organization performance has been measured based on gross profit

(before tax), return of asset (ROA), profitability, growth, and overall business success by using non-financial measurement which comparatives with the competitor (Majid, 2010).

3.2 Hypotheses/proposition development

The following hypotheses are developed to test the theoretical framework of this study:

Hypothesis 1: There is an effect between trust and buyer-supplier relationship.

Hypothesis 2: There is an affect between commitment and buyer-supplier relationship.

Hypothesis 3: There is an effect between buyer-supplier relationship and organization performance.

Hypothesis 4: Buyer-supplier relationship mediates the relationship between trust and organization performance.

Hypothesis 5: Buyer-supplier relationship mediates the relationship between commitment and organization performance.

3.3 Research design

This study is using empirical study, which focusing on the quantitative type of research methodology. The data for this study are taking by primary data which is through developing the questionnaire. According to Jaguli (2001), the main reason of choosing this method is because the questionnaire helps respondents to understand easily and

directly about this study. Besides that, compared to interview and observational survey, this type of method will help in measuring and analysing data.

This study is using descriptive analysis to reveal the frequencies or percentage in general information instrument, plus describes mean and standard deviation for each type of items in every instrument. This study is using a simple random sampling technique for selecting sample. To select the respondent, this study was using Microsoft Excel to select the respondents from the list, which obtained from Jabatan Pertanian Negeri Kelantan complete with contact number and mailing address. Using Microsoft Excel will avoid from bias in selecting a respondent. From 131 populations, every person in the population has an equal chance to be selected, and 120 samples were selected randomly.

3.4 Operational definition

There are several terms that have to be highlighted and define to assure the concept and theory in this study can be developed. The operational definition has been defined as follows:

3.4.1 Trust

Trust and long-term vision are important for a success relationship including buyer-supplier relationship, and trust also offers the SME an alternative for managing inter-firm relationships, especially in their relationships with suppliers (Mishra, 2011).

3.4.2 Commitment

Commitment is one of the important components in buyer-supplier relationship (Parker, 2010) which evaluate the effective relationship commitment based on how and individual has maintained his/her relationship with the supplier (Lovblad & Hyder, 2010).

3.4.3 Buyer-supplier relationship

Buyer-supplier relationships are involving long-term cooperative relationship, which sustaining business transactions with social engagements, hence encouraging repeated transactions (Adams et al., 2012).

3.4.4 Organization performance

According to Adams et al. (2012), organization performance is defined as “the ability of maintaining long-term profitability and market share” and “the relative competitiveness compared with other businesses”.

3.5 Instrumentation

This study is using a questionnaire type of survey that consists of 31 questions. This questionnaire was divided into four sections which are Section A, Section B, Section C, and Section D. In Section A, it comprises the general information question about the organization and personal information. This section also is divided into two parts whereby Part I comprises 5 items of organization information, and Part II comprises 5 items of personal information. The total of items in Section B is 11 items relating to trust, and commitment. The items in Section B are focusing on the independent variable of his study. From 11 items, 6 items are from trust instrument, and another 5 items are from commitment instrument. In Section C, the number of items is 5 which is relates on buyer-supplier relationship instrument. Section C is represented mediating variable in this study, which consist of 5 items. In Section D, which is organization performance instrument comprises 5 items. This section is representing dependent variable in this study. The questionnaire of this study is shown as Appendix II.

3.5.1 Section A: General information

This section accumulates the information regarding on organization information and personal information of respondents. The main purpose of this question is to get the addition information about respondent, to identify the frequency, and to support the accurate information in this study. In organization information which is in Part I, 5 items has been developed, adopted, and adapted from previous study and report as shows as Table 3.1.

Table 3.1
Part I: Organization Information Scale

	Item	Source
1.	Organization years in operation	Mugarura J.T., 2008
2.	Number of employees	Mugarura J.T., 2008
3.	District	Jabatan Pertanian Negeri Kelantan, 2013
4.	Types of product/service offer	Jabatan Pertanian Negeri Kelantan, 2013
5.	Annual sales turnover	Mugarura J.T., 2008

In part II, it consists of 5 questions related to personal information of the respondent. The details of the questions or items in this part are shown as Table 3.2.

Table 3.2
Part II: Personal information

	Item	Source
1.	Race	Nawi M., 2003
2.	Gender	Nawi M., 2003
3.	Marital status	Nawi M., 2003
4.	Highest educational level	Nawi M., 2003
5.	Position	Nawi M., 2003

3.5.2 Section B: Trust and Commitment

This section contains 11 questions whereby 6 questions regarding to trust instrument and 5 questions concerning on commitment instrument. Both instruments are adapted from previous study related to trust and commitment instrument. This study is going to measure the effect of trust factor to the buyer-supplier relationship of micro-enterprise on primary agriculture in SMEs. The results of this study will show in the next chapter to identify whether this factor will effect or not to the buyer-supplier relationship in this study.

This study is using five-point Likert type of scale to measure the items. According to Sekaran and Bougie (2009), Likert scale is a generally considered as interval scales. The data that has been collected by the respondents allow for executing the arithmetical operation using interval scale. Likert scale also known as a summated scale. In addition, according to Sekaran and Bougie (2009), this scale is using “to examine how strongly subjects agree or disagree with the items or statements on a five point of scales”.

The advantages of Likert scale is the variable will be analysed item by item and ease to understand by the participants. For this study, the scale is coded as “1= strongly disagree, 2 = disagree, 3 = neither agree or disagree, 4 = agree, and 5 = strongly agree”. The detail of the items of the trust instrument and the sources are listed in Table 3.3.

Table 3.3
Trust

Item	Source
6. Our suppliers are honest in dealing with us	Hassan M.G., 2013
7. We believed that our suppliers will not take decisions which are negative for us	Hassan M.G., 2013
8. We have confidence in our suppliers we collaborate with	Mugarura J.T., 2008
9. The suppliers we collaborate with always keep their promises	Mugarura J.T., 2008
10. Our suppliers are friendly in dealing with our company	Mugarura J.T., 2008
11. The suppliers we collaborate with always inform us immediately if problem occur in their business operations that may have an impact on the collaboration	Mugarura J.T., 2008

The effect of commitment factor to the buyer-supplier relationship of SMEs in micro-enterprise on primary agriculture also will be measured in this study to identify

either this factor gives high level of effect or lower effect to the buyer-supplier relationship. The results of this measurement will be interpreted on the next chapter. The details of 5 items of commitment instrument and source are listed as Table 3.4.

Table 3.4
Commitment

Item	Source
12. The reason we collaborate with our suppliers is because of the values they stand for	Mugarura J.T., 2008
13. We need to keep collaborating with our suppliers since it would be too costly for us to leave these relationship	Mugarura J.T., 2008
14. We are willing to invest in suppliers' specific asset so as to keep the current relationship	Mugarura J.T., 2008
15. We feel our suppliers' view us as being an important buyer	Mugarura J.T., 2008
16. We proud to tell others that we are associated with these suppliers	Mugarura J.T., 2008

3.5.3 Section C: Buyer-supplier relationship

This section comprises 5 questions focusing on buyer-supplier relationship instrument whereby this instrument is represented mediating variable in this study. This instrument functions as a mediating variable to look up the effect towards organization performance in micro-enterprise of primary agriculture on SMEs as a dependent variable. To analyse the Hypothesis 1 and Hypothesis 2 in this study, buyer-supplier relationship also functions as a dependent variable to look upon the effect of the independent variable which trust instrument and commitment towards buyer-supplier relationship. Similar to Section B, the items have been measured using a five-point Likert type of scale and coding as "1= strongly disagree, 2 = disagree, 3 = neither agree or disagree, 4 = agree, and 5 = strongly agree". Table 3.5 shows the detail of items and source of Section C.

Table 3.5
Buyer-supplier relationship

Item	Source
17. In this relationship, both sides together to achieve productivity gains both sides benefit	Isa I.M., 2010
18. We devote time trying to improve this relationship	Isa I.M., 2010
19. We have strong personal confidence in each other	Isa I.M., 2010
20. My supplier will work hard in future to maintain a close relationship with my company	Isa I.M., 2010
21. We are strong business confidence in each other	Isa I.M., 2010

3.5.4 Section D: Organization performance

This section comprises 5 items regarding to organization performance, whereby this instrument representing dependent variable in this study. According to Majid (2010), Tse, Sin, Yau, Lee and Chow (2004), the performance can be measured by two viewpoints which are objective measurement, and subjective measurement through self-reported measures. In this study, organization performance has been measured by using subjective viewpoint. According to Majid (2010), the respondents were asked about the items related to organization performance, and measuring the item by comparing with their competitors. One of the advantages using subjective measurement is “the subjective evaluation was a reliable means for measuring performance” (Majid, 2010). This instrument was rated by using five-point Likert scale and coding as “1 = much worse than competitors, 2 = worse than competitors, 3 = about the same, 4 = better than competitors, and 5 = much better than competitors”. Table 3.6 below shows the detail of items and source of this instrument.

Table 3.6
Organization performance

Item	Source
Gross profit (before text)	Majid, 2010
Return of asset (ROA)	Majid, 2010
Profitability	Majid, 2010
Growth	Majid, 2010
Overall business success	Majid, 2010

3.5.5 Data reliability

The reliability of the instruments has been tested through pilot test. According to Majid (2010), the pilot test result will assist two points of view which are the questions and scales will be improved by suggestion from the respondent, and the result will shows the strength and weaknesses of the instrument. In this study, a questionnaire has been distributed for 30 respondents at the beginning of the thesis to test the reliability of the instrument in the questionnaire. 30 respondents consist of owner of SME in micro enterprise of primary agriculture in Kelantan. Table 3.7 shows the reliability scores of this study and previous study.

Table 3.7
Cronbach's Alpha Values for Reliability of the Variables

Instrument	Number of item	Source	Developer	Cronbach's Alpha-past literature	Cronbach's Alpha-pilot test
Trust	6	Hassan M.G., 2013; Mugarura J.T., 2008	Goran, 2005	0.835	0.909
Commitment	5	Mugarura J.T., 2008	Gilliland and Bello, 2002	0.715	0.817
Buyer-supplier relationship	5	Isa, 2010	Nawi, 2003	0.8890	0.693
Organization performance	5	Majid, 2010	null	0.909	0.835

3.6 Sampling

According to National SME Development Council (2013), Small and Medium-sized Enterprise (SME) in Malaysia is divided into six sectors which are manufacturing, manufacturing related services (MRS), agro-based industry, service, primary agriculture, and information and communication technology (ICT). However, this study is just focusing on primary agriculture in Kelantan. According to the report from Jabatan Pertanian Negeri Kelantan as an updated in 2014, total of SMEs concerning on primary agriculture that has been registered under Jabatan Pertanian Negeri Kelantan is 738. Table 3.8 shows the division by district of overall primary agriculture based SMEs in Kelantan.

Table 3.8
Division by district of overall primary agriculture based SMEs in Kelantan

	District	Number of firm
1.	Bachok	58
2.	Gua Musang	69
3.	Jeli	116
4.	Kota Bharu	106
5.	Kuala Krai	49
6.	Machang	77
7.	Pasir Mas	77
8.	Pasir Puteh	50
9.	Tanah Merah	60
10.	Tumpat	76

Source: Rumusan Status Projek Usahawan Industri Asas Tani Bagi Negeri Kelantan Dari Januari Sehingga Disember, 2013. Jabatan Pertanian Negeri Kelantan, monthly report 2013.

This sector also has been divided into three sizes which are micro-enterprise, small enterprise, and medium enterprise. Total of population for this study is 131 which concerning on micro-enterprise that have annual sales turnover between RM 50,000-RM

300,000. The sample size of this study is 98. This figure was determined by using Krejcie and Morgan (1970) sample size table as shows in Appendix I.

3.7 Data collection procedure

This study concentrates on small medium-sized enterprise (SMEs) in Kelantan that focusing on primary agriculture. Due to that, the information of this study was collected from Jabatan Pertanian Negeri Kelantan. On 2nd March, 2014, formal letter was sent directly to the Yang Mulia Raja Burhanuddin bin Raja Hussein, Penolong Pengarah Pertanian Negeri Kelantan to get permission for data collection. The detail information about primary agriculture regarding to micro-enterprise in Kelantan has been obtained which consist of full address and contact number of the respondents by 9th March, 2014.

Based on Kerjcie and Morgan (1970) sample size table, if the total population of the respondents are 131, suppose to have 98 respondents to be a sample of the study. However, according to Salkind (1997), the sample size can be increased by 40%-50% to account for uncooperative subjects. That is why, 22 questionnaires have been extended on four districts in Kelantan due to the distance. The 120 questionnaires were distributed randomly to the respondents using two methods which directly sent by hand to hand, and sent by mailing due to the distance. 40 questionnaires were mailed to Kuala Krai, Pasir Putih, Jeli, and Gua Musang, complete with self address, stamp and envelope to return the questionnaire. However, only 20 respondents were returned and 2 were not complete. Another 80 questionnaires were sent by hand to the firm which located in Pasir Mas, Kota Bharu, Tanah Merah, Tumpat, Machang, and Bachok. The instruction

to answer the questionnaire has been explained in detail. The duration time for data collection method is taking for almost three weeks starting from 28th March 2014 until 10th April 2014. The total of the final sample for this study is 98 respondents (N=98) or 81.67%.

3.8 Technique of data analysis

The data will be interpreted using SPSS Statistic 20. In this study, for hypothesis 1 and hypothesis 2, they will be measured using multiple linear regression analysis, while for hypothesis 3, it will be measured through simple linear regression analysis. For hypothesis 4 and hypothesis 5, this study is using hierarchical regression to compute the mediating variable linking with independent variables towards dependent variable.

The mediation will be tested using a three step process introduced by Baron and Kenny (1986). According to Baron and Kenny (1986); Majid (2010), the mediation occur when “the independent variable significantly affects the mediator”, “the independent significantly affects he dependent variable in the absence of the mediator”, and “the mediator significantly affects the dependent variable”.

Yet, there are four steps involved to compute the mediator in this study (Baron & Kenny, 1986; Majid, 2010):

1. Independent variable predicts dependent variable
2. Independent variable predicts mediating variable

3. Mediating variable predicts dependent variable (to control the independent variable)
4. Independent variable does not predict dependent variable (while controlling the mediator)

Table 3.9 below shows the analysis of each hypothesis in this study:

Table 3.9
The analysis of each hypothesis

Hypothesis	Analysis
There is an effect between trust and buyer-supplier relationship.	Multiple linear regression
There is an effect between commitment and buyer-supplier relationship.	Multiple linear regression
There is an effect between buyer-supplier relationship and organization performance.	Simple linear regression
Buyer-supplier relationship mediates the relationship between trust and organization performance.	Hierarchical regression
Buyer-supplier relationship mediates the relationship between commitment and organization performance.	Hierarchical regression

3.9 Summary

This chapter described the relationship between three variables consists of independent variable, mediating variable, and dependent variable. The hypothesis of this has been mentioned in this chapter. Research design, operational definition, instrumentation, data collection method, sampling, and statistical method were explained. The analysis of this chapter will be continuing on the following chapter.

CHAPTER 4

RESULTS AND DISCUSSION

4.0 Introduction

This chapter presents the results and findings of this study. The data were analysed using SPSS 20 to measure the variables. Descriptive statistics also has been used to analyse the general information of this study. Besides that, discussions on hypothesis also were included in this chapter.

4.1 Frequency analysis of respondents

According to Sekaran and Bougie (2009), frequencies can be defined as “the number of times various subcategories of a certain phenomenon occur, from which percentage and the cumulative percentage of their occurrence can be easily calculated”. From 120 questionnaires, only 98 completed questionnaires provide feedback or 81.67% completed questionnaires have been analysed. In this study, the demographic information was divided into two parts which are organization information and personal information.

4.1.1 Organization information findings

The subsequent sections revealed the frequency and the percentage of the organization information on micro-enterprise of primary agriculture, SMEs in Kelantan. Based on data analysing, the highest percentage of each details can be identified.

4.1.1.1 Organization years in operation

This instrument comprising four items containing equal and less than two years (≤ 2 years), equal and less than three years to four years (≤ 3 to 4 years), equal and less than five years to six years (≤ 5 to 6 years), and equal and more than six years (≥ 6 years). From 98 respondents, the highest frequency is 61 and percentage is 62.2% goes to organization which operates equal and more than six years. It was followed by equal and less than three years to four years, and equal and less than five years to six years, whereby the frequency and percentage for both items is 15 or 15.3%. The lowest frequency and percentage of this category is 7 or 7.1% which goes to equal and less than 2 years. Table 4.1 describes the detail of the organization years in operation.

Table 4.1
Organization years in operation (n=98)

Items	Frequency (n)	Percentage (%)
≤ 2 years	7	7.1
≤ 3 to 4 years	15	15.3
≤ 5 to 6 years	15	15.3
≥ 6 years	61	62.2

4.1.1.2 Number of employees

From 98 respondents, 28 respondents are representing three numbers of employees which is the highest frequency in this category or 28.6%. It was followed by five numbers of employees which comprising 25 number of frequency or 25.5%, two numbers of employees comprising 24 frequency or 24.5%, and the lowest frequency goes to four number of employees which has 21 number of frequency or 21.4%. Table 4.2 shows the details of this category.

Table 4.2
Number of employees (n=98)

Items	Frequency (n)	Percentage (%)
2	24	24.5
3	28	28.6
4	21	21.4
5	25	25.5

4.1.1.3 District

This category consists of ten districts in Kelantan. Pasir Mas get the highest frequency and percentage which is 18 number of frequency or 18.4%. It was followed by Tanah Merah and Kota Bharu whereby both items have 17 numbers of frequency or 17.3%. Tumpat and Bachok represent 12 numbers of frequency or 12.2%, Pasir Putih obtained 9 out of 98 respondents or 9.2%, Kuala Krai obtained 5 out of 98 respondents or 5.1%, Machang obtained 4 out of 98 respondents or 4.1%, and the lowest frequency representing Gua Musang and Jeli, whereby both items only comprised 2 numbers of frequency or 2.0%. Table 4.3 describes the detail for district of Negeri Kelantan.

Table 4.3
District (n=98)

Items	Frequency (n)	Percentage (%)
Kota Bharu	17	17.3
Machang	4	4.1
Pasir Mas	18	18.4
Tanah Merah	17	17.3
Tumpat	12	12.2
Bachok	12	12.2
Gua Musang	2	2.0
Jeli	2	2.0
Kuala Krai	5	5.1
Pasir Putih	9	9.2

4.1.1.4 Types of product/service offer

This category consists six items that has been suggested by Jabatan Pertanian Negeri Kelantan on micro-enterprise in primary agriculture. Frozen food is getting the highest frequency and percentage which is 37 or 37.8%. It was followed by pastry and cake which has 20 number of frequency or 20.4%, junk food obtained 17 number of frequency or 17.3%, sauce obtained 14 number of frequency or 14.3%, juice comprised 8 number of frequency or 8.2%, and the lowest frequency and percentage goes to spice and routes which has 2 number of frequency or 2.0%. The following table which Table 4.4 shows the details on the type product/service offer.

Table 4.4
Type of product/service offer (n=98)

Items	Frequency (n)	Percentage (%)
Spice and routes	2	2.0
Sauce	14	14.3
Juice	8	8.2
Pastry and cake	20	20.4
Junk food	17	17.3
Frozen food	37	37.8

4.1.1.5 Annual sales turnover

From 98 respondents, 55 frequency or 56.1% is representing RM 50,000- RM 100,000 which is the highest frequency and percentage in this category. It was followed by RM 100, 0001- RM 150,000 annual sales turnover, which gets 25 numbers of frequency or 25.5%. The lowest frequency or percentage goes for RM 150, 001- RM 300,000 annual sales turnover, which has 18 frequency or 18.4%. Table 4.5 shows the detail of annual sales turnover category.

Table 4.5
Annual sales turnover (n=98)

Items	Frequency (n)	Percentage (%)
RM 50,000-RM 100,000	55	56.1
RM 100,001- RM 150,000	25	25.5
RM 150,001- RM 300,000	18	18.4

4.1.2 Personal information findings

The following subtopic revealed the results of personal information about respondents of this study. Based on the measurement, the frequency and percentage about the respondents can be identified and illustrated in details.

4.1.2.1 Race

This instrument actually consists of four items that probably has been chosen by the respondents which are Malay, Chinese, Indian, and others. However, based on the results that have been identified in this study, only two races are involved. The highest

frequency or percentage for the race instrument is Malay which is 97 frequency or 99.0%. It was followed by Indian which is 1 frequency or 1.0%. The rest items of this instrument is not been chosen by the respondent. Table 4.6 shows the detail of race frequency and percentage.

Table 4.6
Races (n=98)

Items	Frequency (n)	Percentage (%)
Malay	97	99.0
Indian	1	1.0

4.1.2.2 Gender

From 98 respondents, 72 respondents are female and 26 respondents are male. The percentage of female is 73.5%, followed by male is 26.5%. Table 4.7 shows the details of the gender instrument in this study.

Table 4.7
Gender (n=98)

Items	Frequency (n)	Percentage (%)
Male	26	26.5
Female	72	73.5

4.1.2.3 Marital status

This type of personal information about respondents consists of three items which are single, married, and divorce. From the data analysis, the highest frequency or percentage goes to marry, which is 81 or 82.7%. It was followed by the single that consist of 15 or

15.3%. The lowest frequency or percentage of this instrument is divorce which is 2 or 2.0%. The following table which Table 4.8 shows the details on marital status.

Table 4.8
Marital status (n=98)

Items	Frequency (n)	Percentage (%)
Single	15	15.3
Married	81	82.7
Divorce	2	2.0

4.1.2.4 Highest educational level

Highest educational level of instrument comprises four types of items which are primary school, secondary school, college or institute, and university. The highest frequency or percentage of this instrument is 49 or 50.0% that representing by secondary school. Primary school represents 29 number of frequency or 29.6%. It was followed by college or institute which is 17 or 17.3%. The lowest frequency or percentage goes to university which is 3 or 3.1%. The following table which Table 4.9 shows the details on highest educational level.

Table 4.9
Highest educational level (n=98)

Items	Frequency (n)	Percentage (%)
Primary school	29	29.6
Secondary school	49	50.0
College or institute	17	17.3
University	3	3.1

4.1.2.5 Position

Position instrument comprises three items which are owner, manager, and employee. The highest frequency or percentage of this instrument goes to the owner which consists of 65 or 66.3%. It was followed by manager which is 30 number of frequency or 30.6%. The lowest frequency or percentage of this instrument is an employee that obtains 3 numbers of frequency or 3.1%. Table 4.10 shows the details of the position instrument.

Table 4.10
Position (n=98)

Items	Frequency (n)	Percentage (%)
Owner	65	66.3
Manager	30	30.6
Employee	3	3.1

4.2 Descriptive analysis

As stated by Sekaran and Bougie (2009), a descriptive study is intended to explain the characteristic of the variables of interest situation and the phenomenon of interest perspective. In this section, all variables in this study, which are independent variable, mediating variable and dependent variable have been analysed using descriptive statistics.

The purpose of descriptive analysis for this study, including mean and standard deviation is to know the level of agreement by the respondents on the instruments, plus the descriptive analysis were obtained for general profile for distribution responses (Majid, 2010). The whole items for the instruments in this study were measured through

Likert scale ranging from 1 to 5. Trust, commitment, and buyer-supplier relationship instruments were measured by a Likert scale ranging from “strongly disagree” to “strongly agree”, yet for the organization performance, it was measured through Likert scale ranging from “much worse than competitors” and “much better than competitors”. The level of agreement has been determined based on the criterion which a mean score of less than equal 3.8 are considered as low, and for 3.81 and above are considered as high.

According to Table 4.11, based on the mean results, it shows that most of the respondents agreed that they are gaining a trust with suppliers rather than commitment while the mean of trust is 4.0680 and the mean of commitment is 3.8939. However, according to the criterion of this stud, both instruments are considered as high. Organization performance was obtained the lowest mean which 3.7041, and it is considered as low based on the criterion of this study. It shows that, most of the respondents have agreed on their organizations were about the same with the competitors’ performance.

For standard deviation, the result shows that all of the instruments were less than 1.00. According to Majid (2010); Sekaran (2003), the variation in respondent opinion was small because the most of the value of standard deviation is less than 1.00. Based on Table 4.11, the highest standard deviation is represented by organization performance, and the lowest standard deviation is buyer-supplier relationship.

Table 4.11
Descriptive Analysis for Variables (n=98)

Variables	Mean	Std. Deviation
OrganizationPerformance	3.7041	.64102
BuyerSupplierRelationship	4.1388	.53528
Trust	4.0680	.63536
Commitment	3.8939	.60391

Note: All items used a 5-point Likert scale

4.3 Multiple linear regression analysis

Two hypotheses, including hypothesis 1 and hypothesis 2 have been tested using multiple linear regression analysis. Based on Sekaran and Bougie (2009), multiple linear regression analysis will be used when there is a relationship between two or more independent variable affect to the dependent variable. The goal of multiple linear regression is to model the relationship between the explanatory and response variable.

4.3.1 Hypothesis 1

Hypothesis 1: There is an effect between trust and buyer-supplier relationship.

Based on the findings, the effect of trust is a significant to the buyer-supplier relationship which ($p=.000$). As stated by Hassan (2013), if the significant value is less than alpha value ($.000<.05$), it is considered as the relationship between two variables is significant. From the data, about 60.3% of the variance on buyer-supplier relationship can be accounted for by trust. In coefficients, it shows that t value of trust is 6.756 and the significant value is .000. It can clarify that trust has a significant relationship with buyer-supplier relationship. The value of Unstandardized Coefficient B of trust is .607

and value for constant is 1.432. It means that 1.432 is represents other factors that influenced to the buyer-supplier relationship. Trust is .607 influenced the buyer-supplier relationship. Commitment has influenced .060 to the buyer-supplier relationship. Therefore, the findings can be summarised in a mathematical equation as below:

$$Y = a + bX_1 + bX_2$$

Whereby: a is constant, when Y value, when X = 0

Y = Buyer-supplier relationship

X1 = Trust

X2 = Commitment

b = coefficient

$$Y = 1.432 + 0.607X_1 + 0.060X_2$$

$$\text{Buyer-supplier relationship} = 1.432 + 0.607 \text{ Trust} + 0.060 \text{ Commitment}$$

The following table shows the detail on multiple linear regressions between trust, commitment, and buyer-supplier relationship of this study.

Table 4.12

Multiple linear regression analysis between trust, commitment, and buyer-supplier relationship

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.432	.237		6.037	.000
Trust	.607	.090	.721	6.756	.000
Commitment	.060	.095	.068	0.640	.000

Dependent Variable: Buyer-Supplier Relationship

R^2 trust = .603

R^2 Commitment = .601

ANOVA: F = 72.062 significant .000

From the results it shows that trust has a 60.7% effect to the buyer-supplier relationship. Therefore, it shows that there is an effect between trust and buyer-supplier relationship.

4.3.2 Hypothesis 2

Hypothesis 2: There is an effect between commitment and buyer-supplier relationship.

From the data analysis, regression test shows the F value is 72.062 and the significant value is ($p=.000$). Thus, it can be clarified as there is a significant relationship between commitment and buyer-supplier relationship. Based on the findings, $R^2= .601$. It means that, 60.1% of the variance in buyer-supplier relationship accounted for by commitment. In accordance to the coefficients, the value of t commitment is .640 and the significant value is .000. It shows that the relationship between commitment and buyer-supplier relationship is significant. 1.432 is influenced by other factors that effect to the buyer-

supplier relationship. Commitment influenced .060 to the buyer-supplier relationship, while trust influenced .607 on buyer-supplier relationship. The result can be summarised in a mathematical equation as below:

$$Y = a + bX_1 + bX_2$$

Whereby: a is constant, when Y value, when X = 0

Y = Buyer-supplier relationship

X₁ = Trust

X₂ = Commitment

b = coefficient

$$Y = 1.432 + 0.607X_1 + 0.060X_2$$

$$\text{Buyer-supplier relationship} = 1.432 + 0.607 \text{ Trust} + 0.060 \text{ Commitment}$$

Table 4.13 shows the detail on multiple linear regressions between trust, commitment, and buyer-supplier relationship of this study.

Table 4.13

Multiple linear regression analysis between trust, commitment, and buyer-supplier relationship

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.432	.237		6.037	.000
Trust	.607	.090	.721	6.756	.000
Commitment	.060	.095	.068	0.640	.000

Dependent Variable: Buyer-Supplier Relationship

R^2 trust = .603

R^2 Commitment = .601

ANOVA: F = 72.062 significant .000

From the findings, the researcher can clarify that commitment has a 60.1% of the variance in buyer-supplier relationship or commitment has a 60.1% effects on buyer-supplier relationship. Thus, it shows that, there is an effect between commitment and buyer-supplier relationship.

Hence, from the findings, it proves that trust is more affect to the buyer-supplier relationship compared to the commitment. It has been verified by the R^2 value of trust is .603, compared to the R^2 value of commitment is only .601. Therefore, trust has a 60.3% effect on buyer-supplier relationship, and commitment only has a 60.1% effect to the buyer-supplier relationships. Other than that, to identify which independent variable either trust or commitment is more effect to the buyer-supplier relationship, the value of Beta for each independent variable has been compared. The result shows the Beta value of trust is higher than the Beta value of commitment whereby the Beta value of trust is $\beta=.721$, while the Beta value for commitment is $\beta=.068$.

4.4 Simple linear regression analysis

The hypothesis 3 of this study has been tested using simple regression analysis. According to Sekaran and Bougie (2009), simple regression analysis is used “where one independent variable is hypothesized to affect one dependent variable”. In addition, Denis (2011) stressed that “simple linear regression only has one independent variable and only single predictor variable”.

4.4.1 Hypothesis 3

Hypothesis 3: There is an effect between buyer-supplier relationship and organization performance.

The data analysis shows, there is a significant relationship between buyer-supplier relationship and organization performance whereby the significance value is ($p=.000$) with the F value is equal to 33.161. According to the result, $R^2=.257$. It means that, buyer-supplier relationship accounted for the organization performance with the value of 25.7%. The value of t buyer-supplier relationship in coefficient is 5.759 and the significant value is ($p=.000$). It still shows that the relationship between buyer-supplier relationships is significant. The value of constant in this analysis is 1.193. It means that, there is other factor that effect to the organization performance in value of 1.193. Thus, buyer-supplier relationship influenced the organization performance with the value of .607. Mathematic equation shows the summarised of this relationship:

$$Y = a + bX$$

Whereby: a is constant, when Y value, when X = 0

Y = Organization performance

X = Buyer-supplier relationship

b = coefficient

$$Y = 1.193 + 0.607X$$

Organization performance = 1.193 + 0.607 Buyer-supplier relationship.

Table 4.14

Relationship between organization performance with buyer-supplier relationship

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.193	.440		2.712	.008
Buyer-supplier relationship	.607	.105	.507	5.759	.000

Dependent Variable: Organization performance

Rsquare = .257

ANOVA: F = 33.161 significant .000

Table 4.14 above explains the detail of the analysis of this relationship. Based on the value of $R^2=.257$, it shows that, there is an effect between buyer-supplier relationship and organization performance.

4.5 Mediating variable

As stated by Baron and Kenny (1986), mediating variable is in between independent variable and dependent variable as a third variable and it is able to influence both variables. Figure 4.1 shows the model to present a causal chain between a path of independent variable, mediating variable, and dependent variable.

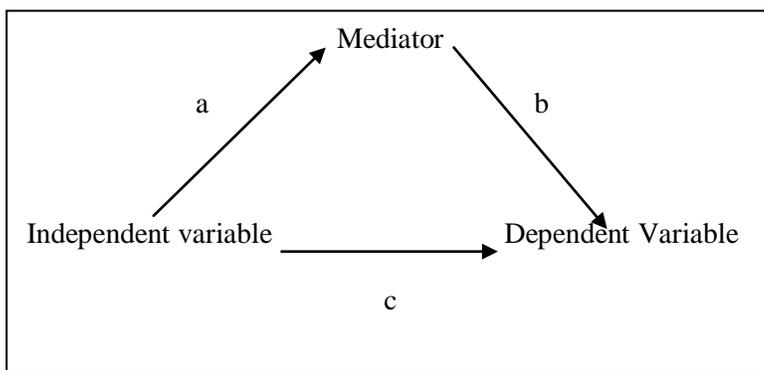


Figure 4.1
Path Diagram for Mediator
Source: Baron and Kenny, 1986

Based on Figure 4.1, as stated by Baron and Kenny (1986), (Path a) explained the effect to mediator from independent variable. (Path b) explained the effect of mediator to the dependent variable, and (path c) explained the direct effect of independent variable to dependent variable. For mediation tested, there are three regressions equation that need to be considered. First is dependent variable is regressed by the mediator. Second, the mediating variable is regressed by independent variable. Third, a dependent variable is regressed by independent variable.

4.5.1 Hypothesis 4

Hypothesis 4: Buyer-supplier relationship mediates the relationship between trust and organization performance.

This hypothesis is going to test the mediating effect of buyer-supplier relationship on relationship of trust, and organization performance. Table 4.15 presents the regression result for three variable comprising trust, buyer-supplier relationship, and organization performance.

Table 4.15

Regression results between trust, buyer-supplier relationship, and organization performance

	Standardized Regression Coefficient (β)	Significant (p)	Result
Trust \longrightarrow Buyer-supplier relationship (Path a)	.721	.000	Significant
Buyer-supplier relationship \longrightarrow organization performance (Path b)	.507	.000	Significant
Trust \longrightarrow Organization performance (Path c)	.594	.000	Significant

The path analysis from the table 4.15 can be illustrated as Figure 4.2. Assumed that trust (TRUST) can influence either directly or indirectly to the organization performance (OP), by influencing buyer-supplier relationship (BSR) as a mediating variable, then to organization performance.

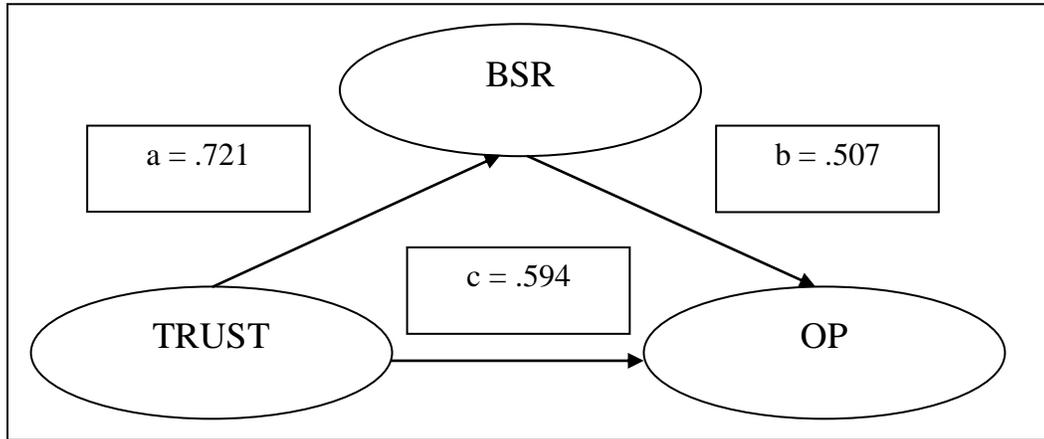


Figure 4.2

Path Analysis of Mediation Effect Buyer-supplier Relationship of Trust and Organization Performance

The Beta (β) value for path a equal to .721 which is the relationship between trust and buyer-supplier relationship. Meanwhile, for path b, the relationship between buyer-supplier relationship and organization is ($\beta = .507$). According to Barren and Kenny (1986), path c is considered as a direct effect. In this study, the Beta value for the relationship between trust and organization performance is ($\beta = .594$). The calculation below shows the value of indirect effect for this relationship.

$$C' = a \cdot b$$

Whereby: C' is indirect effect or the mediation effect (Baron and Kenny, 1986)

$a = \beta$ value for path a

$b = \beta$ value for path b

$$C' = (.721) (.507)$$

$$C' = .366$$

From the calculation, the value of indirect effect is $C' = .366$, which is less than a direct effect on the value of $c = .594$. According to Baron and Kenny (1986), if $C' = 0$ or

$C' > c$, it means that it is a full mediation, and if $C' < c$, it means that it is a partial mediation. From the calculation above, because of the value of $C' < c$, which is .366 less than .594, it can be concluded that buyer-supplier relationship is a partial mediation of trust and organization performance.

4.5.2 Hypothesis 5

Hypothesis 5: Buyer-supplier relationship mediates the relationship between commitment and organization performance.

This hypothesis is going to be tested to measure whether buyer-supplier relationship is a mediate the relationship between commitment and the organization performance. Table 4.16 presents the regression result for three variable comprising commitment, buyer-supplier relationship, and organization performance.

Table 4.16
Regression results between commitment, buyer-supplier relationship, and organization performance

	Standardized Regression Coefficient (β)	Significant (p)	Result
Commitment \longrightarrow Buyer-supplier relationship (Path a)	.068	.000	Significant
Buyer-supplier relationship \longrightarrow organization performance (Path b)	.507	.000	Significant
Commitment \longrightarrow Organization performance (Path c)	.638	.000	Significant

The path in figure 4.3 can be illustrated based on the result in Table 4.19. It is assumed whereby commitment (COMM) can influence either directly or indirectly to the organization performance (OP), by influencing buyer-supplier relationship (BSR) as a mediator to organization performance.

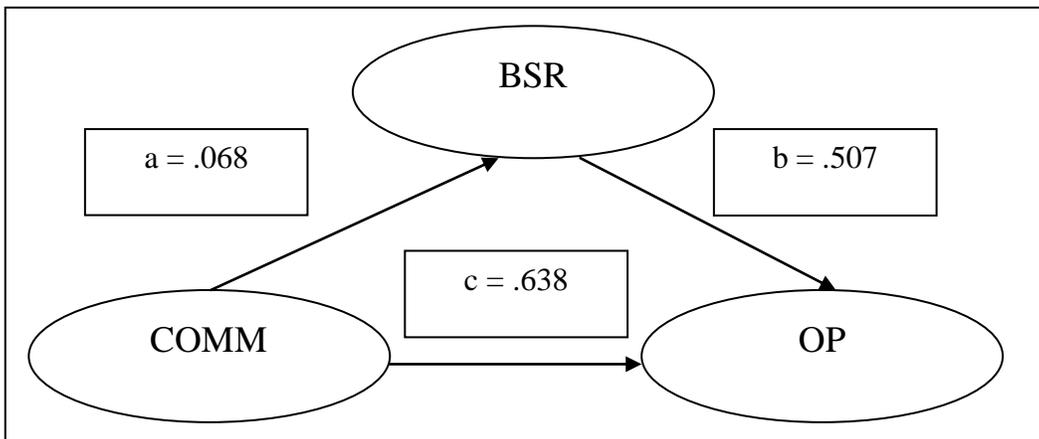


Figure 4.3
Path Analysis of Mediation Effect Buyer-supplier Relationship of Commitment and Organization Performance

Based on path analysis in Figure 4.3, the Beta value for path a is $\beta=.068$ which is the relationship between commitment and buyer-supplier relationship. The value of path b is $\beta= .507$ whereby the relationship between buyer-supplier relationship and organization performance. Thus, the value of path c which (c= indirect effect) is $\beta=.638$. The calculation below shows the value of indirect effect of this relationship.

$$C' = a*b$$

Whereby: C' is indirect effect or the mediation effect (Baron and Kenny, 1986)

$a = \beta$ value for path a

$b = \beta$ value for path b

$$C' = (.068) (.507)$$

$$C' = .034$$

From the calculation, the value of indirect effect is $C' = .034$, which is less than direct effect at the value of $c = .638$. According to Baron and Kenny (1986), if $C' = 0$, or $C' > c$, it means that it is a full mediation, and if $C' < c$, it means that it is a partial mediation. From the calculation above, because of the value of $C' < c$, which is $.034$ is less than $.638$, it means that buyer-supplier relationship is a partial mediation for commitment and organization performance. Therefore, there is a direct effect between commitment and organization performance. Thus, it can be concluded that buyer-supplier relationship is a partial mediator for commitment and organization performance.

4.6 Types of buyer-supplier relationship in this study

The determination of types of buyer-supplier relationship in this study is based on the result of regression analysis. The findings show that trust has affected 60.3% of buyer-supplier relationship, while commitment has a 60.1% effect on buyer-supplier relationship. In addition, from the findings, trust has a higher beta value which is $\beta = .721$ compared to the commitment with only $\beta = .068$. According to the results, it is significantly shown that trust is the main focus in buyer-supplier relationship. Thus, this study is significantly agreed with collaborative and the alliance relationship type of buyer-supplier relationship.

Collaborative and alliance relationships explained that the main focus of this relationship is improving on the supply chain performance, as well as the level of trust between buyer and supplier is high. Based on the result from the regression analysis,

60.3% effect to the buyer-supplier relationship that comes out from the trust element shows that the level of trust between both parties is high. Besides that, one of the criteria in this type of relationship is excellent communication between buyer and supplier or they understand the information given between buyer and supplier. The excellent communication can be related to the commitment among buyer and supplier. If the buyer committed in giving accurate information to the supplier, and the supplier gives positive feedback to the buyer, an excellent communication can be created. Although the result shows that commitment is less effect to the buyer-supplier relationship compare to trust element, however commitment contributes 60.1% to this relationship. The effect of trust and commitment elements toward buyer-supplier relationship proves that this study is significantly suited to collaborative and alliance type of relationship.

4.7 Summary

This chapter presents in detail about the result and the findings of this study. It begins by presenting the demographic results comprising organization information and personal information of respondents. The demographic results were analysed by comparing the number of frequency and percentage using SPSS 20. Besides that, each instrument and each item were analysed using descriptive statistic or descriptive analysis by comparing mean and standard deviation. The hypotheses of this study have been tested using multiple linear regression, simple linear regression, and hierarchical regression.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter is the last chapter in this study and it provides a conclusion and recommendation. This chapter begins with the discussion of the result from the previous chapter. The second section in this chapter is research implication. Then, this study concludes the whole chapters in conclusion part. Following this, this study provides some recommendations for SMEs especially focusing on primary agriculture, and for future research.

5.1 Discussion

This section revealed the results of organization information and personal information of respondents about micro enterprise on primary agriculture in Kelantan and discussed in the hypothesis result which consists of five hypotheses in this study.

5.1.1 Organization information and personal information findings

From the findings, in terms of years in operation for the organizations, the highest frequency represents equal and more than six years. This indicates that the establishment of micro enterprise in agriculture is already long-standing in Kelantan. Three numbers of

employees represents the highest frequency for micro enterprise in primary agriculture. The number of employees is related to annual sales turnover for micro enterprise in primary agriculture whereby the highest frequency for annual sales turnover is between RM 50,000 and RM 100,000. So, as the annual sales turnover of micro-enterprise is not too high, the number of employees should be less because the organization is not capable of paying the salary. In other words, the highest number of employees is a liability for the organizations if the production of micro enterprise is not proportionately increased.

In terms of race involvement, this type of enterprise is mainly comprised of Malays which is 99% and only 0.1% of Indians. In accordance to the New Economic Policy (2013) suggestion have been made for upgrading the status of Bumiputra in terms of business and enterprise, increase the number of private projects that owned by Bumiputra, and to improve skill in business management for SMEs of Bumiputra. In addition, Kelantan has the biggest number of Bumiputra compared to other states in Malaysia (Department of Statistic in Malaysia, 2012/2013).

5.1.2 The effect of trust on buyer-supplier relationship

Based on the result that has been obtained in the previous chapter, it shows that there is an effect between trust and buyer-supplier relationship whereby trust has a 60.3% effects on buyer-supplier relationship. The previous study justified that trust is effect to the buyer-supplier relationship. Laeequddin et al. (2010) mentioned that trust is not easy to

be measured. Hence, the study is developed to measure trust with supply chain partners who are buyer and supplier. The result shows that there is an effect between trust and supply chain partners. Dyer and Chu (1997) investigated on the relationship between trust and buyer-supplier and the result revealed that trust contributes in reducing cost of transaction, and increase the buyer-supplier relationship in terms of information sharing.

5.1.3 The effect of commitment on buyer-supplier relationship

Derived from the result in a previous chapter, it shows that the commitment has effect to the buyer-supplier relationship which commitment has a 60.1% effect on buyer-supplier relationship. However, based on the result, commitment has less effect compared to trust element on buyer-supplier relationship. Therefore the question on which elements have more effect on the buyer-supplier relationship in this study has been answered. According to Hult, Ferrel, Hurley, and Gunipero (2000), the study is focusing the effect of commitment on buyer-supplier relationship which concentrates on the activities and relationship regarding to “the corporate buyers and internal user, and corporate buyer and the external suppliers in the supply chain”. Therefore, it is found that there is an effect between commitment and buyer-supplier relationship in supply chain. In addition, according to Isa (2010), commitment also gives less effect to the buyer-supplier relationship due to several reasons, including social barriers, bad communication, lack of awareness of long-term relationship, and just focussing on short-term achievement.

5.1.4 The effect of buyer-supplier relationship on organization performance

The result in the previous chapter shows that there is an effect between buyer-supplier relationship and organization performance whereby buyer-supplier relationship has a 25.7% effect of the organization performance. Regarding on the percentage value, it shows that buyer-supplier relationship gives less effect to the organization performance. It has been justified by the finding in the previous study on SMEs. Nawi (2004) stated that buyer-supplier relationship was not significant to the performance of SMEs. In addition, according to Isa (2010), buyer-supplier relationship has less effect on business performance in SMEs.

5.1.5 Buyer-supplier relationship as a mediator between trust and commitment with organization performance

From the results that have been interpreted in previous studies, buyer-supplier relationship is a partial mediator between trust and organization performance whereby the value of indirect effect $C' = .366$ which is less than direct effect $c = .594$, ($C' < c$). However, there is a direct effect between trust and organization performance. According to Ha, Park, and Cho (2010), trust element is considered to be a direct effect of the organization performance. Possibly, there is another element, replacing buyer-supplier relationship that can be a full mediator in between, trust and organization performance or otherwise buyer-supplier relationship can be a full mediator if there is another element can replace the trust element linking with organization performance.

The result revealed that buyer-supplier relationship functions as a partial mediator in between commitment and organization performance regarding to the value of indirect effect $C' = .034$ is less than the value of direct effect $c = .638$. Yet, commitment is a direct effect to the organization performance. It can be concluded that the buyer-supplier relationship is a partial mediator in between commitment and organization performance. Probably, there is other element replacing buyer-supplier relationship that can be a full mediator in between commitment and organization performance, otherwise buyer-supplier relationship can be a full mediator if there is other element can replace a commitment element linking with organization performance

5.1.6 Summary results for research objectives, research questions, and hypothesis

The results for objective, research question, and hypothesis for this study has been summarised as Table 5.1.

Table 5.1

Summary results for research objective, research question, and hypothesis

Research objective	Research question	Hypothesis	Result	
			Research objective/research question	Hypothesis
To study the effect of trust on buyer-supplier relationship.	Does trust effect on buyer-supplier relationship?	There is an effect between trust and buyer-supplier relationship.	Trust effect 60.3% on buyer-supplier relationship.	There is an effect between trust and buyer-supplier relationship.
To study the effect of commitment on buyer-supplier relationship.	Does commitment effect on buyer-supplier relationship?	There is an effect between commitment and buyer-supplier relationship.	Commitment effect 60.1% on buyer-supplier relationship.	There is an effect between commitment and buyer-supplier relationship.
To study the effect of buyer-supplier relationship on organization performance.	Does buyer-supplier relationship effect on organization performance of SMEs?	There is an effect between buyer-supplier relationship and organization performance.	Buyer-supplier relationship effect 25.7% on organization performance of SMEs.	There is an effect between buyer-supplier relationship and organization performance.
To determine the mediating effect of buyer-supplier relationship on the relationship between trust and organization performance of SMEs	Does buyer-supplier relationship mediate the relationship between trust and organization performance of SMEs?	Buyer-supplier relationship mediates the relationship between trust and organization performance.	Buyer-supplier relationship is a partial mediator for trust and organization performance of SMEs.	Buyer-supplier relationship is a partial mediator for trust and organization performance.
To determine the mediating effect of buyer-supplier relationship on the relationship between commitment and organization performance of SMEs	Does buyer-supplier relationship mediate the relationship between commitment and organization performance of SMEs?	Buyer-supplier relationship mediates the relationship between commitment and organization performance.	Buyer-supplier relationship is a partial mediator for commitment and organization performance of SMEs.	Buyer-supplier relationship a partial mediator for commitment and organization performance.

5.2 Implications

This study is more concerned with on buyer-supplier relationship which is a mediating variable in this study to determine whether buyer-supplier relationship as a mediating linking independent variable and dependent variable in this study. This study comprises two independent variables which are trust and commitment. Based on the finding in the previous chapter, buyer and supplier of SMEs especially for micro enterprise in primary agriculture has to put trust and gives commitment to each other to make sure the relationship between both parties are ongoing. From the finding, trust effects 60.3% to the buyer supplier relationship this is more than half. Although commitment only has 60.1% effects on the buyer-supplier relationship, commitment still give a contribution for establishment on this relationship. In addition, both independent variables also are giving a direct effect to the organization performance of SMEs in primary agriculture concentrating on micro enterprise.

After results of this study were revealed, the researcher agrees on buyer-supplier relationship has a positive relationship to improve the organization performance in SMEs. It explains that, a good relationship between buyer and supplier is playing a part in getting a good performance in the organization in terms of financial which consists of long-term profitability or non-financial aspects such as whether the performance is better than competitors in terms of overall business success (Adam et.al, 2012; Majid 2010). For employer or owner of micro enterprise, especially in primary agriculture, an awareness of the relationship between suppliers help to improve the performance of his/her organization. In addition, the consciousness to be a good buyer to the supplier

also will contribute to the long-term relationship with the supplier and enhance a better performance for the organization.

Besides that, the role of trust and commitment on buyer-supplier relationship in micro enterprise, especially on primary agriculture plays an important role according to the results that have been analysed and interpreted in the previous chapter whereby there are significant relationship between trust/commitment with buyer-supplier relationship ($p=.000$). This study helps for the owner or employer of micro enterprise regarding primary agriculture based SMEs realise the elements that contribute to the success relationship between buyer and supplier. In this context, owners or employers of micro enterprise is fulfilling the role as buyers to their suppliers. To establish a better relationship with supplier, he/she has to increase the level of trust and commitment in terms of, confidence with the supplier, believe in what suppliers have done, happy to collaborate with the supplier, and realise that supplier is important to establish the performance (Mugarura 2008; Hassan 2013). This study suggests to owner/employer of micro enterprise that playing a role as a buyer should give emphasis to trust and commitment element in improving the relationship with the supplier.

5.3 Conclusion

Besides buyers, suppliers are also playing a vital role to become competitive compared to other competitors in the business world. The buyer-supplier relationship will have an effect on improving performance in organisation, not only for huge company or large industry but also for SMEs in micro-sized enterprise. The element of trust and

commitment also is going to be tested to assure these elements are important to build a good relationship between buyer and supplier. This study is going to determine whether buyer-supplier relationship mediates on the relationship of trust and commitment to organisation performance. Furthermore, this study also signified that trust and commitment have effect on buyer-supplier relationship, and buyer-supplier relationship also effect to organisation performance. The questionnaire has been distributed to the respondents who are involved in micro enterprise in primary agriculture. The list of the respondents was obtained from Jabatan Pertanian Negeri Kelantan complete with the respondents' addresses and contact numbers.

The results showed that there is an effect of trust and commitment on buyer-supplier relationship. However, trust has more effect to the buyer-supplier relationship in micro enterprise on primary agriculture compared to the commitment. However buyer-supplier relationship has less effect on organization performance which is the value of $R^2 = .257$ or 25.7%. The results also show that there is a direct effect of trust and commitment on organisation performance. The buyer-supplier relationship is a partial mediator of trust and commitment on organisation performance of SMEs micro enterprise in primary agriculture. This suggests that there are probably other elements apart from buyer-supplier relationship that could be a full mediator of trust and commitment on organisation performance.

In conclusion, all of the research objectives, research question, and hypothesis are successfully answered and achieved. It revealed that trust element has a more than 50% effect on buyer-supplier relationship in micro enterprises. However, the element of commitment has a lesser effect on buyer-supplier relationship. Because of that, buyers

and suppliers in micro enterprise have to be aware and practise the element of trust in supply chain management and procurement management. In this study, buyer-supplier relationship functions as a partial mediator on relationship of trust and commitment factor with organisation performance.

5.4 Recommendation

This study has provides a number of recommendations for the organisation to improve the business life in micro enterprise in primary agriculture of SMEs. Plus, there are some recommendations for future research to improve the research on micro enterprise regarding to primary agriculture in SMEs.

5.4.1 Recommendation for organization

Micro enterprise is one of the important sectors alongside small enterprises and medium enterprises in primary agriculture that has contributed to improve the values of GDP of SMEs in Malaysia. Food commodities especially vegetables as well as livestock are expected to improve and is a reason for the increase in percentage of Malaysia SMEs GDP (National SME Development Council, 2013). To increase the profitability and growth for micro enterprises, the government has to play a vital role to assure this enterprise is able to go far (out of the box) from the current level.

As stated in previous chapter, Jabatan Pertanian Negeri Kelantan has been appointed by the national government to provide funds and intensive programmes to

agriculture-based SMEs entrepreneur in Kelantan. However, for micro enterprises, they still need the information and knowledge about business management, supply chain management, and purchasing management to improve their approach to be more systematic especially in relationship between buyers and suppliers. From the results, it is clear that the value of trust and commitment is playing an important role in buyer-supplier relationship towards organisation performance. According to the result, trust effects 60.3% on buyer-supplier relationship and the beta value is $\beta = .721$ which is the highest effect compared to commitment element on buyer-supplier relationship which only effect 60.1% and the beta value $\beta = .068$. Thus, this study suggest that Jabatan Pertanian Negeri Kelantan provides business classes to build the element of trust between buyers and suppliers by inviting experts in business management to help the entrepreneurs/owners/employers of micro enterprise in primary agriculture to realise the importance of trust value to the relationship between buyers and suppliers, and how to create this value in buyer-supplier relationship for micro enterprise.

In addition, according to the demographic result, frozen food get the highest number of frequency compared to other types of product in micro enterprise of primary agriculture based SMEs in Kelantan with 37 or 37.8%. It shows that frozen food provides the highest contribution to the economy in Kelantan. This result shows that frozen food has a big potential to penetrate the global market. This study suggests that the national government have to assist in the export of frozen food product from micro to the international business market because it will attract the private sector or international sector to invest in micro enterprise. This suggestion will boost Malaysia's

economy and improve the profit and growth for micro enterprise in primary agriculture based SMEs.

5.4.2 Recommendation for future research

Trust and commitment are the important elements of the relationship between buyers and suppliers. However, there are two elements that should be extended in future research which are power and responsibility (Benton, 2010) to determine whether these elements are the greatest intrinsic values for buyer-supplier relationship as a full mediating towards organisation performance. Therefore, for future research, four variables should be tested as an independent variable as the elements of buyer-supplier relationship comprising trust, commitment, power and responsibility which are the intrinsic value.

According to National SME Development Council (2013), primary agriculture sector based SMEs has contributed 7.3% to Malaysia GDP. Hence, micro enterprise is also one of the sub-sectors that contribute to SME's primary agriculture growth especially in Kelantan. As such, another recommendation for future research is that the study should be extended to the whole of Malaysia. It means that, by using the same model and framework, the scope of the study can be expanded to all states in Malaysia but still focusing on primary agriculture based SMEs of micro enterprise. Thus, the result can be obtained accurately and validly.

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APPENDIX

APPENDIX I

Krejcie and Morgan Table (1970)

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

APPENDIX 11



QUESTIONNAIRE

The Mediating Effects of Buyer-Supplier Relationship on Relationship of Trust and Commitment, and Organization Performance of SMEs in Kelantan

Dear participant.

You have been selected to participate in this survey. This questionnaire is designed to study on the mediating effects of buyer-supplier relationship on relationship of trust and commitment, and organization performance of Small and Medium-sized Enterprise in Kelantan that focusing on micro-enterprise in primary agriculture. This study is done as a partial fulfilment for Master Degree of Science Management.

All information you provide is solely for academic purpose and it will be kept **STRICTLY CONFIDENTIAL**. Your sincere response is thus appreciated.

Thank you for your time and cooperation.

NOR ZAWANI BT MAMAT@IBRAHIM



BORANG KAJI SELIDIK

Kesan Penagantara Hubungan Pembeli-Pembekal kepada Hubungan Kepercayaan dan Komitmen, dan Prestasi Organisasi IKS di Kelantan

Tuan/Puan yang dihormati,

Anda telah terpilih untuk mengambil bahagian dalam kaji selidik ini. Soal selidik ini direka untuk mengkaji kesan pengantara hubungan pembeli-pembekal kepada hubungan kepercayaan dan komitmen, dan prestasi organisasi Industri Kecil dan Sederhana di Kelantan yang memberi tumpuan kepada mikro-enterprise dalam pertanian asas. Kajian ini dilakukan sebagai memenuhi sebahagian untuk Ijazah Sarjana Sains Pengurusan.

Semua maklumat yang anda berikan adalah semata-mata untuk tujuan akademik dan ia akan **DISIMPAN SECARA SULIT**. Jawapan ikhlas anda amatlah dihargai.

Terima kasih atas kelapangan dan kerjasama yang diberikan.

NOR ZAWANI BT MAMAT@IBRAHIM

SECTION A / SEKSYEN A

Please tick (✓) the best answer and fill in the blank/ *Sila tandakan (✓) untuk jawapan yang terbaik dan isi tempat kosong.*

PART I: ORGANIZATION INFORMATION / BAHAGIAN I: MAKLUMAT ORGANISASI

1. Organization years in operation / *Tempoh organisasi beroperasi:*

: ≤ 2 years / ≤ 2 tahun

: ≤ 3 to 4 years / ≤ 3 to 4 tahun

: ≤ 5 to 6 years / ≤ 5 to 6 tahun

: ≥ 6 years / ≥ 6 tahun

2. Number of employees / *Bilangan pekerja:*

: 2

: 3

: 4

: 5

3. District / *Jajahan:*

: Kota Bharu

: Bachok

: Machang

: Gua Musang

: Pasir Mas

: Jeli

: Tanah Merah

: Kuala Krai

: Tumpat

: Pasir Putih

4. Types of product/services offer / *Jenis produk/perkhidmatan yang ditawarkan:*

- | | |
|---|--|
| <input type="checkbox"/> : Spice and routes | <input type="checkbox"/> : Pastry and cake |
| <input type="checkbox"/> : Sauce | <input type="checkbox"/> : Junk food |
| <input type="checkbox"/> : Juice | <input type="checkbox"/> : Frozen food |

5. Annual sales turnover / *Pulangan modal tahunan:*

- : RM 50,000-RM 100,000
- : RM 100,001-RM 150,000
- : RM 150,001-RM 300,000

PART II: PERSONAL INFORMATION / BAHAGIAN II: MAKLUMAT PERIBADI

6. Race/*Bangsa:*

- : Malay/*Melayu*
- : Chinese/*Cina*
- : Indian/*India*
- : Others (Please state)/*Lain (Sila nyatakan)* _____

7. Gender/ *Jantina:*

- : Male/*Lelaki*
- : Female/*Perempuan*

8. Marital status/ *Status perkahwinan:*

- : Single/*Bujang*
- : Married/*Berkahwin*
- : Divorce/*Bercerai*

9. Highest educational level/*Tahap pendidikan tertinggi*

: Primary school/*Sekolah rendah*

: Secondary school/*Sekolah menengah*

: College or institute/*Kolej atau institut*

: University/*Universiti*

: Others (Please state)/*Lain-lain (Sila nyatakan)*

10. Position/*Jawatan:*

: Owner

: Manager

: Employee

SECTION B / SEKSYEN B

Responses are indicated by single digit as per scale illustrated below. Please circle (O) the suitable answer.

Maklum balas akan ditandakan dengan angka tunggal seperti skala yang ditunjukkan di bawah.

Sila tandakan bulat (O) pada satu digit nombor seperti skala yang ditunjukkan di bawah.

1	2	3	4	5
Strongly disagree/ <i>Sangat tidak setuju</i>	Disagree/ <i>Tidak setuju</i>	Neither agree or disagree/ <i>Tidak pasti</i>	Agree/ <i>Setuju</i>	Strongly agree/ <i>Sangat setuju</i>

Trust/ Kepercayaan					
11. Our suppliers are honest in dealing with us <i>Pembekal kami jujur berurusan dengan kami</i>	1	2	3	4	5
12. We believed that our suppliers will not take decisions which are negative for us <i>Kami percaya bahawa pembekal kami tidak akan mengambil keputusan negatif untuk kami</i>	1	2	3	4	5
13. We have confidence in our suppliers we collaborate with <i>Kami mempunyai keyakinan terhadap pembekal yang berkerjasama dengan kami</i>	1	2	3	4	5
14. The suppliers we collaborate with always keep their promises <i>Pembekal yang berkerjasama dengan kami sentiasa patuh dengan janji-janji mereka</i>	1	2	3	4	5
15. Our suppliers are friendly in dealing with our company <i>Pembekal kami mesra berurusan dengan syarikat kami</i>	1	2	3	4	5
16. The suppliers we collaborate with always inform us					

<p>immediately if problem occur in their business operations that may have an impact on the collaboration</p> <p><i>Pembekal yang berkerjasama dengan kami sentiasa memaklumkan kepada kami dengan segera sekiranya masalah yang dihadapi dalam operasi perniagaan mereka boleh memberi kesan kepada hubungan kerjasama</i></p>	1	2	3	4	5
<p>Commitment/ Komitmen</p>					
<p>17. The reason we collaborate with our suppliers is because of the values they stand for</p> <p><i>Antara sebab kami berkerjasama dengan pembekal kami ialah kerana nilai-nilai yang dipertahankan</i></p>	1	2	3	4	5
<p>18. We need to keep collaborating with our suppliers since it would be too costly for us to leave these relationship</p> <p><i>Kami perlu terus berkerjasama dengan pembekal kami kerana ia akan merugikan kami sekiranya kami meninggalkan hubungan ini</i></p>	1	2	3	4	5
<p>19. We are willing to invest in suppliers' specific asset so as to keep the current relationship</p> <p><i>Kami bersedia untuk melabur dalam asset tertentu pembekal untuk mengukuhkan hubungan semasa</i></p>	1	2	3	4	5
<p>20. We feel our suppliers' view us as being an important buyer</p> <p><i>Kami merasakan bahawa pembekal kami melihat kami sebagai pembeli yang penting</i></p>	1	2	3	4	5
<p>21. We proud to tell others that we are associated with these suppliers</p> <p><i>Kami bangga untuk memberitahu orang lain bahawa kami berkerjasama dengan pembekal tersebut</i></p>	1	2	3	4	5

SECTION C / SEKSYEN C

Responses are indicated by single digit as per scale illustrated below. Please circle (O) the suitable answer.

Maklum balas akan ditandakan dengan angka tunggal seperti skala yang ditunjukkan di bawah.

Sila tandakan bulat (O) pada satu digit nombor seperti skala yang ditunjukkan di bawah.

1	2	3	4	5
Strongly disagree/ <i>Sangat tidak setuju</i>	Disagree/ <i>Tidak setuju</i>	Neither agree or disagree/ <i>Tidak pasti</i>	Agree/ <i>Setuju</i>	Strongly agree/ <i>Sangat setuju</i>

Buyer-supplier relationship/ <i>Hubungan pembeli dan pembekal</i>					
22. In this relationship, both sides together to achieve productivity gains both sides benefit <i>Dalam hubungan pembeli dan pembekal, kedua-dua pihak ingin mencapai productktiviti dan kepentingan masing-masing.</i>	1	2	3	4	5
23. We devote time trying to improve this relationship <i>Kami memberi masa untuk memperbaiki hubungan ini</i>	1	2	3	4	5
24. We have strong personal confidence in each other <i>Kami mempunyai keyakinan yang kuat di antara satu sama lain</i>	1	2	3	4	5
25. My supplier will work hard in future to maintain a close relationship with my company <i>Pembekal saya akan bekerja keras bagi mengeratkan hubungan di masa akan datang</i>	1	2	3	4	5
26. We are strong business confidence in each other <i>Kami mempunyai keyakinan bisnes yang kukuh di antara satu sama lain</i>	1	2	3	4	5

SECTION D / SEKSYEN D

Responses are indicated by single digit as per scale illustrated below. Please circle (O) the suitable answer.

Maklum balas akan ditandakan dengan angka tunggal seperti skala yang ditunjukkan di bawah.

Sila tandakan bulat (O) pada satu digit nombor seperti skala yang ditunjukkan di bawah.

1	2	3	4	5
Much worse than competitors/ <i>Jauh lebih buruk daripada pesaing</i>	Worse than competitors/ <i>Lebih buruk daripada pesaing</i>	About the same/ <i>Lebih kurang sama</i>	Better than competitors/ <i>Lebih baik daripada pesaing</i>	Much better than competitors/ <i>Jauh lebih baik daripada pesaing</i>

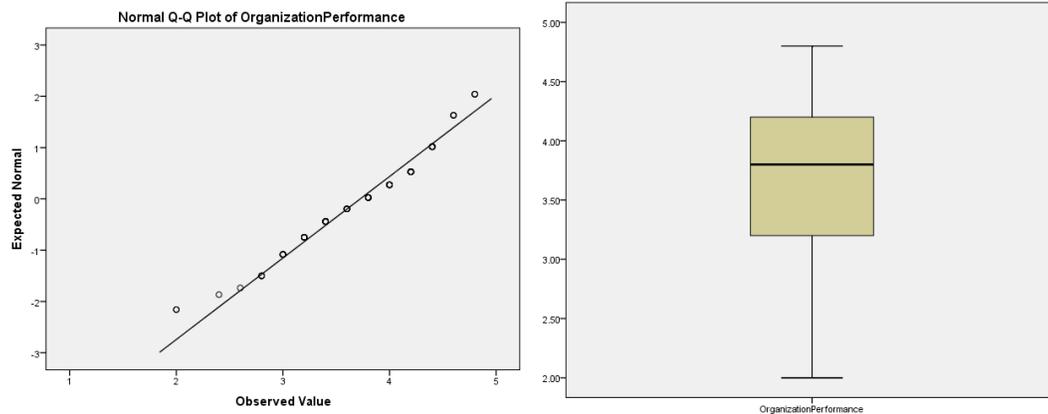
Organizations performance/ <i>Prestasi organisasi</i>					
27. Gross profit (before tax) <i>Untung kasar (sebelum cukai)</i>	1	2	3	4	5
28. Return of asset (ROA) <i>Pulangan asset</i>	1	2	3	4	5
29. Profitability <i>Keuntungan</i>	1	2	3	4	5
30. Growth <i>Pertumbuhan</i>	1	2	3	4	5
31. Overall business success <i>Kejayaan perniagaan secara keseluruhan</i>	1	2	3	4	5

Thank you for cooperation

APPENDIX III

Output SPSS (Normality Analysis)

Organization performance



Descriptives

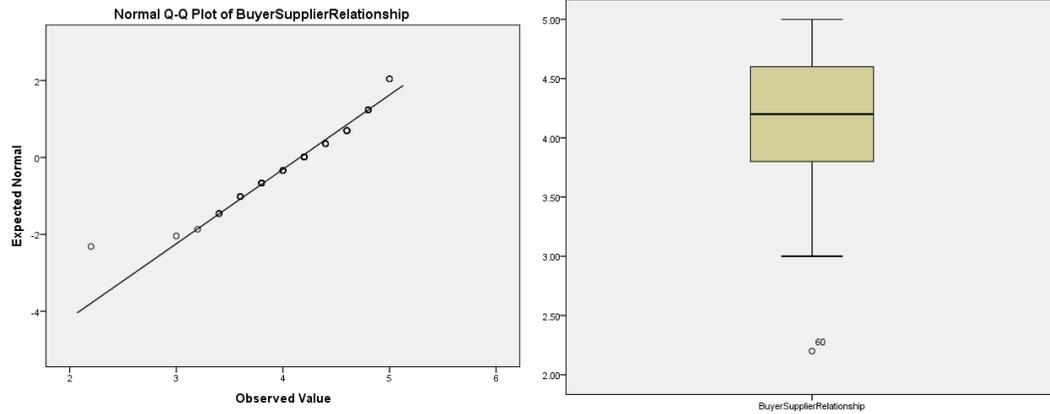
			Statistic	Std. Error
	Mean		3.7250	.06423
	95% Confidence Interval for Mean	Lower Bound	3.5975	
		Upper Bound	3.8525	
	5% Trimmed Mean		3.7463	
	Median		3.8000	
	Variance		.396	
OrganizationPerformance	Std. Deviation		.62929	
	Minimum		2.00	
	Maximum		4.80	
	Range		2.80	
	Interquartile Range		1.00	
	Skewness		-.439	.246
	Kurtosis		-.333	.488

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
OrganizationPerformance	.129	96	.000	.955	96	.002

a. Lilliefors Significance Correction

Buyer-supplier relationship



Descriptives

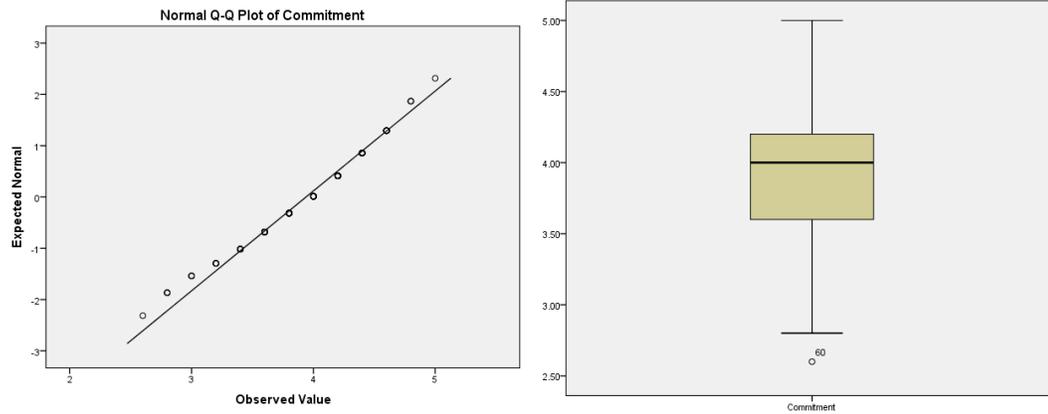
		Statistic	Std. Error
BuyerSupplierRelationship	Mean	4.1604	.05278
	95% Confidence Interval for Mean	Lower Bound	4.0556
		Upper Bound	4.2652
	5% Trimmed Mean	4.1810	
	Median	4.2000	
	Variance	.267	
	Std. Deviation	.51717	
	Minimum	2.20	
	Maximum	5.00	
	Range	2.80	
	Interquartile Range	.80	
	Skewness	-.665	.246
	Kurtosis	.846	.488

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
BuyerSupplierRelationship	.104	96	.012	.948	96	.001

a. Lilliefors Significance Correction

Commitment



Descriptives

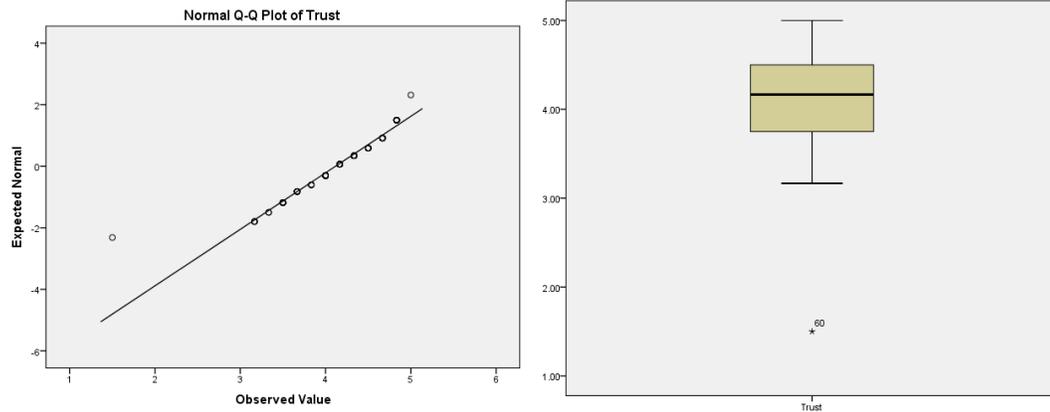
		Statistic	Std. Error	
Commitment	Mean	3.9396	.05241	
	95% Confidence Interval for Mean	Lower Bound	3.8355	
		Upper Bound	4.0436	
	5% Trimmed Mean	3.9551		
	Median	4.0000		
	Variance	.264		
	Std. Deviation	.51350		
	Minimum	2.60		
	Maximum	5.00		
	Range	2.40		
	Interquartile Range	.60		
	Skewness	-.422	.246	
	Kurtosis	-.216	.488	

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Commitment	.131	96	.000	.969	96	.023

a. Lilliefors Significance Correction

Trust



Descriptives

		Statistic	Std. Error
	Mean	4.1163	.05558
	95% Confidence Interval for Lower Bound	4.0060	
	Mean Upper Bound	4.2267	
	5% Trimmed Mean	4.1466	
	Median	4.1667	
	Variance	.297	
Trust	Std. Deviation	.54457	
	Minimum	1.50	
	Maximum	5.00	
	Range	3.50	
	Interquartile Range	.79	
	Skewness	-1.213	.246
	Kurtosis	.416	.488

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Trust	.124	96	.001	.911	96	.000

a. Lilliefors Significance Correction

APPENDIX IV

Output SPSS (Frequencies' Analysis)

Organization years in operation frequency

Organization years in operation

N	Valid	98
	Missing	0
Mean		3.33
Std. Deviation		.982
Variance		.964
Range		3
Minimum		1
Maximum		4

Organization years in operation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid equal and less than 2 years	7	7.1	7.1	7.1
equal and less than 3 to 4 years	15	15.3	15.3	22.4
equal and less than 5 to 6 years	15	15.3	15.3	37.8
equal and more than 6 years	61	62.2	62.2	100.0
Total	98	100.0	100.0	

Number of employees frequency

Number of employees

N	Valid	98
	Missing	0
Mean		2.48
Std. Deviation		1.124
Variance		1.262
Range		3
Minimum		1
Maximum		4

Number of employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	24	24.5	24.5	24.5
3	28	28.6	28.6	53.1
4	21	21.4	21.4	74.5
5	25	25.5	25.5	100.0
Total	98	100.0	100.0	

District Frequency

District		
N	Valid	98
	Missing	0
Mean		4.53
Std. Deviation		2.721
Variance		7.406
Range		9
Minimum		1
Maximum		10

District					
	Frequency	Percent	Valid Percent	Cumulative Percent	
	Kota Bharu	17	17.3	17.3	17.3
	Machang	4	4.1	4.1	21.4
	Pasir Mas	18	18.4	18.4	39.8
	Tanah Merah	17	17.3	17.3	57.1
	Tumpat	12	12.2	12.2	69.4
Valid	Bachok	12	12.2	12.2	81.6
	Gua Musang	2	2.0	2.0	83.7
	Jeli	2	2.0	2.0	85.7
	Kuala Krai	5	5.1	5.1	90.8
	Pasir Putih	9	9.2	9.2	100.0
	Total	98	100.0	100.0	

Types of product/service frequency

Types of product/service offer		
N	Valid	98
	Missing	0
Mean		4.50
Std. Deviation		1.515
Variance		2.294
Range		5
Minimum		1
Maximum		6

Types of product/service offer					
	Frequency	Percent	Valid Percent	Cumulative Percent	
	Spice and routes	2	2.0	2.0	2.0
	Sauce	14	14.3	14.3	16.3
	Juice	8	8.2	8.2	24.5
Valid	Pastry and cake	20	20.4	20.4	44.9
	Junkfood	17	17.3	17.3	62.2
	Frozen food	37	37.8	37.8	100.0
	Total	98	100.0	100.0	

Annual sales turnover frequency

Annual sales turnover

N	Valid	98
	Missing	0
Mean		1.62
Std. Deviation		.780
Variance		.609
Range		2
Minimum		1
Maximum		3

Annual sales turnover

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	RM 50,000- RM 100,000	55	56.1	56.1	56.1
	RM 100,001-RM 150,000	25	25.5	25.5	81.6
	150 001- RM 300,000	18	18.4	18.4	100.0
	Total	98	100.0	100.0	

Race frequency

Race

N	Valid	98
	Missing	0
Mean		1.02
Std. Deviation		.202
Variance		.041
Range		2
Minimum		1
Maximum		3

Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	97	99.0	99.0	99.0
	India	1	1.0	1.0	100.0
	Total	98	100.0	100.0	

Gender frequency

Gender

N	Valid	98
	Missing	0
Mean		1.73
Std. Deviation		.444
Variance		.197
Range		1
Minimum		1
Maximum		2

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	26	26.5	26.5	26.5
Valid	Female	72	73.5	73.5	100.0
	Total	98	100.0	100.0	

Marital status frequency

Marital status

N	Valid	98
	Missing	0
Mean		1.87
Std. Deviation		.397
Variance		.157
Range		2
Minimum		1
Maximum		3

Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
	Single	15	15.3	15.3	15.3
Valid	Married	81	82.7	82.7	98.0
	Divorce	2	2.0	2.0	100.0
	Total	98	100.0	100.0	

Highest educational level frequency

Highest educational level

N	Valid	98
	Missing	0
Mean		1.94
Std. Deviation		.771
Variance		.594
Range		3
Minimum		1
Maximum		4

Highest educational level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary school	29	29.6	29.6	29.6
	Secondary school	49	50.0	50.0	79.6
	College or institute	17	17.3	17.3	96.9
	University	3	3.1	3.1	100.0
	Total	98	100.0	100.0	

Position frequency

Position

N	Valid	98
	Missing	0
Mean		1.37
Std. Deviation		.545
Variance		.297
Range		2
Minimum		1
Maximum		3

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	65	66.3	66.3	66.3
	Manager	30	30.6	30.6	96.9
	Employee	3	3.1	3.1	100.0
	Total	98	100.0	100.0	

APEENDIX V

Output SPSS (Descriptive Analysis)

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
OrganizationPerformance	98	2.00	4.80	3.7041	.64102	.411
BuyerSupplierRelationship	98	2.20	5.00	4.1388	.53528	.287
Trust	98	1.50	5.00	4.0680	.63536	.404
Commitment	98	1.20	5.00	3.8939	.60391	.365
Valid N (listwise)	98					

APPENDIX VI

Output SPSS (Multiple Linear Regression Analysis)

Trust, commitment, and buyer-supplier relationship

Correlations

		BuyerSupplierR elationship	Trust	Commitment
Pearson Correlation	BuyerSupplierRelationship	1.000	.775	.642
	Trust	.775	1.000	.795
	Commitment	.642	.795	1.000
Sig. (1-tailed)	BuyerSupplierRelationship	.	.000	.000
	Trust	.000	.	.000
	Commitment	.000	.000	.
N	BuyerSupplierRelationship	98	98	98
	Trust	98	98	98
	Commitment	98	98	98

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 ^a	.603	.594	.34092
2	.775 ^b	.601	.597	.33987

a. Predictors: (Constant), Commitment, Trust

b. Predictors: (Constant), Trust

c. Dependent Variable: BuyerSupplierRelationship

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.751	2	8.376	72.062	.000 ^b
	Residual	11.042	95	.116		
	Total	27.793	97			

a. Dependent Variable: BuyerSupplierRelationship

b. Predictors: (Constant), Commitment, Trust

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.432	.237		6.037	.000
1	Trust	.607	.090	.721	6.756	.000
	Commitment	.060	.095	.068	.640	.524

a. Dependent Variable: BuyerSupplierRelationship

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.751	2	8.376	72.062	.000 ^b
	Residual	11.042	95	.116		
	Total	27.793	97			
2	Regression	16.704	1	16.704	144.606	.000 ^c
	Residual	11.089	96	.116		
	Total	27.793	97			

a. Dependent Variable: BuyerSupplierRelationship

b. Predictors: (Constant), Commitment, Trust

c. Predictors: (Constant), Trust

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Trust	Commitment
	1	2.981	1.000	.00	.00	.00
1	2	.014	14.539	1.00	.11	.10
	3	.005	24.952	.00	.89	.90

a. Dependent Variable: BuyerSupplierRelationship

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.5007	4.7234	4.1388	.41556	98
Std. Predicted Value	-3.942	1.407	.000	1.000	98
Standard Error of Predicted Value	.035	.158	.056	.022	98
Adjusted Predicted Value	2.4040	4.7385	4.1371	.42181	98
Residual	-1.01967	.92032	.00000	.33739	98
Std. Residual	-2.991	2.700	.000	.990	98
Stud. Residual	-3.014	2.720	.002	1.010	98
Deleted Residual	-1.03520	.99602	.00164	.35191	98
Stud. Deleted Residual	-3.152	2.817	.003	1.024	98
Mahal. Distance	.025	19.901	1.980	3.174	98
Cook's Distance	.000	.613	.015	.063	98
Centered Leverage Value	.000	.205	.020	.033	98

a. Dependent Variable: BuyerSupplierRelationship

Output SPSS (Simple Linear Regression Analysis)

Buyer-supplier relationship and organization performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.507 ^a	.257	.249	.55551

a. Predictors: (Constant), BuyerSupplierRelationship

b. Dependent Variable: OrganizationPerformance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.233	1	10.233	33.161	.000 ^b
	Residual	29.625	96	.309		
	Total	39.858	97			

a. Dependent Variable: OrganizationPerformance

b. Predictors: (Constant), BuyerSupplierRelationship

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.193	.440		2.712	.008
	BuyerSupplierRelationship	.607	.105	.507	5.759	.000

a. Dependent Variable: OrganizationPerformance

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.5276	4.2267	3.7041	.32480	98
Residual	-1.49851	1.30149	.00000	.55264	98
Std. Predicted Value	-3.622	1.609	.000	1.000	98
Std. Residual	-2.698	2.343	.000	.995	98

a. Dependent Variable: OrganizationPerformance

Trust and organization performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.594 ^a	.353	.346	.51829

a. Predictors: (Constant), Trust

b. Dependent Variable: OrganizationPerformance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.071	1	14.071	52.381	.000 ^b
	Residual	25.788	96	.269		
	Total	39.858	97			

a. Dependent Variable: OrganizationPerformance

b. Predictors: (Constant), Trust

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.266	.341		3.711	.000
	Trust	.599	.083	.594	7.237	.000

a. Dependent Variable: OrganizationPerformance

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.1647	4.2627	3.7041	.38086	98
Residual	-1.16377	.83697	.00000	.51561	98
Std. Predicted Value	-4.042	1.467	.000	1.000	98
Std. Residual	-2.245	1.615	.000	.995	98

a. Dependent Variable: OrganizationPerformance

Commitment and organization

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.638 ^a	.407	.401	.49610

a. Predictors: (Constant), Commitment

b. Dependent Variable: OrganizationPerformance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.231	1	16.231	65.949	.000 ^b
	Residual	23.627	96	.246		
	Total	39.858	97			

a. Dependent Variable: OrganizationPerformance

b. Predictors: (Constant), Commitment

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.067	.329		3.245	.002
	Commitment	.677	.083	.638	8.121	.000

a. Dependent Variable: OrganizationPerformance

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8794	4.4533	3.7041	.40906	98
Residual	-1.05332	1.12064	.00000	.49354	98
Std. Predicted Value	-4.461	1.832	.000	1.000	98
Std. Residual	-2.123	2.259	.000	.995	98

a. Dependent Variable: OrganizationPerformance