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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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


Kata kunci: Hubungan pembeli-pembekal, kepercayaan, komitmen, prestasi organisasi, perusahaan kecil dan sederhana (PKS).
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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>BSR</td>
<td>Buyer-supplier relationship</td>
</tr>
<tr>
<td>CBAs</td>
<td>Cost Benefit Analysis</td>
</tr>
<tr>
<td>COMM</td>
<td>Communication</td>
</tr>
<tr>
<td>DV</td>
<td>Dependent Variable</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IV</td>
<td>Independent Variable</td>
</tr>
<tr>
<td>KDNK</td>
<td>Keluaran Dalam Negara Kasar</td>
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<tr>
<td>KM²</td>
<td>Kilometer square</td>
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<td>KMV</td>
<td>Key Mediating Variable</td>
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<td>MRS</td>
<td>Manufacturing Related Services</td>
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<td>NPAT</td>
<td>Net Profit After Text</td>
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<td>OP</td>
<td>Organization Performance</td>
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<tr>
<td>PKS</td>
<td>Perusahaan Kecil dan Sederhana</td>
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<tr>
<td>ROA</td>
<td>Return of Asset</td>
</tr>
<tr>
<td>SME/SMEs</td>
<td>Small medium-sized enterprise</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Science</td>
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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter will describe the general information of buyer-supplier relationship of 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
The contents of the thesis is for internal user only
REFERENCE


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APPENDIX