ECONOMIC AND SOCIAL SATISFACTION: THE ANTECEDENTS AND CONSEQUENCE, AND THE MODERATING EFFECT OF BRAND STRENGTH IN THE CONTEXT OF RETAILER-MANUFACTURER RELATIONSHIP IN YEMEN

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ABSTRACT

Available literatures have confirmed that there is a complex relationship between food manufacturers and large retailers especially in the growing strength of retail organizations in both the Yemeni and global contexts. To empirically investigate this relationship, the present study employed one single model of manufacturer-retailer relationship based on a review of the literature: (1) the impact of marketing relationship bonds on retailer's economic and social satisfaction; (2) the relationship between economic and social satisfaction, and their affect on commitment; and (3) the moderating effect of the manufacturer brands' strength on the relationships between retailer's economic and social satisfaction, and retailers' commitment. This quantitative study presents and discusses empirical findings from a survey of 140 independent large retailers using partial least squares-structural equation modeling (PLS-SEM). The findings of the study largely supported the hypothesized relationships proposed in the theoretical model. The results revealed that organizational bonds, but not interpersonal bonds, were crucial in affecting retailer's economic satisfaction. Meanwhile, interpersonal bonds were crucial in affecting retailer's social satisfaction. The results also provided strong evidence of the relationship between retailer's economic and social satisfaction, which in turn are necessary determinants of retailer's commitment. The study also found that the strength of manufacturer's brands enhanced the relationship between economic satisfaction and commitment, but not the relationship between social satisfaction and commitment. This study offers several implications on how managers of national food manufacturers can ensure the long-term success of their mutual business relationship with large retailers in light of the growing power of retailers. Additionally, this study suggests further research to compare the levels of large retailer's economic and social satisfaction with national and foreign suppliers, and investigate relational bonds in order to develop and maintain the national manufacturer's relationships with their marketing channels to achieve competitive advantage.

Keywords: economic and social satisfaction, marketing relationship bonds, commitment, strength of brands, manufacturer-retailer relationship

ABSTRAK

Sorotan karya membuktikan bahawa wujud hubungan yang kompleks antara pengeluar makanan dan peruncit bersaiz besar terutamanya dalam peningkatan kekuatan organisasi runcit dalam konteks Yaman dan global. Bagi mengkaji hubungan ini secara empirikal, kajian ini menggunakan model hubungan pengeluar-peruncit berdasarkan kajian literatur: (1) kesan ikatan hubungan pemasaran terhadap kepuasan ekonomi dan sosial peruncit, (2) hubungan antara ekonomi dan kepuasan sosial, dan kesannya terhadap komitmen, dan (3) kesan penyederhana kekuatan jenama pengeluar terhadap hubungan antara kepuasan ekonomi dan sosial peruncit, dan komitmen peruncit. Kajian kuantitatif mengemukakan dan membincangkan penemuan empirikal hasil tinjauan terhadap 140 peruncit besar bebas dengan menggunakan *partial least squares-structural equation modeling* (PLS-SEM). Hasil kajian sebahagian besarnya menyokong hipotesis hubungan yang dicadangkan dalam teori model. Dapatan kajian menunjukkan bahawa ikatan organisasi adalah sangat penting dalam mempengaruhi kepuasan ekonomi peruncit bukannya ikatan antaraperorangan. Sementara itu, ikatan antaraperorangan adalah penting dalam mempengaruhi kepuasan sosial peruncit. Dapatan kajian juga menyediakan bukti yang kukuh tentang hubungan antara kepuasan ekonomi dan sosial peruncit, yang seterusnya menjadi penentu komitmen peruncit. Kajian ini juga mendapati bahawa kekuatan jenama pengilang berupaya meningkatkan hubungan antara kepuasan ekonomi dan komitmen, tetapi bukan dalam hubungan antara kepuasan sosial dan komitmen. Kajian ini mempunyai beberapa implikasi kepada pengurus pengeluar makanan negara bagi memastikan kejayaan bersama hubungan perniagaan dengan peruncit besar dalam konteks kuasa peruncit yang semakin meningkat. Selain itu, kajian ini menyarankan agar kajian lanjut dibuat untuk membandingkan tahap kepuasan ekonomi dan sosial peruncit besar dengan pembekal dalam dan luar negara, dan meneliti hubungan ikatan dalam usaha membangunkan dan mengekalkan hubungan pengeluar negara dengan rangkaian pasaran dan mencapai kelebihan daya saing yang kompetitif.

Kata kunci: kepuasan ekonomi dan sosial, ikatan hubungan pemasaran, komitmen, kekuatan jenama, hubungan pengeluar- peruncit

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Majid Mapkhot'M Goaill

TABLE OF CONTENTS

Page

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

RM	Relationship Marketing
B2B	Business to Business
B2C	Business to customer
RS	Relationship Satisfaction
RES	Retailer Economic Satisfaction
RSS	Retailer Social Satisfaction
RC	Retailer Commitment
SET	Social Exchange Theory
MRBs	Marketing Relationship Bonds
IOBs	Interorganizational Bonds
FBs	Financial Bonds
StBs	Structural Bonds
IPBs	Interpersonal Bonds
SoBs	Social Bonds
EBs	Ethical Bonds
SMB	Strength of Manufacturer's Brands
EFA	Exploratory Factor Analysis
CFA	Confirmation Factor Analysis
PLS	Partial Least Squares
SEM	Structural Equation Modeling
SPSS	Statistical Package for Social Science
GoF	Goodness of Fit
CR	Composite Reliability

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter provides an overview of the study background by considering Yemen as the research context. In addition, it presents problem statement, research questions and objectives, significance of the study, scope of the study, definition of terms, and finally organization of thesis.

1.2 Background of the Study

The role of the retailer has grown since the seventies from being a simple distributor to a partner in a business relationship (Zentes, Janz, & Morschett, 2005). Due to the transformation of the production markets to customer demand markets, the role of retailers in the relationship between the manufacturers and their final consumers has gained importance currently, suggesting that the retailers are seen as powerful gatekeepers controlling the access to the final consumer (Belaya & Hanf, 2009; Pelau, 2008). Moreover, recent studies have confirmed the growing strength of retailers in the business relationship with manufacturer/supplier (e.g., Ailawadi *et al*., 2008; Belaya & Hanf, 2009; Chung, Huang, Jin, & Sternquist, 2011; Runyan, Sternquist, & Chung, 2010; Zhang & Xiong, 2009). Furthermore, Levy and Weitz (2009) defined retailing by saying that “Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family use”. Retailers are the final business in a supply chain that links manufacturers to consumers. Retailers provide important functions that increase the value of the products and services they sell to consumers and facilitate the distribution of those products from the manufacturers.

For manufacturers, increasing competition and product homogeneity in many consumer categories have enabled retailers to switch from one manufacturer to another, forcing many manufacturers to compete for retail business (Mitchell, 2004). Furthermore, the practice shows that there is a change of behaviour in the relationship between manufacturers and retailers, which indicates the increasing power of the retailers in their relationship with manufacturers (Pelau, 2008). This makes the understanding of the relationship with large retailers along with achieving a high level of relationship satisfaction, the most important issues for many manufacturers.

To ensure the long-term success of a manufacturer, it is important to have satisfied retailers in the context of channel relationship (Bolton, 1998; Selnes, 1998). Nevertheless, it is only rarely the subject of a comprehensive theoretically based empirical research study in the B2B context. This is particularly so in respect of the factors related to the relationship satisfaction (economic and social) in retail organizations. Therefore, some researchers still believe that retailer relationship satisfaction is still being neglected (e.g., Benton & Maloni, 2005; Pelau, 2008; Kazemi, Keskar, & Esmaeilli, 2010; Schellhase, Hardock, & Ohlwein, 2000; Zhang & Xiong, 2009), particularly in Yemen (Al-Gaumey, 2010).

Recent studies revealed relationship marketing (RM) as a type of marketing created from the direct response marketing campaigns stressing on customer retention and satisfaction as opposed to a dominant concentration on point-of-sale transactions (Alnaimi, Jones, & Perkins, 2011; Jonsson & Zineldin, 2003; Kotler, Armstrong, Saunders, & Wong, 1999). Relationship marketing has a critical role in relationship channelling. Weitz and Jap (1995) provided a convincing overview of the shift in channel marketing to RM and its implications due to the shifting trends. One of the most important implications is the development and maintenance of relationship satisfaction in the context of channel relationship (Alnaimi *et al.*, 2011; Jonsson & Zineldin, 2003). Hence, this calls for studies exploring the channel relationship from the point of view of relational marketing. In addition, past researchers have recommended that future work focuses particularly on retailer relationship satisfaction and its dimensions as the key to this relationship (Goaill, Selvan, & Nor Azila, 2013; Kazemi *et al.*, 2010; Pelau, 2008; Zhang & Xiong, 2009).

1.3 Yemen as the Research Context

The Middle East retail sector is fast overtaking other emerging markets. According to a report on the Middle East retail sector, it is expected that the Middle East retail industry will grow at a compound annual growth rate (CAGR) of around 10% during 2011-2014 to reach over US$1,000 billion by 2014 (RNCOS, 2011). In addition, the report anticipated that the retail sales will also flourish in coming years with the increasing retail space in the region. Further, the report confirmed that the retail culture has evolved from traditional outlets to large shopping malls, hypermarkets, supermarkets, and organized chains (RNCOS, 2011).

In Yemen, it should be noted that the retail market is expected to be one of the most attractive retail markets by 2025 in Middle East economies (Mutawakkil, 2010b, p.

37), especially after Yemen's accession to the World Trade Organization in 2014. Moreover, more competition is expected to exist between local and foreign retailers to secure a piece of this big cake. In particular, the modernization of retailers has occurred rapidly over the last six years with large retail organizations having increased in large numbers through the modern supermarket system carrying many local and international brand names – Trait Harry, Bravo, Happy Land, City Mart, Sana Mall, City Hyper, Zmran Super, Sharjah Mall and Huda – and increasing approximately 100% (156 large retail organizations in 2005 to 309 in 2011) (YCGSI, 2011).

In Yemen, the retailing is a large, diverse and dynamic sector of the economy. For food retailing, there are 14829 food retailers enlisted under three different sized categories (YCGSI, 2011) which provide important functions that increase the value of the national and foreign food products they sell to consumers and facilitate the distribution of those products from the national food manufacturers and foreign food suppliers. 309 of them are the largest retailers and have tens of thousands of labor force which plays an important role in the recruitment of Yemeni manpower. In general, 16% of Yemen's GDP (Gross Domestic Product) comes from wholesale and retail trade with a significant part of Yemen's employment coming from the retail sector (NIC, 2010).

The food industry in Yemen is considered significantly more competitive and profitable in relation to other industries. It can be regarded as one of the most important and strategic industries in the manufacturing sector (NIC, 2010). The report of the Arab industry (2010 - 2011) showed that manufacturing production in

Yemen focuses strongly on the food industry. It represents more than 33% of the gross manufacturing, and it is characterized by the food industry, which is important strategically, as around 50% of manufacturing establishments operate in the food industry, which is the main operator of the labour force in Yemen (Arab Industrial Development and Mining Organization, 2010). The national food manufacturers export their products under national and international brands to many Arab neighbouring countries, Horn of Africa, and some European countries (refer to some characteristics and national brands of food manufacturers in appendix A). In addition, some national food manufacturers have ample opportunities for exporting to the United States (YCGSI, 2011). However, they face strong competition in the local market where many global food companies have entered the Yemeni market with strong brands and a focus on building relationships with large retailers, such as, P&G, Kraft, Coca-Cola, Nestle, as well as Saudi and Egyptian companies (Al-Gaumey, 2010).

Accordingly, Alkamim (Director General of the Bureau of the Ministry of Industry and Commerce) stated that national food manufacturers face difficulty in offering their products in large retail stores (Al-Gaumey, 2010). In addition, Al-Gaumey (2010) described the relationship between the national food manufacturers and large retailers as bad, which is reflected in the poor offering of national products on the shelves of the large retail stores. Confirmation of this issue lies in the percentages of the presence, prevalence and power distribution of national food products in large retail stores comprising approximately half of the percentage of foreign food products (YCGSI, 2011). For example in March and April 2011, the percentages of the presence, prevalence and power distribution of national food products were 18%

and 21%, respectively, while the percentages of the presence, prevalence and power distribution of foreign food products were 30% and 42%, respectively, indicating the weakness of the total sales rate of national food products (37%) compared to the percentage of foreign food products (63%) in the large retail stores in Yemen, as shown in Table 1.1.

In addition, Abdallowasa (Head of Yemeni Industrialists Association) stated that there is a relational mutual gap between national food manufacturers and large retailers, leading to a shortage of national products offered on the shelves of large retail stores compared to foreign products (Abdallowasa & Bazar'a, 2008). This has created concern among academics and practitioners, resulting in the need to investigate the national manufacturers' relational strategies and their marketing channels, as recommended by the Minister of Industry and Trade (Mutawakkil, 2010a), to develop the relationships between national manufacturers and their marketing channels, as suggested by the Yemeni Industrialists Association (2010). Therefore, it is imperative that empirical research on distribution channels be conducted on issues relating to the relationship between national manufacturers and large retailers in the food industry in Yemen.

Table 1.1

Comparison between Categories of Local and Foreign Brands in the Large Retail Stores Only

Brand Name	N/D 2010					J/F 2011					M/A 2011				
	Market share		SPC	Distribution		Market share		SPC	Distribution		Market share		SPC	Distribution	
	MS	SISH		Num Hnd	VW Hnd	MS	SISH		Num Hnd	VW Hnd	MS	SISH		Num Hnd	VW Hnd
Palma	4%	8%	0.0%	**19%**	**21%**	5%	9%	2.0%	**21%**	**25%**	6%	12%	2.0%	**23%**	**26%**
Tabbakh	8%	11%	0.0%	**30%**	**34%**	8%	12%	2.0%	**31%**	**31%**	9%	15%	2.0%	**33%**	**33%**
Kareem	3%	9%	0.0%	**8%**	**9%**	3%	10%	0.0%	**7%**	**11%**	2%	11%	-2.0%	**4%**	**8%**
Chef	10%	12%	1.0%	**34%**	**35%**	9%	12%	0.0%	**34%**	**39%**	8%	10%	-3.0%	**32%**	**37%**
AL Gazira	0%	6%		**3%**	**3%**	2%	16%	2.0%	**4%**	**6%**	2%	18%	1.0%	**6%**	**9%**
AL Shams	2%	5%	1.0%	**8%**	**9%**	1%	4%	-1.0%	**3%**	**4%**	1%	13%	0.0%	**2%**	**2%**
AL Sharook	9%	12%	-2.0%	**28%**	**28%**	10%	13%	0.0%	**27%**	**30%**	9%	16%	-1.0%	**28%**	**30%**
Total percentages of local brands	36%			**19%**	**20%**	**38%**			**19%**	**21%**	**37%**			**18%**	**21%**
Oki	2%	15%	0.0%	**21%**	**29%**	1%	14%	-1.0%	**12%**	**13%**	4%	20%	2.0%	**15%**	**19%**
AL Baik	4%	19%	-1.0%	**29%**	**41%**	2%	16%	-1.0%	**20%**	**31%**	2%	19%	0.0%	**20%**	**24%**
Dalal	2%	8%	0.0%	**22%**	**30%**	2%	8%	0.0%	**15%**	**22%**	2%	9%	0.0%	**18%**	**26%**
ALKhair	2%	14%	0.0%	**24%**	**36%**	3%	22%	0.0%	**19%**	**29%**	1%	35%	-1.0%	**9%**	**12%**
AL Tahi	2%	9%	-1.0%	**22%**	**33%**	2%	11%	0.0%	**20%**	**30%**	2%	11%	0.0%	**19%**	**29%**
AL Basha	9%	23%	-1.0%	**66%**	**81%**	7%	21%	-2.0%	**54%**	**69%**	4%	21%	-1.0%	**30%**	**39%**
Total Corn	13%	20%	0.0%	**72%**	**82%**	11%	18%	0.0%	**50%**	**82%**	14%	17%	1.0%	**64%**	**79%**
Afia	9%	22%	0.0%	**81%**	**89%**	11%	20%	1.0%	**48%**	**69%**	10%	14%	0.0%	**61%**	**79%**
Total Sunflower	11%	21%	0.0%	**71%**	**79%**	10%	18%	-1.0%	**52%**	**76%**	10%	16%	0.0%	**62%**	**80%**
Noor	2%	9%	0.0%	**19%**	**31%**	2%	8%	0.0%	**16%**	**28%**	2%	11%	0.0%	**12%**	**20%**
Minara	2%	8%	0.0%	**21%**	**39%**	2%	8%	0.0%	**10%**	**18%**	2%	7%	0.0%	**12%**	**22%**
AL Arabi	6%	9%	0.0%	**38%**	**49%**	14%	11%	3.0%	**29%**	**64%**	10%	15%	-2.0%	**41%**	**72%**
Total percentages of foreign brands	**64%**			**41%**	**52%**	**62%**			**29%**	**44%**	**63%**			**30%**	**42%**

MS	**The product's share of total product sales**
SISH	**Share of the product in stores which sell product**
SPC	**The change in the share for the previous period**
Num Hnd	**Presence and prevalence rate**
VW Hnd	**Power distribution**

Source: YCGSI (2011), Database of Sales Management.

1.4 Problem Statement

Both in Yemen and the global context, there is complex relationship between manufacturers and large retailers. Retailers around the world now have equal or even greater power than manufacturers when it comes to the retailing stage of supply chains, which can affect their relationships (Gil, Yu, Johnson, & Pomering, 2008). Furthermore, the practice shows that there is a change of behaviour in the relationship between manufacturers and retailers, which indicates the increasing power of the retailers (Pelau, 2008). As such, Ailawadi *et al.* (2008) suggested for a study to examine the relationship between the manufacturer and the retailer within the context of the present power of retail organizations, implying a gap that needs to be bridged, theoretically and empirically, to investigate the relationship between the manufacturer and large retailers (Ailawadi *et al.*, 2008; Albright, 2005; Pelau, 2008). Therefore, this study sought to illustrate and examine the relationship between national food manufacturers and large retailers in the Yemeni market.

To ensure the long-term success of a manufacturer, it is important to have retailer's relationship satisfaction (Bolton, 1998; Selnes, 1998). In addition, previous research revealed that a retailer's relationship satisfaction increases long-term orientation and continuity (Bolton, 1998; Ganesan, 1994; Selnes, 1998), increases trust and commitment (Geyskens, Steenkamp, & Kumar, 1999; Selvan, 2009), ensures product availability for end consumers (Chiou, Wu, & Chuang, 2010), ensures shelf-space allocation of products (Amrouche & Zaccour, 2007), and demonstrates more agreement with channel system policies (Merrift, 1987). For these reasons, retailer's relationship satisfaction has gained more importance in both theoretical literature and in practice. Furthermore, empirical studies showed that if the aim of the marketing channel is to satisfy the consumers, the marketing channels need to pay more attention to the satisfaction of retailers (Zhang & Xiong, 2009).

Recent literature emphasizes the importance of economic and social satisfaction for retailers, because a manufacturer's activities may produce a retailer's economic satisfaction, while undermining its social satisfaction, or vice versa (Gil *et al.*, 2008; Lai, 2007; Rodrguez, Agudo, & Gutierrez, 2006; Pelau, 2008). Moreover, economic satisfaction and social satisfaction may have distinct consequential effects (Gil *et al.*, 2008; Low, Lee, & Cheng, 2013). However, very few studies investigated the antecedents and consequences of retailer's economic and social satisfaction as separate variables (Selvan, 2009). In addition, the relationship between these two dimensions of satisfaction has received little attention in marketing literature (Rodriguez *et al.*, 2006).

Looking at the scenario in Yemen, Al-Gaumey (2010) described the relationship between national food manufacturers and large retailers as bad, reflected in the poor offer of national food products on the shelves of large retail stores. Furthermore, Yemeni marketing experts argued that some national food products are better than foreign products in terms of quality and market demand but large retailers prefer to offer the latter because they may be more satisfied with foreign companies than with national food manufacturers (Special Report, 2008), implying that national food companies should develop their relationships with marketing channels especially with large retail stores. Moreover, Abdallowasa (Head of Yemeni Industrialists Association) stated that there is a relational mutual gap between national food manufacturers and large retailers, leading to a shortage of offered national products on the shelves of large retail stores compared to foreign products (Abdallowasa & Bazar'a, 2008). This is evident in the small percentage of the presence and prevalence of national food products (18%) compared to the percentage of the presence and prevalence of foreign food products (30%) in the large retail stores in Yemen for M/A 2011 (as shown in Table1.1). Thus, these issues have created concern among both academics and practitioners, resulting in the need to investigate the national food manufacturers' relational strategies with marketing channels, as recommended by the Yemeni Industrialists Association (2010) and Minister of Industry and Trade (Mutawakkil, 2010a) to develop the relationships between national food manufacturers and their marketing channels.

Nowadays, manufacturers find themselves in the position of finding new ways to remain competitive in the era of retail power. For majority of manufacturers, this indicates a need for a change from a mindset of obtaining consumer loyalty to "branding from the shelf" (Lincoln, 2006), or achieving a high level of relationship satisfaction to establish retailer commitment to manufacturer (Abdul Muhmin, 2005; Chiou *et al.*, 2010; Davis-Sramek, Droge, Mentzer, & Myers, 2009; Davis-Sramek, Mentze, & Stank, 2008; Gil *et al.*, 2008). For national food manufacturers in Yemen, it was appropriate that national food manufacturer focuses strongly on achieving high levels of retailer's relationship satisfaction and commitment based on the confirmation of previous studies (e.g. Abdul Muhmin, 2005; Goaill *et al.*, 2013) and the Al-Gaumey's (2010) suggestion to enhance the national manufacturer's capacity to obtain shelf-space allocations of their products through the achievement of high levels of retailer's satisfaction, confidence and commitment. The question remains concerning the best concentration to achieve high levels of retailer's economic and social satisfaction and commitment to ensure appropriate shelf-space for the manufacturer's products in the context of a relational exchange in the Yemeni market.

Literature indicates a lack of agreement among relationship marketing authors about the antecedents that best capture the characteristics of a relational exchange that influences relationship satisfaction (Palmatier, Dant, Grewal, & Evans, 2006) i.e. which antecedents offer an extensive understanding of successful relationship marketing when they are associated with relationship satisfaction leading to commitment in a single model. Specifically, in the literature of channel relationship, there are only three marketing relationship bonds examined, namely, social, financial and structural bonds. The first one examines between a buyer and a seller and it arises at the interpersonal level between the key contact employees of both buyer and seller (Begalle, 2008; Bolton, Smith, & Wagner, 2003; Han, 1991; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Schakett, Flaschner, Gao, & El-Ansary, 2011; Smith, 1998; Wang, Liang, & Wu, 2006). The second and third relationships arise between buying and selling organizations (Begalle, 2008; Bolton *et al.*, 2003; Han, 1991; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Schakett *et al*., 2011; Smith, 1998; Wang *et al.*, 2006). However, the ethical basis of relationship marketing has not been thoroughly examined in any previous work as a relational bond (Murphy, Laczniak, Wood, 2007). Despite its importance in the literature, Yi-Hui (2012) argued that it is essential to understand ethical bonds especially for those who want to build reciprocal buyer-supplier relationships. In the context of Yemen, the bad relationship between national food companies and large retailers as suggested by Al-Gaumey (2010) may be due to immoral behaviour of by national company's representatives such as lack of transparency, honesty, and respect towards the retailers.

Although marketing relationship bonds are important to organizational success, organizations still face the challenge of determining the degree of investment required in building and maintaining these relational marketing bonds in the context of buyer-supplier relationships (Bendapudi & Leone, 2002; Bolton *et al.*, 2003; Cannon & Perreault, 1999; Sheth, 1996). For instance, manufacturing and supply organizations are curious about the effectiveness of interpersonal relationships and the level to which they have an impact upon a buyer's behaviours (Bolton *et al.*, 2003; Ferguson, Paulin & Bergeron, 2005; Schakett *et al*., 2011). Moreover, the question also lies in how the manufacturers and suppliers can justify the expense and effort expended in building interpersonal relationship bonds with retailers in case the efforts do not impact the behaviour of retailers.

The principle of marketing relationship bonds is a useful framework for investigation, and further development of the constructs is clearly warranted (Nath & Mukherjee, 2012; Smith, 1998). This is particularly true in the context of business-to-business relationships. Further, there is empirical evidence to suggest that marketing relationship bonds are associated with overall relationship satisfaction (Smith, 1998; Wang *et al.*, 2006) and a number of critical research gaps remain in regard to which more specific relational outcomes these marketing relationship bonds could lead. One of these gaps is a lack of systematic investigation into the influence of marketing relationship bonds on retailer's social and economic satisfaction. Therefore, this work attempted to bridge these gaps by investigating whether interpersonal bonds (social and ethical bonds) are more influential on retailer relationship satisfaction (social and economic satisfaction) than organizational bonds (financial and structural bonds).

Securing and maintaining retailer's commitment is core to the strategies employed by manufacturers as commitment is viewed as the fundamental characteristics to any successful relationships with the added desire for long-term benefits (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994), such as ensuring retailer's shelf space for the products of the manufacturer (Amrouche & Zaccour, 2007). Research dedicated to commitment encompasses Business to Consumer (B2C) and Business to Business (B2B) fields, but the latter studies are few and far between particularly in the context of non-durable goods, this may be due the limited understanding of the importance of commitment for maintaining long-term benefits and a positive relationship between parties of business relationship (Ali, 2011, Mitchell, 2004). Literature shows that industrial markets vary from one consumer markets to another and retailers are unique actors playing a role in the supply chain, but commitment studies dedicated to retailers focused more on consumer commitment to particular retailers rather than retailer commitment to manufacturers. Even in recent studies, commitment is studied as an outcome of overall relationship satisfaction (e.g., Ali, 2011; Davis-Sramek *et al.*, 2008), and not as a result of economic and social satisfaction (Goaill *et al.*, 2013). Therefore, empirical study is needed to fill this gap.

The channel relationship literature provides a unique opportunity to study the effect of the manufacturer brands' strength in manufacturer-retailer relationships (Glynn, 2010). The strength of the brands determines how retailers and manufacturers approach the business-to-business relationship (Glynn, Brodie, & Motion, 2012). Moreover, manufacturer's strong brands have been seen as sources of power or pledges of long-term continuity in a channel relationship (Anderson & Weitz, 1992; Brown, Lusch, & Nicholson, 1995), and can also enhance the relationships with retailers (Frazier & Antia, 1995). Despite its importance in the relationship between manufacturers and retailers, surprisingly, the effects of brands strength in this context have hardly been investigated. In addition, Paulssen and Birk (2007) confirmed that the potential moderating role of the brand strength has so far been neglected in the business-to-business context. In the same vein, literature review indicates that the link between satisfaction and commitment is far more complex (Bloomer & Lemmink, 1992; Nor Azila, Selvan & Zolkafli, 2010). To explore such a complex relationship, Goaill et al. (2013) suggest examining the influence of manufacturer brands' strength as a moderator in the relationship between retailer's satisfaction dimensions and its commitment. Also, Glynn's study (2010) recommended investigating the impact of brand strength as a moderator on the relationship between satisfaction and its consequences in manufacturer-retailer relationships. This situation represents one of the empirical gaps in the present literature.

In summary, based on the aforementioned practical issues (how retailer's levels of economic and social satisfaction can be improved to establish a retailer commitment to national food manufacturer?) and existing theoretical gaps (the extent and impact of organizational and interpersonal bonds on retailer's economic and social satisfaction, and the moderating effect of the strength of manufacturer's brands), this empirical study sought to address the relationship between national food manufacturers and large retailers by investigating retailer’s economic and social satisfaction and its antecedents (organizational and interpersonal bonds). This study also investigated the moderating effect of the strength of national manufacturer’s brands on the relationship between retailer's economic and social satisfaction, and its commitment to national food manufacturers.

1.5 Research Questions

In line with the background of the study and the problem statement discussed in the preceding section, the following six questions set out the problem of this research:

1. What is the level of retailer’s relationship satisfaction (economic and social satisfaction) with national food manufacturers in the Yemeni market?
2. Do organizational bonds (financial and structural bonds) influence on retailers’ relationship satisfaction (economic and social satisfaction) in the Yemeni market?
3. Do interpersonal bonds (social and ethical bonds) influence on retailers’ relationship satisfaction (economic and social satisfaction) in the Yemeni market?
4. Does retailer’s economic satisfaction influence on its social satisfaction in the Yemeni market?
5. Does retailer’s relationship satisfaction (economic and social satisfaction) influence on its retailer’s commitment to national food manufacturers in the Yemeni market?
6. Does the strength of national food manufacturer’s brands moderate the relationship between retailer’s relationship satisfaction (economic and social satisfaction) and retailers’ commitment?

1.6 Research Objectives

In order to answer the aforementioned six research questions, the study was devoted to meeting the following six research objectives:

1. To determine the level of retailer's relationship satisfaction (economic and social satisfaction) with national food manufacturers in the Yemeni market.
2. To investigate the relationships between organizational bonds (financial and structural bonds) and retailers' relationship satisfaction (economic and social satisfaction) in the Yemeni market.
3. To investigate the relationships between interpersonal bonds (social and ethical bonds) and retailers' relationship satisfaction (economic and social satisfaction) in the Yemeni market.
4. To investigate the relationship between retailer's economic satisfaction and retailer's social satisfaction in the Yemeni market.
5. To investigate the relationship between retailer's relationship satisfaction (economic and social satisfaction) and retailers' commitment to national food manufacturers in the Yemeni market.
6. To investigate the moderating effect of national manufacturer brands' strength on the relationship between retailer's relationship satisfaction (economic and social satisfaction) and retailers' commitment.

1.7 Significance of the Study

This study attempts to contribute in theoretical, methodological and practical aspects of marketing knowledge in manufacturer-retailer relationships.

From the theoretical perspective, Ailawadi *et al.* (2008), Chung *et al.* (2011), and Pelau (2008) suggested that there is a need to study the relationship between manufacturers and retailers with the present power of retail organizations, which is a complex relationship. Therefore, this study contributes to the body of literature by responding to the need for empirical research on the relationship between food manufacturers and large retailers and to validate previous findings in the manufacturer-retailer relationship context, and to offer more insight into the complex relationship.

Empirical studies showed that if the aim of the marketing channel is to satisfy consumers, the marketing channels need to pay more attention to the satisfaction of retailers (Zhang & Xiong, 2009, p. 738). Furthermore, satisfaction is an important variable in the literature of marketing channel (Palmatier *et al.*, 2006; Runyan, *et al.*, 2010). Several researchers (Benton & Maloni, 2005; Kazemi *et al.*, 2010; Pelau, 2008; Schellhase *et al.*, 2000; Zhang & Xiong, 2009) argued that retailer relationship satisfaction is still neglected. In particular, studies that examined the dimensions of retailer's relationship satisfaction (social and economic), and the relationship between antecedents and consequences of retailer's social and economic satisfaction are still limited. Therefore, this study attempts to provide more evidence concerning retailer's relationship satisfaction, its dimensions and the relationship between them, its antecedents and its consequences, as a response to the call.

In the marketing channels literature, recent studies have confirmed the importance of marketing relationship bonds to the success of organizations (Chiu, Hsieh, Li, & Lee, 2005; Jonsson & Zineldin, 2003; Schakett *et al.*, 2011; Wang *et al.*, 2006). However, the difficulty organizations face is determining the degree of investment needed to build and maintain these marketing relationship bonds (Bendapudi & Leone, 2002; Bolton *et al.*, 2003; Cannon & Perreault, 1999; Sheth, 1996). For example, organizations of manufacturing and supply question the effectiveness of interpersonal bonds and the degree of impact the relational bonds have on buyers' behaviours (Chiu *et al.*, 2005; Ferguson *et al.*, 2005; Schakett *et al*., 2011). In addition, how can manufacturers/suppliers justify the expense and effort in building interpersonal relationship bonds with retailers if these efforts do not actually influence the retailers' behaviours? Accordingly, it is important that both academics and managers understand the effects of inter-organizational and interpersonal bonds on behaviours in the channel relationships. Therefore, the current study attempts to bridge this gap by investigating whether interpersonal bonds (social and ethical) are more influential on retailer relationship satisfaction (social and economic) than organizational bonds (financial and structural). In particular, the study intends to reveal which of the two provides a unique contribution to the channel relationship literature, especially in manufacturer-retailer relationships.

The literature concerning channel relationships offers a great opportunity to study the strength of the manufacturer's brands in the business-to-business context (Glynn, 2010). In addition, Paulssen and Birk (2007) suggested investigating the influence of brand strength as a moderator in B2B relationships. Glynn (2010) also recommended further research on the influence of brand strength as a moderator between retailer satisfaction and its consequences. Therefore, the current study contributes to the literature of channel relationships in bridging this gap by investigating the effect of the strength of the manufacturer's brands as a moderator on the relationship between retailer's relationship satisfaction (economic and social) and its commitment.

The study contributes to the theory of social exchange by examining the separate financial and structural bonds (defined as inter-organizational bonds) on economic and social satisfaction, and examining the separate social and ethical bonds (defined as interpersonal bonds) on social and economic satisfaction. By doing so, the relative importance of the four factors in affecting the relationship satisfaction can be discerned. Furthermore, consideration for commitment by manufacturer power (brand strength) provides a broader theoretical perspective concerning the psychological, emotional, financial, ethical, and physical attachments in a relational exchange.

In the context of developing countries, there is limited number of research on manufacturer-retailer relationships (Ali, 2011; Farashahi, Hafsi, & Molz, 2005) despite the urgent need for such research, as confirmed in reports, conferences, and national magazines (Ahmed, 2008; Mutawakkil, 2010b; Arab Industrial Development and Mining Organization, 2010; Yemeni Industrialists Association, 2010). In particular, the relationship between manufacturers and retailers in developing countries might be significantly different from that of developed countries in various aspects. Furthermore, there is a need to assess the validity and applicability of the existing marketing theories in supplier-retailer relationships in the contexts of developing countries (Ren, Oh, & Noth, 2010). Thus, this study attempts to contribute to an expanding research stream that already includes findings from America, New Zealand and Australia by adding the Yemeni perspective in the context of a developing country.

From the methodological perspective, this study contributes to the methodological perspective by measuring the independent variables, the dependent variable and its consequence, and the moderator variable in the retail industry with respect to non-durable goods (e.g., food). While most of the measurements of these variables have reported good reliability and validity in the service industry, their psychometric properties are yet to be ascertained in the retail industry especially in the context of non-durable goods. Thus, this study contributes to the methodological aspect by further confirming the reliability and validity of these measurements in the food retail industry.

Finally, from the practical perspective, the findings from this study will be important to the development of the manufacturer-retailer relationships in the national food industry, especially in light of the challenges of competition and trade liberalization in Yemen. The national food industry might benefit from the findings of this study by understanding how satisfaction levels (social and economic) of large retailers can be improved with consideration for developing marketing relationship bonds. The findings may also benefit the Yemeni Industrialists Association, as this study was conducted in response to their call to develop relational marketing between the Yemeni food manufacturers and their marketing channels (Yemeni Industrialists Association, 2010).

1.8 Scope of the Study

The focus of this study is to develop the manufacturer-retailer relationship within distribution channels of non-durable goods (food goods) that by focusing on organizational bonds (financial and structural bonds) which arise between retail and manufacturing organizations, and interpersonal bonds (social and ethical bonds) which arise between the key contacts of both retailer and manufacturer that are expected to enhance retailer's economic and social satisfaction and then its commitment towards the manufacturer. In addition, this study focuses on the role of strength of the manufacturer’s brands in the context of this relationship.

To meet the research questions and objectives of this study, data were collected from large retail organizations on their relationships with national food manufacturers in Yemen. By distribute the questionnaire to the sales manager or retail owner which currently there are 309 large retailers to analyze their relationship and their behaviour with national food manufacturers in the light of the social exchange theory.

1.9 Definition of Terms

Relationship marketing (RM) is defined as “all marketing activities directed toward establishing, developing and maintaining successful relational exchange” (Morgan & Hunt, 1994, p. 22).

Manufacturer-Retailer Relationship is the relationship that is actively maintained and nurtured by each of the involved parties especially the manufacturer (Anderson & Narus, 1990).

Retailer Relationship Satisfaction is defined as “a positive and affective phenomenon that stems from the appraisal of all aspects (economic and social) by a retailer for a working relationship with its supplier/manufacturer" (Anderson & Narus, 1984, p. 66; Geyskens & Steenkamp, 2000, p. 13).

Retailer Economic Satisfaction (RES) is defined as "retailer's evaluation of the economic outcomes that flow from the relationship with its supplier/manufacturer such as sales volume, profit, margins, and discounts" (Geyskens & Steenkamp, 2000, p. 13).

Retailer Social Satisfaction (RSS) is defined as "retailer's evaluation of the psychological aspects of its relationships, reflecting the extent to which the interaction with the exchange supplier/manufacturer is seen as fulfilling and gratifying" (Geyskens & Steenkamp, 2000, p. 13).

Bonds (Bs) are defined as "the psychological, emotional, economic, or physical attachments in a relationship that are fostered by association and interaction and serve to bind parties together under relational exchange" (Smith, 1998, p. 78).

Marketing Relationship Bonds (MRBs) are social, structural, economic, and ethical bonds (Chen & Chiu, 2009; Robertson & Anderson, 1993; Smith, 1998).

Inter-organizational Bonds (IOBs) are structural and financial bonds that occur at the inter-organizational level between the retail and manufacturing organizations (Bolton *et al.*, 2003; Jonsson & Zineldin, 2003; Schakett *et al*., 2011).

Financial Bonds (FBs) are defined as the rewards or incentives offered by the manufacturer/supplier to the retailer for maintaining a long term relationship such as discounts, reward program, free gifts or extra prompt services (Bolton *et al.*, 2003; Jonsson & Zineldin, 2003).

Structure Bonds (SBs) are defined as "ties relating to the structure, governance, and institutionalzation of norms in a relationship, and the solution of problems to reach mutual goals" (Berry, 1995; Smith, 1998).

Interpersonal Bonds (IPBs) are social and ethical bonds that occur at the interpersonal level between the retailers' manager/owner and the manufacturers' key contact representatives (Bolton *et al.*, 2003; Jonsson & Zineldin, 2003; Schwartz, 2005; Schakett *et al*., 2011).

Social Bonds (SBs) are defined as "the degree of mutual personal friendship and liking shared by the buyer and seller" (Wilson, 1995).

Ethical Bonds (EBs) represent the personal conception of what individuals in organisations find desirable, important and morally proper. They also serve as the criteria for evaluating personal actions and the actions of others, such as honesty, respect, transparency (AMA, 2009; Hakansson & Snehota, 1995; Schwartz, 2005).

Retailer's Commitment (RC) is defined as "an implicit or explicit pledge of relational continuity that reinforces the relationship with the manufacturer" (Dwyer *et al*, 1987, p. 19; Payan, Svensson, & Hair, 2009).

Strength of Manufacturer's Brands (SMB) is "the manufacturer's capacity to obtain prestige of their brands, market share and consumer loyalty to their brands" (Iglesias & Vazquez, 2001, p. 230).

1.10 Organization of the Thesis

The current study is structured as follows: the first chapter consists of the background of the study, research context, identification of research problem, research questions and objectives, significance of the study, scope, and definitions of basic research terms.

The second chapter will review relevant literatures of the main variables. Specifically, literatures on relationship marketing and the relationship between retailers and manufacturers, retailer economic and social satisfaction and its dimensions, marketing relationship bonds that include inter-organizational and interpersonal bonds, commitment, strength of manufacturer's brands, and social exchange theory, will be presented. Thereafter, based on the literature review, this chapter discusses the theoretical framework adopted and the hypotheses formulated for this study.

The third chapter explains the research methodology used to achieve the research objectives. It covers research design, operationalization of variables and their measurement, population of study, sampling design and selection, pilot study, survey method, and, finally, techniques of data analysis.

The fourth chapter deals with data analyses and presents the study findings. Finally, the fifth chapter discusses the findings in detail by linking them to theory and past works. This chapter also highlights implications of the findings to both theory and practice. Recommendations for future studies are also offered, as well as limitations of the present study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter we explore the concept of marketing relationships and their importance, and discuss the manufacturer-retailer relationships. Then we extensively discuss the retailer's relationship satisfaction including its social and economic dimensions. And then we explore the antecedents and consequences of retailer relationship within the channel literature such as marketing relationship bonds and commitment. In addition, this chapter presents the importance of the strength of a manufacturer's brand in this relationship, and postulates it as having possible moderating effect on the relationship between retailer satisfaction and its consequence. Subsequently, social exchange theory that underlies the manufacturer-retailer relationships is elaborated. Finally, this chapter presents the hypotheses formulated and the research framework.

2.2 Relationship Marketing

Relationship marketing (RM) is a phenomenon of relatively recent (Ferguson, 2009) that proposes the idea that the key focus of marketing should be developing and maintaining relationship with market partners (Morgan & Hunt, 1994). The RM has been a focus for many academic research works on contemporary marketing. It represents a shift in direction of research and practice, as a result of technological development and market liberalization, and the intensification of global competition, and recognizes the importance of customer retention (Abd Al-Moneim, 2008). Attention on the relationships between buyer-seller have started to emerge in the late

1960's when many of marketing researchers attested to the role of exchange as a key concept in the science of marketing (Abd Al-Moneim, 2008). In 1975, Baggozzi approached the processes involved in the creation and termination the exchange relationships as the core subject of study in marketing. Subsequently, Arndt (1979) raised the issue of long-term relationships more openly and directly, and recognized in the formulation of marketing theory.

In the past two decades, long-term relationships have been gaining increased importance in various fields of marketing such as in distribution channel research (Frazier, 1983), in services marketing research (Berry, 1983, 1995), and even in the field of consumer marketing (Christy, Oliver, & Penn, 1996; Peterson 1995). This development has motivated marketing researchers to re-develop the concept of marketing and redefine it. In this context, it can be said that the concept of relationship marketing is a new approach to marketing management, and is considered as a new emerging philosophy for science marketing.

Many authors appear to be in consensus with the definition of RM proposed by Berry (1983) where his focus was on keeping existing relationships intact, establishing new relationships and enhancing the overall process of exchange, allowing the stakeholders to strive toward predetermined objectives. Such definition confirms the monetary value of the exchange. But over time authors have endeavoured to enhance the definition of RM. For instance, Morgan and Hunt (1994) defined RM as "all marketing activities directed toward establishing, developing and maintaining successful relational exchange" (p. 22). By defining as such, they focused on all types of ongoing relationship as a process in relational exchange.

Furthermore, Gronroos (1990) argued that RM should "establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises" (p. 8).

Relationship Marketing is a unique activity in several aspects. Firstly, the objective of relationship marketing is retention of customers. The success of transactional marketing is measured by the market share but the success of relationship marketing is measured by customer retention (Buttle, 1996). Manufacturers believe that decreasing customer defection leads to significant increase in profitability (Reicheld & Sasser, 1990). By developing businesses through existing customers, manufacturers are able to increase their market share (Berry, 1995). They may also decrease costs and increase revenue by maintaining their customer base as opposed to attracting new customers (Rosenberg & Czepiel, 1984).

Secondly, relationship marketing stays in the long term. Contrary to short-term transactional marketing, in relationship marketing, the relationship is considered the unit of analysis (Gronroos, 1997). The relationship development process entails five steps, namely, awareness, exploration, expansion, commitment, and dissolution (Dwyer *et al.*, 1987). It is notable that not every relationship experience follows a sequence in the development levels. Dwyer *et al.* (1987) stated that the relational exchange level expands following exploration where the buyer-seller searches and engages in a trial prior to engaging in the relationship exchange. This expansion stems from the relational exchange benefits as the interdependence between the two heightens with ongoing satisfactory exchanges where many benefits are achieved for both parties. The expansion phase leads to the commitment phase which is the top most phase of interdependence between the parties and this is followed by termination of relationship.

Thirdly, RM facilitates the minimization of decision effort and the reduction of risk in a tender contract (Gwinner, Gremler, & Bitner 1998). Customers are always satisfied with the partner who expends efforts to understand their needs and preferences (Davis, 2005).

Finally, a mutually beneficial exchange is a significant requirement of a successful relationship (Buttle, 1996). In case mutual benefits are not reached, then the relationship is more of a manipulative one; for instance, the unilateral relationship-building methods of database marketing which needs no customer's consent is ambiguous (Tynan, 1997). The bases of relationships are satisfaction and trust and if one party is unsatisfied of the manipulative behavior of the other, then trust will not exist and without trust, interdependence between the two parties will not be realized. In other words, if relational benefits are not reached, then the natural sequence would be termination of the relationship.

RM has a critical role in relationship channelling. Weitz and Jap (1995) provided an overview of the shift in channel research to RM and its implications which was quite convincing given the shifting trends. There are many examples showing the way various retailers and manufacturers create closer relationships to obtain a competitive advantage in today's market. Hence, this calls for studies to explore the channel relationship from the point of view of relational marketing.

2.3 Manufacturer-Retailer Relationships

It is imperative to examine the general relationship between the retailer and the manufacturer to understand it comprehensively since this relationship has changed over the years. Currently, it is less common to work with several manufacturers or suppliers; instead, retailers tend to work with fewer suppliers or manufacturers they perceive as trustworthy and reliable. Since 1970's, the role of retailer has changed from being a simple distributor to a partner (Zentes *et al.*, 2005), owing to changes in customer demands. As such, the new relationship between a manufacturer and a retailer has raised academic and business interest within the business-to-business realm. In this era of partnering and relationship marketing, many manufacturers have reduced a significant percentage of distributors and are working on developing close business partnerships with the chosen few that remain, though retailers have become able to switch from one manufacturer to another due to increasing competition and product homogeneity in many consumer categories (Mitchell, 2004). These changes in channel structure have made effective channel more crucial than ever to a manufacturer's overall success since so much is riding on each partner's performance (Phillips, Liu, & Costello, 1998).

In order for the relationship between a manufacturer and a retailer to be successful, it is critical that the relationship is actively maintained and nurtured by each of the involved parties especially the manufacturer. Accordingly, many studies have examined elements believed to play a role in nurturing such relationship such as communication, satisfaction, trust, commitment, loyalty, power, cooperation, and shared values, among others (Abdul-Muhmin, 2002; Anderson & Narus, 1990;

Chiou *et al.*, 2010; Dwyer, 1980; Homburg & Rudolph, 2001; Samaha, Palmatier, & Dant, 2011). In contrast, studies have also looked at elements that could inhibit a good relationship such as conflict, opportunistic behavior, coercion and contract utilization (Frazier & Rody, 1991; Samaha *et al.*, 2011). In essence, while it is the best interest for the retailer and the manufacturer to work well, it is also important to recognize that they too are competing with each other for profit maximization (Ailawadi *et al.*, 2008; Moreau, Krishna, & Harlam, 2001; Mullenders, 2008; Simpson, 2003). From the point of view of the manufacturer, the retailer is a double agent; both a client as well as a competitor. On one hand, the retailer is a seller, selling products to the consumer but on the other, it is competing with the store brands of the manufacturer (Timmor, 2007). Hence, the relationship between them is very contradictory and at the same time very important for them.

Anderson and Narus (1990) developed a model of manufacturer-retailer partnerships from a social exchange perspective and included related variables such as trust and satisfaction in addition to power and conflict. Their research found that relative dependence, communication and compared outcomes led to trust, cooperation, conflict, and satisfaction. For retailers, relative dependence led to conflict while cooperation to trust. However, relationship satisfaction as a dependent variable was not significant for retailers. Comparison outcomes and trust were positively linked to satisfaction while conflict reduced satisfaction. Relationship satisfaction was seen as the consequence of trust, performance and cooperation.

Due to the retail organization’s high leverage of its powers, manufacturers make strategic and operative decisions to supply retailers to meet consumer needs if they desire to protect their survival. In this context, satisfying the retailer is becoming a core determinant of the manufacturer's success (Pelau, 2008; Schellhase *et al.*, 2000). Kumar (1996) highlighted the importance of trust, the need to create interdependence, and the use of specialist investments and manufacturer expertise as key influencing strategies in manufacturer-retailer relationships. Furthermore, the growing strength of retailers (Belaya & Hanf, 2009; Chung *et al.*, 2011; Runyan *et al.*, 2010; Zhang & Xiong, 2009) as a result of increasing competition and product homogeneity in many consumer categories that have enabled retailers to switch from one manufacturer to another, has forced many manufacturers to compete for retail business (Mitchell, 2004). Thus, understanding the relationship with and satisfaction of retailers are considered important issues for many manufacturers/suppliers. In addition, Ailawadi *et al.* (2008) suggested that there is need to study the relationship between manufacturer and retailer in the current context of growth and increasing power of retail organizations, suggesting a gap in both theory and empirical evidence (Ailawadi *et al.*, 2008; Pelau, 2008). To fill this gap, this study attempts to understand the relationship between manufacturer and large retailer by investigating retailer's relationship satisfaction, its antecedents and its consequences.

2.4 Retailer's Relationship Satisfaction

Satisfaction has been studied in various areas of marketing like consumer services (Berry, 1983; Ndubisi & Wah, 2005), consumer markets (Giese & Cote, 2000; Kahn, 1998), industrial markets (Abdul-Muhmin, 2005; Leuthesser & Kohli, 1995), retailing (Naik, Gantasala, & Prabhakar, 2010; Reynolds & Beatty, 1999) and international markets (Clemes, Gan, Kao, & Choong, 2008; Dickson & Zhang, 2004). Moreover, customer satisfaction has been examined in the field of distribution channel relationships and majority of researchers have stressed on the importance of channel relationships, considering satisfaction as the core to developing an effective and sustainable relationship in marketing channel (e.g., Brown, Lusch, & Smith, 1991; Geyskens & Steenkamp, 2000; Hunt & Nevin, 1974; Pelau, 2008; Rodriguez *et al.*, 2006; Selnes, 1998). The main motivation for the increasing emphasis on customer satisfaction is the fact that satisfied customers can facilitate stronger competitive edge leading to greater market share and improved profits (Fornell, 1992), reduction of costs (Baker, Buttery, & Richter-Buttery, 1998; Rahman & Kumaraswamy, 2002) and sustainable customer relationship (Chung *et al.*, 2011).

As for satisfaction in the relationship between manufacturer and retailer, it is known now that retailers around the world have equal or even greater power than manufacturers when it comes to the retailing stage of supply chains, and that can affect their relationships (Chung *et al*, 2011; Li, Huang, & Ashley, 2002). Once manufacturers experience decreased channel power relative to retailers (Bobrow, 1981), a vehicle for assessing the manufacturer's channel relationships with retailers would be worthwhile because satisfaction of the intermediary is becoming more important in managing continuing relationships. The extent to which those involved in distribution are satisfied with the performance of each manufacturer is becoming a key determinant of success (Gil *et al.*, 2008; Schellhase *et al.*, 2000).

Relationship satisfaction has been studied as an overall concept in the literature of marketing (Pelau, 2008) and many authors have emphasised its importance in distribution channel relationships (e.g., Chung *et al.*, 2011; Geyskens & Steenkamp, 2000; Pelau, 2008; Runyan *et al.*, 2010; Selvan, 2009). On the one hand, these researches have revealed that a retailer's relationship satisfaction increases long-term orientation and continuity (Bolton, 1998; Dwyer & Oh, 1987; Ganesan, 1994; Selnes, 1998; Tikkanen & Alajutsijarvi, 2002), ensures product availability for end consumers (Chiou *et al.*, 2010), reduces conflict (Ganesan, 1994; Gaski & Nevin, 1985; Lusch, 1977), ensures shelf-space allocation of products (Amrouche & Zaccour, 2007), and demonstrates more agreement with channel system policies (Merrift, 1987). On the other hand, dissatisfied retailers may refuse to cooperate, withdraw from the system, or seek legal action against the administrators of the channel (Hunt & Nevin, 1974. They also do not tend to ensure shelf-space allocation of products and ensure product availability for end consumers, increasing the potential for conflict (Amrouche & Zaccour, 2007; Chiou *et al.*, 2010; Ganesan, 1994; Simpson, 2003). Due to these reasons, this study focuses on retailer's relationship satisfaction as the dependent variable, its antecedents and its consequences to further understand the relationship between the manufacturer and retailer in the light of the current behavioural changes.

In the literature dedicated to marketing channel, there is no consensus among researchers regarding the definition of the concept of relationship satisfaction (refer to Table 2.1). For instance, Anderson and Narus (1984, p. 66) defined it as "a positive affective state resulting from the appraisal of all aspects of a retailer's working relationship with manufacturer". In a similar vein, Gaski and Nevin, (1985) defined dealer's relationship satisfaction as "a dealer's overall approval of the channel arrangement and the transaction relationship". Based on a global viewpoint, Dwyer and Oh (1987) defined relationship satisfaction as a global evaluation of the firm's relationship achievement whereas Mohr, Fisher, and Nevin (1996) defined it as the evaluation of a portion of the relationship channel's features. Accordingly, retailer's satisfaction stems from a cognitive state indicating whether or not adaptation is present in the prior expectations, and the rewards are received (Mohr & Spekman, 1994). This may impact morale and the intention to interact in collaborative relationships (Andaleeb, 1992). Despite the various definitions used, in sum, retailer's relationship satisfaction judgment is linked to the overall experiences and the relationship or transactions with a particular manufacturer/supplier.

Additionally, Geyskens *et al.*'s (1999) meta-analytical study showed that relationship satisfaction is a multi-dimensional construct. Consistently, Gassenheimer and Ramsey (1994) viewed the examination of the relationship satisfaction between two members of the marketing channel to include the economic findings in light of efficiency and efficacy, and their partners' social interaction. Others researchers also highlighted two dimensions of satisfaction which are economic satisfaction and social satisfaction in the relationship between manufacturer and retailer (e.g., Chung *et al.*, 2011; Gil, *et al.*, 2008; Lai, 2007; Nor Azila, Selvan, & Zolkafli, 2010; Pelau, 2008; Rodriguez *et al.*, 2006).

Table 2.1
Definitions of Retailer's Relationship Satisfaction

Authors	**Context**	**Definition**
Anderson and Narus (1984)	Distributor–manufacturer working relationships.	A positive affective state resulting from the appraisal of all aspects of a retailer's working relationship with manufacturer (3 items).
Gaski and Nevin (1985)	Dealer-manufacturer relationships in heavy industrial machinery.	A dealer's overall approval of the channel arrangement and the transaction relationship" (5 items).

Table 2.1 (Continued)

Authors	Context	Definition
Dwyer and Oh (1987)	Dealer-manufacturer relationships in the auto industry.	Global evaluation of the retailer's relationship fulfilment (4 items).
Andaleeb (1992)	Dealer-supplier relationships.	"As a positive affect morale and the intention to take part in collaborative relationships".
Gassenheimer and Ramsey (1994)	Reseller– supplier relationships.	Captures both economic and non-economic psychosocial aspects (7 items)
Mohr and Spekman (1994)	Dealer-manufacturer relationships in the personal computer industry.	"A cognitive state that indicates if adaptation exists among the prior expectations and the rewards received".
Mohr *et al.* (1996)	Dealer-manufacturer relationship in the personal computer industry.	"Evaluation of a part of the relationship channel's characteristics".
Geyskens *et al.* (1999) and Geyskens and Steenkamp (2000)	A meta-analysis of satisfaction in marketing channel relationships.	Retailer's economic satisfaction is "a retailer's positive affective response to the economic rewards that flow from the relationship with its supplier" (5 items). Retailer's noneconomic satisfaction is "a retailer's positive affective response to the noneconomic, psychosocial aspects of its relationship; those interactions with the exchange supplier are fulfilling, gratifying, and easy" (5 items).
Bolton *et al.* (2003)	Business-to-business relationships.	Interpersonal satisfaction is the "pleasure gained primarily from the exchange of social resources" that occurs between the interactions of the service representatives. Inter-organizational satisfaction is the "pleasure experienced chiefly from the exchange of economic resources".
Rodriguez *et al.* (2006)	Manufacturer–distributor relationships in food industry.	Overall evaluation of relationship performance by distributor, including the economic and social aspects (5+4 items).
Lai (2007)	Dealer-supplier relationships in Taiwan's motor industry.	The same definition for Geyskens *et al.* (1999), and Geyskens and Steenkamp (2000).
Gil *et al.* (2008)	Food retailer-supplier relationships in Brazil.	Retailer's satisfaction is defined as economic and non-economic satisfaction (6+3 items).
Chiou *et al.* (2010)	Retailers-manufacturer relationships in information technology related industry in Taiwan.	Retailer's relationship satisfaction is an affective evaluative response (3 items).
Chung *et al.* (2011)	Chinese buyer-supplier relations.	The same definition for Geyskens *et al.* (1999), and Geyskens and Steenkamp (2000).
Nor Azila, Selvan & Zolkafli, (2012)	Dealer-supplier relationships in automotive industry in Malaysia.	"As a positive affective state resulting from the appraisal of all aspects (economic and social) of a firm's working relationship with another firm" (5+5 items).

Based on literature on distribution channel relationships, two main general themes can be extracted of retailer relationship satisfaction (Rodrıguez *et al.*, 2006). The first relates to the affective state whereby retailer relationship satisfaction is considered as a complete affective or emotional state (Anderson & Narus, 1984; Chung *et al.*, 2011; Ganesan, 1994; Gaski & Nevin, 1985; Gassenheimer & Ramsey, 1994; Nor Azila, Selvan, & Zolkafli, 2012; Smith & Barclay, 1997). Based on Gaski and Nevin (1985), retailer satisfaction is affective and can be contrasted with an objective or rational summary assessment of outcomes. The second theme is the evaluation of all the related aspects. According to Ruekert and Churchill (1984), retailer relationship satisfaction is the domain of all characteristics of the relationships between retailer (the focal organization) and manufacturer (the target organization) which the retailer finds rewarding, profitable, instrumental, and satisfying or frustrating, problematic, inhibiting, or unsatisfying. Furthermore, according to the social exchange theory put forth by Blau (1964), satisfaction in the exchange relationships can be divided into social and economic satisfaction (Low *et al.*, 2013). Hence, the present study takes up both types of satisfaction namely economic and social satisfaction as the retailer may have economic satisfaction with the manufacturer without having the social satisfaction or have the latter without the former.

2.4.1 Retailer's Economic Satisfaction

A retailer's economic satisfaction is defined by Geyskens and Steenkamp (2000) as a retailer's evaluation of the economic outcomes that flow from the relationship with its supplier/manufacturer. In other words, a retailer's economic satisfaction refers to a positive response from a manufacturer/supplier that results from the economic rewards, for example, sales volume, profit, margins, and discounts. A retailer who is economically satisfied views the relationship a successful one in light of goal attainment where it is satisfied with the general relationship effectiveness and productivity with the supplier and the financial outcomes (Geyskens *et al.*, 1999).

According to social exchange theory (Kelley & Thibaut, 1978; Thibaut & Kelley, 1959), in the exchange relationship between two participants (e.g., a retailer and a manufacturer), once interaction begins, the fate of the relationship (its likelihood of continuation and/or survival) depends on the level of outcomes the two parties experience. Hence, there should be an evaluation process of the interaction experience for each party. The two criteria of evaluation are: 1) each member's comparison level (CL), a standard against which the member evaluates the attractiveness of the relationship or how satisfactory it is; and 2) each member's comparison level for any alternatives (CL alt), which is the standard that the member uses in deciding whether to remain in or leave the relationship. Therefore, the retailer's economic satisfaction is the result of the evaluation of economic outcomes in its interaction experience with the manufacturer. The manufacturer's good marketing relationship bonds may lead to the retailer's positive economic outcomes. The literature, however, indicates that very few studies were conducted to investigate the relationship between marketing relationship bonds and economic satisfaction.

2.4.2 Retailer's Social Satisfaction

A retailer's social satisfaction is defined as the retailer's positive and affective reaction to the psychosocial elements of the relationship, in a sense that the transaction with the manufacturer is filled with fulfilment, gratification and ease (Mohr *et al.*, 1996). Furthermore, if a retailer feels that he/she is socio-psychologically satisfied, appreciates his/her interactions with the supplier, he/she, therefore on a personal level, enjoys working with the supplier with the belief that the supplier is respectful and open to ideas exchange (Geyskens *et al.*, 1999).

Based on social exchange theory (Kelley & Thibaut, 1978), a retailer social satisfaction is the result of the evaluation of social outcomes in its interaction with the manufacturer. The manufacturer's good marketing relationship bonds may lead to the retailer's positive social outcomes and feeling that the interaction is fulfilling. Furthermore, researchers have described satisfaction as an evaluation of interaction experiences (Crosby, Kenneth & Deborah, 1990; Scheer & Stern, 1992) and a representation of the psychosocial well-being of the organization (Gassenheimer, Calantone, & Scully, 1995).

Although a retailer's economic and social satisfaction are an important issue in channel relationship literatures, it is rarely a subject of study in B2B context in particular in respect of relationship bonds between manufacturers/suppliers and retailers. Little is known about the extent these marketing relationship bonds can increase social and economic satisfaction in retailing organizations, suggesting that retailer's relationship satisfaction has been neglected in empirical studies (Pelau, 2008, p. 98; Benton & Maloni, 2005, p. 2) and has not received enough interest from researchers in the current period of growing importance and power of retailing organizations.

2.5 Antecedents of Retailer Relationship Satisfaction

A literature review of marketing channels indicates a substantial number of studies have examined the antecedents of retailer's relationship satisfaction (Anderson & Narus, 1990; Gassenheimer *et al.*, 1995; Gassenheimer, Baucus, & Baucus, 1996; Kumar, Scheer, & Steenkamp, 1995; Lai, 2007; Leonidou & Palihawadana, & Theodosiou, 2006; Mohr & Sohi, 1995; Smith, 1998). Most of these researchers and others focused on three aspects: relationship-improvement factors (e.g., communication quality, cooperation, trust, flexibility, etc.), relationship-detrimental factors (e.g., unfairness, conflict, opportunism, coercion, etc.), and marketing relationship bonds (e.g., financial, structural, social and ethical bonds), which are discussed briefly in the following sub-sections. However, despite the importance of the dimensions of relationship satisfaction (social and economic), much less attention has been given to the relationship between these antecedents and separate dimensions of relationship satisfaction. Recognition of the need to bridge these gaps in knowledge regarding the antecedents of retailer's economic and social satisfaction are apparent in many recommendations for further empirical research (Gil *et al.*, 2008; Rodriguez *et al.*, 2006). As a response to these recommendations for research, this study investigates the antecedents of retailer's economic and social satisfaction. In addition, in Yemen, there is an urgent need to build, develop and maintain good relationship between national food manufacturers and large retailers to provide national products on the shelves of large retail stores. Thus, the current study focused only on examining of marketing relationship bonds (including organizational and interpersonal bonds) as antecedents of retailer's economic and social satisfaction, discussed in the later sections.

2.5.1 Relationship-Improvement Factor (RIFs)

Currently, improved retailer-manufacturer relationships are viewed as desirable and forward-thinking manufacturers are convinced that the development and enhancement of such relationships in an effective manner enhances the degree of efficiency of the entire supply chain of the organization (Burnett, 2004). There are relationship-improvement factors that influence retailer's relationship satisfaction like communication quality (Mohr & Sohi, 1995; Rodrıguez *et al.*, 2006), cooperation (Anderson & Narus, 1990; Schellhase *et al.*, 2000), flexibility (Gassenheimer, *et al.*, 1995; Rajamma, Zolfagharian, & Pelton, 2010), and trust (Anderson & Narus, 1990; Rodrıguez *et al.*, 2006), discussed briefly as follows:

2.5.1.1 Communication Quality

In the context of channel relationship, Mohr and Nevin (1990) provided a description of communication as the factor that holds a channel distribution together while Anderson and Narus (1984) and Kim and Frazier (1997) defined it as both formal and informal interaction among the parties in the relationship in terms of day-to-day, tactical or strategic relationship. According to Selnes (1998), communication is the supplier's ability to provide trustworthy information in a timely manner to the buyer that strongly impacts the latter's relationship satisfaction.

Most studies have considered communication as a success facilitating element in the maintenance of long-term relationships (Abdul Muhmin, 2005: Anderson & Weitz, 1989). When communication is discussed, most studies preferred to concentrate on the complete perspective of the process between companies (Anderson & Narus, 1990; Mohr *et al.*, 1996), while some confined themselves to the confidential information in the communication process (Cannon & Perreault, 1999; Doney & Cannon, 1997; Morgan & Hunt, 1994). Three aspects of communication behavior have been examined and are deemed to be imperative in relationships. They are communication quality (MacNeil, 1980; Mohr & Spekman, 1994), information sharing (Mohr & Spekman, 1994; Nielson, 1998), and the level to which the two parties are both engaged in the process of planning and setting goals (Anderson, Lodish, & Weitz, 1987; Mohr & Spekman, 1994).

Relationships that are characterized as being successful have their basis on efficient communication which is an element that is imperative for supply chain partners (Holden & O'Toole 2004). According to empirical studies, high quality communication facilitates an appropriate atmosphere for trust as it enables accurate specification of objectives and expectations (Anderson & Narus, 1990). Communication quality is a key aspect of information transmission (Jablin, Putnam, Roberts, & Porter, 1987). Mitrega and Katrichis (2010) argued that communication quality (interactions) influences customers' opinions about their relationships with suppliers. Quality includes such aspects as accuracy, timeliness, adequacy, completeness, and credibility of information exchanged (Daft & Lengel, 1986; Huber & Daft, 1987; Mohr & Spekman, 1994; Mohr & Sohi 1995; Stohl & Redding, 1987). Based on the existing evidence, communication quality may be the best dimension of communication to improve the relationship among retailers and manufacturers.

The literature on manufacturer-retailer evidently stresses on the role of communication. For instance, Mohr and Nevin (1990) stated that manufacturer's communication is important in maintaining cooperation with retailers as it cements the relationship together as well as coordinates their programs and actions (Guiltinan, Istnail, & William., 1980), and facilitates participative decision-making (Anderson *et al.*, 1987), through the power of messages as a tool (Dwyer & Walker, 1981) and the principal's monitoring of behavior (Bergen, Dutta, & Walker, 1992). But miscommunication or lack thereof is the source of information asymmetry and the opportunity for misdirected power to arise between the two parties (Klein, Frazier, & Roth, 1990). In addition, it is the source of misunderstanding and disputes, expectations divergence, misaligned strategies, ambiguous role clarities, and frustration, which are the core reasons behind unnatural and damaging conflict (Stern & Heskett, 1969). Despite the attention given to power strategies, governance systems and conflict management, only little to nothing is provided to communication strategies and how they can lead to the enhancement of manufacturer-retailer relationship (Holden & O'Toole, 2004). This phenomenon is quite unexpected from a relational point of view as countless studies have revealed various relationship problems stemming from communication (Sindhav & Lusch, 2008).

In general, literature on channel relationship indicates that communication has a positive effect on relationship satisfaction (e.g., Abdul Muhmin, 2005; Selness, 1998; Yen & Barnes, 2011). In addition, Rodrıguez *et al.* (2006) demonstrated that communication has a positive effect on retailer's economic satisfaction but not on retailer's social satisfaction. Furthermore, Kaynak and Sert (2012) found that communication has statistically significant relationships (positively) with economic and social satisfaction in the context of supplier-buyer relationship. This means that the relationships between communication, overall relationship satisfaction and its dimensions (economic and social) have widely examined in the literature of channel relationship.

2.5.1.2 Cooperation

Cooperation is described as "the level to which the buyer and the seller's work is coordinated" (Metcalf, Frear, & Krishnan, 1992, p. 29). It is also defined as similar/complimentary activities that are coordinated and performed by firms in a business relationship to generate superior mutual results or a single outcome that reciprocates over time (Anderson, Hakansson, & Johanson, 1994). In other words, cooperation is the level to which companies work together to establish a direction for the relationship (Ford, Gadde, Hakkansson & Snehota, 2003). Some instances of manufacturer-reseller cooperation include time delivery, e-data interchange, category management, efficient consumer response systems and trade promotions (Kumar, 1996).

Prior research has shown that cooperation is a necessary component for success in channel relationships (Frazier & Rody, 1991; Samaha *et al.*, 2011). Cooperation helps manufacturers and retailers access and leverage the complementary resources and competencies of their exchange partners, and reduce conflict (Gil *et al.*, 2008). A partnership without cooperation may limit knowledge transfers between manufacturer and retailer, as well as the joint efforts and synergies needed to undertake successful projects and achieve their mutual interest goals. Cooperation also facilitates the flow of information and communication across manufacturers and retailers, which can help overcome incompatibilities in organizational structures (Gil *et al.*, 2008). Thus, cooperation is necessary for partners to access the full benefits, capabilities, and resources of their inter-organizational relationships. It is difficult to overstate the central role of cooperation for relationship marketing and, more specifically, superior success. Morgan and Hunt (1994) recognized that the crucial factor of cooperation promotes relationship marketing success.

Anderson and Narus (1990) measured cooperation from the retailer's perspective and found that communication was an antecedent of cooperation that influenced conflict and trust. From the manufacturer's point of view, cooperation influenced trust but not conflict and satisfaction. Han, Wilson, and Dant (1993) showed that as a long-term buyer-seller relationship develops, most firms reduced costs and developed closer ties and became more cooperative. The benefits of these closer supplier ties were improved satisfaction, reduced costs and increased technical knowledge.

The relationship between channel satisfaction and cooperation has been explored in extant studies (Hunt & Nevin, 1974). Some researchers have established cooperation as an antecedent of satisfaction (e.g., Anderson & Narus, 1990; Benton & Maloni, 2005; Gil *et al.*, 2008; Yen & Barnes, 2011), while other researchers have proposed quite the opposite: satisfaction is the antecedent of cooperation (e.g., Dwyer *et al.*, 1987; Glynn, 2004). Even though many studies have found that cooperation has a positive effect on satisfaction (e.g., Benton & Maloni, 2005; Gil *et al.*, 2008; Yen & Barnes, 2011), there are some contradictory results. For instance, Vijayasarathy and Robey (1997) found no support for the positive association between cooperation and channel satisfaction. On the other hand, Anderson and Narus (1990) found cooperation had a positive effect on trust but not directly effect on relationship satisfaction.

Due to the importance of cooperation and the contradictory results, there is a need to further examine the influence of cooperation in relationship marketing. In other words, there should be further study to investigate cooperation is an antecedent or a consequence of relationship satisfaction in the context of manufacturer-retailer relationship in an independent study.

2.5.1.3 Trust

Channel relationship literature shows the importance of trust and its positive relationship in improving channel relations (e.g., Anderson & Narus, 1990; Abdul Muhmin, 2005; Geyskens *et al.*, 1999; Rodrıguez *et al.*, 2006; Su, Song, Li, & Dang, 2008). Trust is defined as “the firm’s belief that another company will perform actions that will result in positive outcomes for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm” (Anderson & Narus 1990, p. 45).

Many studies have investigated the effect of trust on retailer’s relationship satisfaction, but most of them considered trust as a unidimensional construct (e.g., Benton & Maloni, 2005; Chiou *et al.*, 2010; Siguaw, Simpson, & Baker, 1998) despite a consensus in social psychology that trust encompasses two essential elements of honesty and benevolence (e.g., Deutsch, 1958; Kumar *et al.*, 1995; Larzeiere & Huston, 1980; Rempel, Holmes, & Zanna, 1985). Agreeing with the social psychologists, this study considered both honesty and benevolence separately in the relationship between manufacturer and retailer. Honesty is the belief that one's partner stands by its word (Anderson & Narus, 1990), fulfils promised role obligations, and is sincere (Dwyer & Oh, 1987; Scheer & Stem, 1992). Honesty is the manifestation of congruent behaviours. Honesty can be seen primarily as a term to further describe the presence or absence of integrity; it is the perception of that the other party is telling the truth (Bechtel, 1998). Honesty is critical to the proper functioning of relationships (Gabarro, 1978; Lewis & Weigert, 1985).

In the relationship between manufacturer and retailer, honesty has been revealed to be important because when the manufacturer is not honest enough, the retailer may refuse to trust the manufacturer/supplier (Morgan & Hunt, 1994). A strong feeling of honesty of the manufacturer facilitates the retailer's feeling of trusting the former and being confident of his safety in the relationship (Rodrıguez *et al.*, 2006). Honesty urges the retailer to concentrate on the goals of the relationship and bypass activities that control the manufacturer's negative actions. Empirically, studies showed a positive relationship between trust and satisfaction (e.g., Benton & Maloni, 2005; Chiou *et al.*, 2010; Siguaw *et al.*, 1998). But, very few studies tackled honesty separately particularly in the context of manufacturer-retailer relationships despite the importance of honesty in the context of social exchange relationship and being a dimension of ethical bonds. Therefore, to fill this gap, the study examined the impact of honesty on retailer's social and economic satisfaction as a dimension of ethical bonds (more explanation when ethical bonds are discussed later).

On the other hand, benevolence is defined as "a firm's belief that its partner is interested in the firm's welfare" (Larzeiere & Huston, 1980; Rempel *et al.*, 1985), its willingness to acknowledge short-term dislocations (Anderson *et al.*, 1987), and its disinclination to take unexpected steps that would impact the firm in a negative way (Anderson & Narus, 1990). Benevolence is a key dimension for trust (Mayer, Davis, & Schoorman, 1995; Rosen & Jardee, 1974). It is the degree to which the trustee wants to benefit the trustor (Mayer *et al.*, 1995). Benevolence can be applied to resources where a party helps another to attain more from their resources (Rogers, 1964). Benevolence can also be a reliance on another party to act in both parties' best interest especially when it is difficult to monitor the actions of the other party. Finally, benevolence can be seen as the opposite of opportunism (Hovland, Janis, & Kelley, 1953).

Literature on relationship marketing indicates a positive effect between benevolence and relationship satisfaction. For example, Hansen and Sand (2008) demonstrated that benevolence had a positive effect on satisfaction. Similarly, a recent study by Poddar, Donthu, and Parvatiyar (2013) found that vendors could increase relationship satisfaction by emphasizing benevolence. In addition, a study by Rodrıguez *et al.* (2006) found that benevolence had a positive effect on retailer's social satisfaction but not directly on economic satisfaction. Due to the overwhelming evidence on the positive effect of benevolence on relationship satisfaction, there is no urgent need to further validate the relationship between benevolence and dimensions of satisfaction (social and economic) in this study.

2.5.1.4 Flexibility

One of the most recent studies of meta-analysis by Rajamma *et al.* (2010) confirmed that flexibility is one of the most important variables for outcomes of exchange relationship (satisfaction, commitment and performance), indicating that flexibility is necessary for enhancing channel relationships (Gassenheimer *et al.*, 1995). Flexibility is defined by Aulakh, Kotabe, and Sahay (1996) as “a bilateral willingness to make adjustments as circumstances change” (p. 1012). Similarly, Zhang, Vonderembse, and Lim (2003) considered flexibility of manufacturing as the organization’s ability to manage both production resource and uncertainty to achieve customer needs. Also, Gassenheimer *et al.* (1995) defined it as “the manufacturer’s ability to modify practices in the light of detrimental changes in its relationship with retailer” (p. 13). Upton (1994) argued that internal flexibility is what the firm is capable of doing while external flexibility is what is visible to the customer. This implies that a manufacturer/supplier’s flexibility is the firm’s willingness to adapt and to make changes according to the existing conditions.

Retailers are often faced with situations that require adjustments and from their point of view flexibility is somewhat of a guarantee that the supplier will change practices to suit changes. The supplier’s responsiveness to assist, solve the retailer’s complaints and their timely expedition of orders are all evidence of flexibility (Gassenheimer *et al.*, 1995).

According to research on relationship marketing, flexibility is relational behaviours critical for channel member success because it supports sharing and integration of knowledge and resources and helps reconfigure resources in response to changing circumstances to gain many benefits (Cannon & Homburg, 2001; Chu, Chang, & Huang, 2011; Gassenheimer *et al.*, 1995; Rajamma *et al.*, 2010; Samaha *et al.*, 2011). For example, Rajamma *et al.* (2010) found that flexibility led to positive outcomes of satisfaction and commitment in exchange relationships. In addition, Sanchez and Perez (2005) found a positive relation between flexibility and performance. Similarly, Eisenhardt and Martin (2000) posited that the crucial ability of a partner to create, extend, or modify its own resource base with its partners can generate competitive benefits and performance enhancements. Further, a study by Cannon and Homburg (2001) demonstrated that supplier's flexibility led to lower customer costs and ultimately customer intention to expand purchases from the supplier. Thus, flexibility becomes a critical order-winning criterion since a manufacturer/supplier with flexibility gains competitive advantage by rapidly responding to the retailer's volatile demand and environmental changes in their relationship.

A study in dealer-supplier relationships by Gassenheimer *et al.* (1995) found that flexibility had a positive effect on dealer satisfaction, and it is necessary for enhancing channel relationships. Furthermore, a recent study of channel relationship concluded that flexibility exerted a positive influence on channel member performance (Samaha *et al.*, 2011). Although these findings are important in enhancing understanding of flexibility in channel relationship, Chu *et al.* (2011) argues that there is little knowledge about social effectiveness to motivate supplier flexibility from either an empirical or a theoretical standpoint. Therefore, further research to investigate the antecedents of manufacturer's flexibility and its consequences (e.g., retailer's relationship satisfaction and performance) in the context of social exchange theory is needed.

2.5.2 Relationship-Detrimental Factors (RDFs)

Literatures on marketing channels indicate a substantial number of studies have examined the relationship-detrimental factors on the relationship between supplier and retailer, considering them as antecedents of retailer's relationship satisfaction, which lead to a negative impact on this relationship such as unfairness (Kumar *et al.*, 1995; Tax, Brown, & Chandrashekaran, 1998), conflict (Lee, 2001; Runyan *et al.*, 2010), opportunism (Crosno & Dahlstrom, 2008; Lee, 1998), and coercion (Lai, 2007; Runyan *et al.*, 2010). However, this study did not examine the relationship-detrimental factors because it sought to understand and develop retailer's relationship satisfaction with national food manufacturers in the Yemeni market. Thus, it was deemed sufficient to explain the relationship-detrimental factors as antecedents of retailer's relationship satisfaction based on the literature of channel relationship as follows:

2.5.2.1 Unfairness

Unfairness is considered a detrimental factor in channel relationships (Samaha *et al.*, 2011). It occurs when "a channel member likely finds the seller more accountable and responsible, with a higher degree of intentionality and therefore may react more punitively" (Kaufmann & Stern 1988; Turillo, Folger, Lavelle, Elizabeth, & Gee, 2002; Weiner, 1995). Frazier (1983) explained unfairness in distribution channel as an evaluation of the channel partner's relative losses in comparison to its respective contributions or inputs.

Selvan (2009), and Tax *et al.* (1998) highlighted the importance of distributive, procedural fairness and their effects on relationship satisfaction in the buyer-seller relationship by demonstrating that perceptions of fairness had a strong influence on relationship satisfaction. But Kumar *et al.* (1995) observed that more powerful manufacturers may ignore retailer complaints about injustice because vulnerable retailers often have few avenues for redress. Because those who are subjected to unfairness are likely to experience hostility toward the manufacturer, hence manufacturer unfairness is likely to have a detrimental effect on retailer satisfaction.

Perceived unfair acts is described by Samaha *et al.* (2011) as a poison that affects relationships by attacking channel relationships, worsening negative impacts of conflict and opportunism, and minimizing the advantages of frequent access to contracts for channel distribution management. External marketing researches revealed that the role of unfair practices is worse than what is known as people are more inclined to inflict punishments for them even at a cost (Fehr & Simon, 2000). In addition, unfair practices often facilitate backlash owing to the emotional imperative to punish the unfair individuals (Turillo *et al.*, 2002).

Most fairness research relies on theories of equity and social exchange, which suggest that people should receive benefits or rewards in proportion to their own relative efforts or inputs (Adams, 1965; Brown, Cobb, & Lusch, 2006; Griffith, Harey, & Lusch, 2006; Kumar *et al.*, 1995; Samaha *et al.*, 2011; Selvan, 2009). According to these theories, people compare the ratios of their perceived outcomes to their inputs with the corresponding ratios of others. If the ratios seem unequal, the party with the lower ratio feels inequitably rewarded and often experiences anger or tension. Most people respond by adjusting their own inputs or efforts or undertaking punitive behaviours that punish the other party to shift this unpleasant state into a more equitable one (Adams, 1965; Kaufmann & Louis, 1988; Utne & Robert, 1980).

Prior research showed that only a few studies had addressed unfairness in the channels domain, especially in manufacturer-retailer relationships. Furthermore, Samaha *et al.* (2011) stated that literature of marketing relationship still cannot identify the extent of effects of perceived unfairness, and they suggested additional research to investigate the most effective intervention strategies to minimize the damaging effects of perceived unfairness from a multiyear survey of channel relationships (via repeated surveys over time). Such suggestion implies that the understanding of unfairness effects on channel relationships, especially on channel member's relationship satisfaction requires a long period of time (multiyear surveys) to reach valuable results.

2.5.2.2 Conflict

Conflict is an inevitable component of close inter-organizational relationships as it pervades business activities (Anderson & Narus, 1990; Hibbard, Kumar, & Sterm, 2001). Generally, it occurs when one party perceives another as interfering with its goal attainment. Rahim (2002) defined it specifically as an "interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities (i.e. individual, group, organization, etc.)" (p. 207). Ford, Hakansson, and Johanson (1986) defined it as a measure of differences between the parties over the direction of the relationship or over their respective contributions and benefits.

Conflict arises in cooperative as well as competitive environments (Deutsch, 1973), and a combination of both environments (Kelley, Holmes, Kerr, Reis, Rusbult, & Lange 2003; Schelling, 1980). Majority of studies have reached to the conclusion that conflict has a negative effect on different nuances of manufacturer-retailer relationships, including satisfaction (Anderson & Narus, 1990), trust (Grzeskowiak & Al-Khatib, 2009), loyalty and development of relationship (Plank, Newell, & Reid, 2006). These findings imply that conflict may lead to challenges in building and improving the relationship manufacturer-retailer relationship. For instance, in terms of the food product manufacturer-supermarket retailer relationship, the former is pressured to provide sales promotion budgets that are not always consistent with their strategy (Mohr & Low, 1993; Mullenders, 2008). These pressure and adversarial situations increase conflict between them.

While literature supports the advantages conflict may bring in the strong relationship between manufacturer and retailer (Bradford, Stringfellow, & Weitz, 2004; Koza, & Dant, 2007), it also reveals that conflict is tied with unexpected costs as it is likely to appear owing to high nature of interdependence of the parties (Thomas, 1992). Despite the fact that majority of studies considered conflict as having a negative impact, some were of the view that it can positively impact supplier-retailer relationships (Anderson & Narus, 1990; Gerzon, 2006; Morris & Cadogan, 2001; Pondy, 1967; Reve & Stern, 1979). For instance, conflict may lead to the prevention of stagnation, encourage interest and curiosity and can be a medium of resolution (Deutsch, 1973). Moreover, it can offer integrative functions through the honesty of both parties and their rehashing of their own perspectives which can improve their cooperation in the future (Koza & Dant, 2007).

Although some research extols the benefits of positive or functional conflict, most authors recommend reducing or resolving it (Bobot, 2011; Rahim, 2002). Furthermore, Samaha *et al.* (2011) found that low levels of conflict had small or even insignificant effects on channel member outcomes, implying that research investigating the negative impact of conflict on exchange outcomes may need re-evaluation. Moreover, a study by Runyan *et al.* (2010) found that conflict had a negative effect on relationship satisfaction in the U.S but not in Japan.

2.5.2.3 Opportunism

Opportunism is an important phenomenon because it is common and may have a significant effect on relational outcomes (Hawkins, Wittmann, & Beyerlein, 2008). Williamson (1975) defined opportunism "actions by one contract partner to achieve one's own goals despite possible damage to other contract partners". Also, in a widely used definition, Williamson (1975, p. 6) referred to opportunism as "self-interest seeking with guile." Examples of opportunistic behavior include withholding or distorting information and shirking or failing to fulfil promises or obligations. In light of transaction cost economics theory, the initial formulation of opportunism defines it as a violation of explicit contracts, while other researchers revealed it to cover active and passive attempts to go against written or social contracts governing an exchange (Wathne & Heide, 2000). Nevertheless, opportunisms exclude other types of self-interest seeking behavior like hard bargaining and intense negotiations. Williamson's (1975, p.47) notion of guile encapsulates "lying, stealing, cheating and efforts made to mislead, distort, disguise, obfuscate, or confuse". Hence, the basic notion of opportunism is referred to as having an element of deceit.

Hawkins *et al.* (2008) argued that social exchange theory (SET) does not reject the existence of opportunism. They expounded that it is the presence of opportunistic behavior that assists in distinguishing relational exchange relationship from those under the Transaction Cost Analysis (TCA) theory with the sole focus on the reduction of transaction costs and stringent agreements. For instance, when a partner acts opportunistically, the social and to an extent, the economic benefits are depleted as time passes. SET provides the explanation of why parties to the exchange may opt to cut off relations despite the economic benefits as social relationships are depleted.

In addition, literatures indicate various effects of opportunism as follows: satisfaction (−) (Crosno & Robert, 2008; Gassenheimer *et al.*, 1996), cooperation (−) (Morgan & Hunt, 1994, 1997), trust (−) (Morgan & Hunt, 1994, 1997), commitment (−) (Skarmeas, Katsikeas, & Schlegelmilch, 2002), motivation (−) (Dahlstrom & Boyle, 1994), conflict (−) (Morgan & Hunt, 1994, 1997), terminated relationships (+) (Morgan & Hunt, 1994, 1997), uncertainty (+) (Morgan & Hunt, 1994, 1997), acquiescence (−) (Morgan & Hunt, 1997), and relational exchange (−) (Lee, Pae, & Wong, 2001). Empirical evidence indicates that opportunism is related to many variables, whether positively or negatively. In other words there may be opportunism operating in marketing channel relationships which is likely to adversely affect the relationship between retailers and manufacturers.

Hawkins *et al.* (2008) analysed 25 empirical studies that looked into 45 antecedents of opportunism and examined 14 empirical studies that considered 24 consequences.

Based on their analysis, they concluded that researchers have devoted substantially less attention to the outcomes of opportunism. Villena, Revilla, and Choi (2011) also recommended investigating the phenomenon of opportunism as the dark side of buyer–supplier relationships.

2.5.2.4 Coercion

Coercive hinders the improvement of the relationship between supplier and retailer (Lai, 2007). For example, frequent use of coercive strategies by both manufacturers and retailers is likely to produce high levels of conflict in the manufacturer–retailer relationship (Frazier, Gill, & Kale, 1989; Frazier & Rody, 1991; Lusch, 1977; Skinner, Gassenheimer, & Kelley, 1992), leading to instability of the relationship. Additionally, some studies concerning channels consider threats and legalistic pleas as akin to coercive influences (Frazier & Rody, 1991; Frazier & Summers, 1986). Threats are utilized when a source informs the target of his failure to perform or behave in a certain way will lead to negative punitive damages while legalistic pleas are used when a legalistic, contractual or informal agreement is cited to mandate that the target behaves in a particular way or performs a certain action. The target's reaction (agreement or disregard) determines the coercive power of the strategies. Hence, compliance is under a condition (Frazier & Rody, 1991). These coercive dimensions are more prominent in channel management system as opposed to relational behavior alongside the overall coercion concept (Frazier & Rody, 1991; Runyan *et al.*, 2010), as legalistic pleas and threats are not as effective in modifying behavior for their application of pressure. Pressure application more or less results in negative impacts (Venkatesh, Ak, & Zaltman, 1995).

The leading views state that coercive influences lead to reciprocal actions (Frazier & Summers, 1986; Lusch, 1977), which more often than not, is often linked to the extent of dependence of the target firm (a retailer) as the retailer who is highly dependent would not respond to coercion particular channel settings (Kale, 1986). On the other hand, in a buyer's market, buyers are less likely dependent on their suppliers. In this scenario, the retailer's response to the coercive influence of suppliers would also be coercive in-kind (Frazier & Summers, 1986; Tedeschi, Schlenker, & Bonoma, 1973) which would likely lead to a negative impact on relationship satisfaction.

In cases when manufacturers exercise coercive power to punish the retailer for poor outcome or non-adherence, the economic and social satisfaction of the retailer will be minimized (Lai, 2007; Yu & Pysarchik, 2002). Moreover, economic and social conflict will increase owing to the coercive power sources which may lead to the retailer's stringent economic sanction (for example, refusal to sell, charging high prices or delaying delivery) along with aggressive behavior, non-cooperation and lack of commitment which are all covered by social dissatisfaction.

Generally, most studies indicate that exercised coercion has a negative effect on relationship satisfaction (Frazier & Rody, 1991; Lai, 2007; Yu & Pysarchik, 2002). Gaski and Nevin (1985) examined a manufacturer's exercise coercion with channel members and found a negative association with relationship satisfaction. In the same line, the study of Runyan *et al.* (2010) showed that supplier coercion had a large and negative direct effect upon relationship satisfaction in the West; however, in Japan this effect was viewed differently. Hence, Runyan *et al.* (2010) recommended examining manufacturers' exercised coercion with channel members in different cultures.

However, all these relationship-detrimental factors may fade through building good marketing relationship bonds in the manufacturer-retailer relationship because such bonds lead to a high level of relationship satisfaction (Bolton *et al.*, 2003; Jonsson & Zineldin, 2003; Schakett *et al.*, 2011). Therefore, this study focused only on examining marketing relationship bonds as antecedents of economic and social satisfaction in the relationship between national food manufacturers and large retailers in the Yemeni market, discussed below.

2.5.3 Marketing Relationship Bonds (MRBs)

In the relationship marketing literature, marketing relationship bonds are critical components in the development and maintain of the relationship between buyers and sellers (Hakansson & Snehota, 1995; Jonsson & Zineldin, 2003; Smith, 1998, Wilson, 1995). Moreover academic studies confirmed the importance of marketing relationship bonds in improving buyer satisfaction with the relationship, and hence general satisfaction (Jonsson & Zineldin, 2003; Smith, 1998).

So, what are marketing relationship bonds? The term "bond" was utilized by Bowlby (1969) to expound on the proximity of the parties in a social interaction. But Turner (1970) was the pioneer to propose such term as existing "when some value of the individual-shared or unique-is felt to be fostered by association and interaction with some other person or group". For Smith (1998), bonds are defined as "the psychological, emotional, economic, or physical attachments in a relationship that are fostered by association and interaction and serve to bind parties together under relational exchange" (p. 78). In the relationship marketing literature, there are different points of view to define marketing relationship bonds. For example in the context of services, Strobacka, Strandvik, and Gronroos (1994) considered MRBs as "exit barriers". Based on this perspective, they point to preventing the customer from switching supplier although the product delivered may have been of less quality. Thus, Strobacka and his research colleagues (1994) took this mode of thinking to define MRBs as "exit barriers that tie the customer to the service provider and maintain the relationship" (p. 25). But Parasuraman, Berry, and Zeithaml (1991), and Berry (1995, p. 240) defined marketing relationship bonds as "primary bonds that can be practiced on multiple levels, depending on the type of bonds used to foster customer loyalty", which are economic, structural and social bonds, that lead to greater relationship marketing potential for sustained competitive advantages.

Marketing relationship bonds are also seen in terms of their relational benefits (Liljander, 2000), defined as "the advantages that the customers enjoy or perceive in a relationship, in addition to the core product" (Liljander, 2000, p. 9). Liljander associated different types of bonds with different types of benefits, as proposed by Berry (1995) and Liljander and Strandvik (1995). These include psychological benefits and bonds, social benefits and bonds, economic benefits and financial bonds, customization benefits and knowledge bonds, and time saving and time bonds. Liljander (2000) made a distinction between positive and negative bonds and stated that there is no conceptual difference between relational bonds and positive bonds. The bonds are positive or negative on the basis of the circumstances. For instance, financial bonds could be negative when customers are tied to a product as they lack the financial resources to switch otherwise they would lose money by switching.

In the industrial relationship marketing, Hakansson and Snehota (1995) defined marketing relationship bonds as “actors between key individuals in organizations that evolve over time, occurring as the product of both task and social interaction” (p. 19). Meanwhile, Holmlund and Kock (1996) considered MRBs as “outcomes of adoptions and investments made by interacting partners aiming at higher efficiency and more cost effective exchanges” (p. 289).

In the business-to-business context, Smith (1998, p.19) conceptualized marketing relationship bonds as “the psychological, emotional, economic or physical attachment in a relationship that are encouraged by the relation and interaction and offers to unite parties together under relational exchange”. Similarly, Jonsson and Zineldin (2003) defined marketing relationship bonds as social, technical, timing, knowledge, planning and legal/economic factors characterized by the production of satisfaction, trust and commitment throughout the development of the relationship and the creation of exit barriers. Indeed, these two definitions are the source of many recent studies that looked into building and maintaining the relationship to achieve high satisfaction (e.g., Alnaimi *et al.*, 2011; Jonsson & Zineldin, 2003; Schakett et al., 2011; Wang *et al.*, 2006). Therefore, this study used Smith’s definition of marketing relationship bonds.

Table 2.2 shows the various definitions of marketing relationship bonds and their purpose.

Table 2.2

Definitions and Purpose of Marketing Relationship Bonds

Authors	**Context**	**Definition**	**Purpose**
Parsuraman, Berry, and Zeithaml (1991), Berry (1995)	Services	Primary bonds that can be practiced on multiple levels, depending on the type of bonds (economic, structural and social) used to foster customer loyalty.	To achieve higher level of relationship marketing for sustained competitive advantages.
Strobacka, Strandvik, and Gronroos (1994)	Services	"Exit barriers that tie the customer to the service provider and maintain the relationship".	To exit barriers and maintain the relationship.
Hakansson and Snehota (1995)	Industrial marketing	"Actors between key individuals in organizations that evolve over time, occurring as the product of both task and social interaction".	Mutual benefits and social interaction as the relationship develops.
Holmlund and Kock (1996)	Industrial marketing	"Outcomes of adoptions and investments made by interacting partners aiming at higher efficiency and more cost effective exchanges".	To achieve higher efficiency and more cost effective exchanges.
Wilson (1995)	Business-to-business (Buyer-seller-relationship)	The degree of mutual personal and structural between buyer and seller.	To achieve a high level of commitment to the continuance of the relationship and lower costs.
Smith (1998)	Business-to-business (Buyer-supplier-relationship)	"The psychological, emotional, economic, or physical attachment in a relationship fostered by association and interaction serves to bind parties together under relational exchange".	To improve the quality of the relationship with the buyer (including buyer satisfaction), and to commit to its long-term maintenance.
Liljander (2000)	Business-to-customer	"Advantages that a customer enjoys or perceives in a relationship, in addition to the core product (Relational bonds are similar to relational benefits)"	To gain competitive advantage through customer satisfaction and customer retention.
Jonsson and Zineldin (2003)	Business-to-business (supplier-dealer working relationships)	Are social, technical, timing, knowledge, planning, and legal/economic, which are the generation of satisfaction, trust and commitment as the relationship develops, and the creation of exit barriers	To achieve high level of relationship satisfaction.
Chiu, Hsieh, Li, and Lee (2005)	Business-to-customer in the retail banking industry	Social, structural and economic bonds which described best as the formation of "bonds" between the company and the customer.	To enhance customer loyalty.

Table 2.2 (Continued)

Authors	**Authors**	**Authors**	**Authors**
Schakett, Flaschner, Gao, & El-Ansary, (2011)	Business-to-business (buyer-seller-relationship)	Structural and economic bonds that occur at the organizational level between the buying and selling organizations, and social bonds that occurs at the individual level between the buyers' and sellers' key contact employees.	To build and maintain the relationship and increase repeat the buyers' purchasing behaviours.
Alnaimi, Jones, and Perkins (2011)	Business-to-customer	"The psychological, emotional, economic, or physical attachment in a relationship fostered by association and interaction that serves to bind parties together under relational exchange".	To develop the relationship and achieve high satisfaction.

Prior studies recommended practising various levels of marketing relationship bonds to reinforce customer satisfaction and customer loyalty. The bonds comprise financial, social and structural bonds (Berry, 1995; Parasuraman *et al.*, 1991; Peltier & Westfall, 2000). In the relationship between buyer and seller, current studies tended to focus on the structural and financial bonds at the level of the organization between buying and selling organizations, and social bonds at the interpersonal level between buyers' and sellers' main contact employees (e.g., Begalle, 2008; Bolton *et al.*, 2003; Han, 1991; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Schakett *et al.*, 2011; Smith, 1998). Thus, the present study considered both types of inter-organizational and interpersonal bonds.

Although marketing relationship bonds are important to organizational success, organizations face difficulty in determining the level to which investment is required for building and maintaining the relationships (Bendapudi & Leone, 2002; Cannon & Perreault, 1999; Sheth, 1996). For instance, manufacturing and supply companies often question the interpersonal relationship effectiveness and the level of the relationships impact upon the behaviours of buyers (Bolton *et al.*, 2003; Ferguson *et al.*, 2005; Schakett, 2009). In addition to this is the question as to the way manufacturers/suppliers justify the effort and cost that go into developing interpersonal relationship bonds with retailers if the efforts have no influence on the behaviours of the retailers.

In the context of Yemen, Al-Gaumey (2010) argued that the bad relationship between national food companies and large retailers may be due to immoral behavior of the national company's representatives such as lack of transparency, honesty, and respect towards retailers. Therefore, the present work tried to bridge the practical and theoretical gaps by examining whether or not interpersonal bonds are more effective than organizational bonds in influencing a retailer's relationship satisfaction.

2.5.3.1 Inter-organizational Bonds

The current study considered organizational bonds such as structural and financial bonds to occur at the inter-organizational level between retail and manufacturing organizations, consistent with previous studies (e.g., Bolton *et al.*, 2003; Coulter & Ligas, 2004; Jonsson & Zineldin, 2003; Liljander & Roos, 2002; Lin & Ding, 2005; Peltier & Westfall, 2000; Schakett *et al*., 2011). Most of these researchers demonstrated the importance of financial and structural bonds in improving relationship satisfaction (refer to Table 2.3 for the studies).

Structural and financial bonds are non-emotional bonds in the relationship between retailers and manufacturers. For instance, a buyer may have an emotional bond with a brand of product or service but the bond is not reciprocated. In other words, the emotional bond is not reciprocated by the organization as it is an inanimate entity. It has a non-emotional bond with its customers through its pursuant of profit. In other words, it is a market exchange comprising structural and financial bonds (Schakett *et al.*, 2011).

In addition, Morgan and Hunt (1994), and Butcher, Sparks, and O'Callaghan (2002) posited that buyers do not have relationships with organizations, but do have relationships with the main contact employees of their representative organizations. In a relationship of business-to-business, as both parties to the relationship is a representation of organizations (organizational embeddedness), the personal relationship between them (social bonds) is an inter-organizational relationship (in other words, market exchange is formed by structural and economic bonds) (Frenzen & Harry, 1990; Heide & John, 1992; Mukherji & Francis, 2008). Hence, owing to the embedded nature of the organizational relationships, the personal relationships between buyer and seller affect the purchasing behaviours of the organization.

In the context of business to business relationship, several empirical studies (Bolton *et al.* 2003; Han, 1991; Schakett *et al.*, 2011; Smith, 1998) explained the relationship between organizational bonds (financial and structural) and relationship satisfaction under social exchange theory. According to these studies, controlling for structural and financial bonds significantly impacted buyer's relationship satisfaction, suggesting that the relationship between organizational bonds and buyer's overall satisfaction is affected positively (see Table 2.3). The finding raises question as to what types and levels of relationships between organizational bonds and dimensions of relationship satisfaction exist in the context of manufacturer-retailer relationship.

Table 2.3

Types of Marketing Relationship Bonds and Effects on Satisfaction

Authors	Context	Types of bonds and levels	Theory	Key findings and recommendations
Han (1991)	Industrial buyers and sellers relationships	Structural bonding relating to economic, strategic, and organizational factors between buy and sell organizations. Social bonding regarding to organizational members' personal and social relationships.	Social exchange theory (Thibaut and Kelley, 1959; Kelley and Thibaut, 1978).	There is a strong relationship between social bonds and relationship satisfaction.
Smith (1998)	Business-to-business (Buyer-supplier-relationship)	Structural and functional bonds, which occur at the organizational level, and social bond which occurs at the interpersonal level.	Social exchange theory (Thibaut & Kelly, 1959)	Marketing relationship bonds (social and structural) positively affected relationship quality (including buyer satisfaction).
Peltier and Westfall (2000)	Health maintenance organizations	Financial, social, and structural. Adopted the approach of Berry (1995), which means that the type of bonds can be practiced on multiple levels.	Relationship marketing theory	Eight service performance dimensions were significantly correlated with overall satisfaction, indicating that satisfaction was influenced by a variety of social and structural bonding dimensions. The top four correlations with overall satisfaction were all social bonds.
Jonsson and Zineldin. (2003)	Business-to-business (supplier -dealer working relationships)	Social, technical, timing, knowledge, planning, legal and economic bonds, practiced on the level of perceived satisfaction in an inter-organizational relationship (organizational level).	Dependency theory (Emerson, 1962) and Relationship marketing theory	All bonds emphasized high satisfaction relationships. Previous research did not identify any major impact of relationship bonds or the level of dependency on relationship satisfaction.

Table 2.3 (Continued)

Authors	Context	Types of bonds and levels	Theory	Key findings and recommendations
Bolton, Smith, and Wagner (2003)	Business-to-business relationship	Social and structural resources (social and structural bonds). That practiced social bonds on the level of company representatives to employees-delivered service, whereas structural bonds on the level of the organizations.	Marketing exchange theory (Bagozzi, 1975, 1979)	The study shows that "social bonds created by employee-delivered service have a greater influence on customers' satisfaction with company representatives, whereas structural bonds created through the exchange of economic resources (financial or operational) have a stronger effect on their overall satisfaction with the organization".
	There is very little empirical evidence showing how relationship properties influence business-to-business exchanges (Wathne, Biong, & Heide, 2001). Weitz and Jap (1995) noted that "there is little empirical research about how business balance marketing activities designed to affect interpersonal (between company representatives and customer contacts) relationships versus activities designed to influence inter-organizational (between firms) relationships. Finally, there is little information in the literature about how various types of service delivered in business-to-business relationships operate in a nomological net that includes both interpersonal and inter-organizational satisfaction".			
Chiu, Hsieh, Li, and Lee (2005)	Retail banking industry	Financial, social, and structural bonds. Social bonds occur at the individual customer level.		Only structural bond had significant impact on customers' utilitarian value, who is dissatisfied switcher. Social bond significantly affected the hedonic value for satisfied switchers, whereas structural bond significantly affected their utilitarian value.
Wang, Liang, and Wu (2006)	Information services industry	Financial bonding, social bonding (interactive and unidirectional) and structural bonding.	Commitment-Trust Theory Morgan and Hunt (1994)	Social bonding tactics can be divided into unidirectional and interactive social bonding tactics. Results also showed that structural bonding tactics were the most significant factor that influenced relationship quality.
Shammout (2007)	Hotel industry	Financial, social, and structural bonds, practiced on a one-to-one level.	Relationship marketing Theory (Sheth & Parvatiyar, 1994) and hospitality theory	"Social and structural bonds, but not financial bonds, were crucial in affecting relationship quality" (satisfaction, trust and commitment)
Begalle (2008)	Supplier-buyer relationship in the school foodservice market in U.S.	Financial, social, and structural bonds, measured at organizational level.	Social exchange theory (Thibaut and Kelley, 1959) Berry's (1995) theory.	Social bonds are positively correlated with equity, relationship commitment, trust and responsibility.

Table 2.3 (Continued)

Authors	Context	Types of bonds and levels	Theory	Key findings and recommendations
Chen and Chiu (2009)	Internet marketing (online shoppers)	Financial, social, and structural bonds, practiced on a one-to-one level.	Adopted the model of Berry (1995), and Peltier & Westfall (2000).	Financial and structural bonds had positive impacts on online shoppers' satisfaction; however, social bond did not. Further research could consider Big Five personality traits, which are agreeableness, conscientiousness, extraversion, neuroticism, and openness to experience.
Liang and Chen (2009)	Online customer–firm relationships in the financial services in Taiwan	Financial, social and structural bond which occur by online customer–firm relationships	The theory and practice of online relationship marketing	The online relationship bonds (financial, structural and social bond) have a positive impact on online relationship satisfaction and commitment, and online relationship length, depth and breadth with the online financial services.
Schakett, Flaschner, Gao, and El-Ansary (2011)	Business-to-business (buyer-seller-relationship)	Structural and economic bonds, which occur at the organizational level between the buying and selling organizations, and social bond which occurs at the relational level between the buyers' and sellers' key contact employees.	Social exchange theory (Bagozzi, 1975a)	This research demonstrated that social bonds (interpersonal relationship), controlling for structural and economic bonds, significantly impacted buyer's satisfaction. Future research should examine why some of the variables shown in the literature form one factor, or reflect another factor, or reflect more than one factor. Little research was found on the impact of social bonding on relationship satisfaction
Alnaimi, Jones, and Perkins (2011)	Relational exchange between customers and service providers	Financial, social, and structural bonds at the individual customer level.	Theory of planned behavior (TPB) (East, 1993) Ajzen, 1991)	The authors proposed that the strength of relational bonds will positively affect customer satisfaction (theoretical model)
Nath and Mukherjee (2012)	Retail banking industry	Financial, social, and structural bonds which occurs at the relational level between the service provider and customer.	Social exchange theory (Thibaut and Kelley, 1959) and Berry's (1995) theory.	Relational bonds (financial, structural and social bonds) have significant impacts on relationship quality including relationship satisfaction, commitment and trust. There is a positive interaction between these relational bonds that strengthen their effectiveness in influencing relationships.

The following section explains both financial and structural bonds and their relationship with satisfaction in the context of buyer-seller relationships.

2.5.3.1.1 Financial Bonds

In this research financial bonds between retail and manufacturing organizations are defined as the rewards or incentives offered by the manufacturer/supplier to the retailer to maintain a long term relationship such as discounts, reward program, free gifts or extra prompt services (Bolton *et al.*, 2003; Jonsson & Zineldin, 2003). Financial bonds are also called frequency marketing or retention marketing in which the supplier makes use of economic benefits like price, discounts and other financial incentives to obtain the loyalty of customers (Berry, 1995; Hsieh, Chiu, & Chiang, 2005; Lin, Weng, & Hsieh, 2003; Parasuraman *et al.*, 1991). In the context of B2B, Smith (1998) defined financial bonds as the multiple economic, performance or instrumental relationship that promotes the relationship's continuity. The creation of financial bonds entails the economic, strategic, technological and instrumental benefits obtained by the parties. In the context of hospitality, hotel chains may offer free or discounted travel service to loyal patrons through their loyalty programs (Parasuraman *et al.*, 1991). Similarly, airlines may create financial programs allowing seasoned travellers to collect mileage for free or to upgrade their travel (Lin *et al.*, 2003).

Economic bonds are search effort, financial penalties and the risk of selecting a new supplier (Sharma & Patterson, 2000). A buyer may remain in a relationship if the perceived cost of switching to a new supplier is great and this includes the cost of relationship termination and the cost for searching another supplier providing superior financial incentives that counteract the switching costs (Sharma & Patterson, 2000).

In the context of services, according to Parasuraman *et al.* (1991) and Berry (1995), the problem related with financial bonds is the fact that they are the easiest bond type that competitors can imitate. They cited an example of how on their three years of pursuing an advantage frequent flyer program, the American Airlines was followed by a total of 23 other competitors to offer their own. In other words, this bond type does not provide long-term competitive advantages. Parasuraman *et al.* (1991) and Berry (1995) called this type of bond as the first level, which is described as the weakest level of building relationship marketing. Along the same line, Dwyer *et al.*'s (1987) pioneering study brought forward economic rewards that could be utilized in the exploration level of the relationship development process. In addition, Shammout (2007) revealed that social and structural bonds with the exclusion of financial bonds are important in impacting the quality relationship (with satisfaction, trust and commitment).

In the context of retailer-manufacturer relationship, financial bonds reflect both the manufacturer perceptions of the benefits for retailers and the retailer's view about the rewards or incentives such as discounts, reward program, rebates, free gifts or extra prompt services that reflect profit margin, stimulate sales and attract customers for retailers (Bolton *et al*., 2003; Glynn, 2010). Hence, financial bonds in the context of retailer-manufacturer relationship may yield different results, as in the context of services. It may be the best of bonds to build and develop relationship marketing.

Conceptual and empirical studies on the consequence of financial bonds at organizational level suggest that firm's good financial bonds should lead to greater enhanced customer satisfaction and increased business profitability (Alnaimi *et al.*, 2011; Bolton *et al.*, 2003; Chen & Chiu, 2009; Schakett et al., 2011). Recent study by Liang and Chen (2009) investigated the influence of online relationship marketing on consolidating online customer–firm relationships. This study found that online relationship bonds (financial, structural and social bond) have a positive impact on online relationship satisfaction and commitment, except for the link between financial bond and relationship commitment. Its result also identify that financial bond is the most important attribute in enhancing online relationship satisfaction.

Similarly, in the context of the supplier-dealer working relationships, Jonsson and Zineldin (2003) found that financial bonds were significant for achieving a high rate of perceived relationship satisfaction. All of these studies confirmed the existence of a positive relationship between financial bonds and overall satisfaction. However, to the researcher's knowledge, no empirical research considered the relationship between financial bonds and dimensions of relationship satisfaction separately. This is a primary concern because manufacturer's representatives may not be able to build a good work relationship if there are no economic sources (i.e., financial bonds) (Rodriguez *et al.*, 2006). Furthermore, studying the impact of a firm's financial bonds on retailer behaviour is useful for top managers and sales managers because it illuminates the issue of whether relationship marketing strategies (i.e., financial bonds) actually enhances retailer's economic and social satisfaction. Therefore, there is a need to examine to what extent financial bonds practiced at the organizational level significantly impact retailer's behaviour.

2.5.3.1.2 Structural Bonds

In addition to financial bonds, structural bonds are considered organizational bonds. In this study, structural bonds are defined as ties relating to the structure, governance, and institutionalization of norms in a relationship, and the solution of problems to reach mutual goals (Berry, 1995; Smith, 1998). Smith (1998) claimed that structural bonds are ties that relate to the structure, governance and norms institutionalization in a relationship. The elements that form the formal structure such as rules, policies, procedures and agreements, or informally govern interaction such as norms or routines, or the organizational systems and technologies such as e-mail or e-data interchange, enable interaction and provide legal, psychological and physical ties to bind the parties to the relationship and pose a challenge in considering other exchange partners (p.79). Business may provide integrated services and benefits with its partners or innovative product/services that satisfy customers' requirements (Lin *et al.*, 2003).

Structural bonds have also been described as the adaptation required between organizations to enable mutual goals attainment (Cannon & Perreault, 1999; Gounaris & Venetis, 2002). Similarly, Rao and Perry (2002) described business-to-business or business-to-consumer structural bonds as the product, financial and information exchanges adaptation in inter-organizational links to achieve mutual goals. These may differ from enforced contractual cooperation to informal cooperatives between organizations (Rao & Perry, 2002). The adaptation level reveals the amount of cooperation and compatibility existing among organizations that enables mutual goals achievement (Rao & Perry, 2002).

Structural bonds often appear when businesses improve customer relationships by providing solutions to customer problems through systems of service-delivery, as opposed to being dependent upon the relationship building skills of individual service providers (Lin *et al.*, 2003; Shammout, 2007; Sheth & Parvatiyar, 2000). They can be created when two parties make solid and strict investments or when it becomes challenging to end the relationship owing to the changing resource complexity and cost (Turnbull & Wilson, 1989). They are referred to as the highest degree of relationship marketing as companies may reinforce their relationships with customers through additional structural bridges and financial and social bonds (Berry & Parasuraman, 1991, Berry, 1995). Structural bonds are invaluable for organizations like manufacturers of suppliers owing to their provision of value-adding services for retailers that are not always available with other partners.

Parasuraman *et al.* (1991) claimed that structural bonds are not just difficult for customers to provide on their own but they are also expensive. In addition, Liang and Wang (2005) argued that value-adding services assist customers in being more efficient and productive and organizations make it difficult for competitors to imitate their services because of the significant transformation costs. According to Peltier and Westfall (2000), structural bonds create feelings of empowerment and provide some degree of the relationship between buyer and seller. Hence, it is important for manufacturers to concentrate on structural bonds in their building of a strong relationship with the retailer at all costs.

A substantial number of empirical studies (Alnaimi *et al.*, 2011; Bolton *et al.*, 2003; Chen & Chiu, 2009; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Schakett e*t al.*, 2011; Smith, 1998) demonstrated a significant influence of structural bonds on customer's relationship satisfaction. Recent study by Liang and Chen (2009) examined the influence of online relationship marketing on consolidating online customer–firm relationships. It demonstrated that structural bonds are positively correlated with relationship satisfaction and commitment. Its result also identify that structural bond contributes a lot to online relationship depth and breadth. A study by Bolton *et al.* (2003) showed that structural bonds created through the exchange of economic resources (financial or operational) had a stronger effect on retailers' overall satisfaction with the organization. However, previous studies did not specify the impact of structural bonds on economic and social satisfaction separately. Indeed, when the manufacturer's representatives are aware of the impacts of structural bonds on the retailer's economic and social satisfaction, this helps them improve the specific type of satisfaction. Therefore, the potential impacts of structural bonds on retailer's economic and social satisfaction merit further investigation to understand better the manufacturer-retailer relationship.

2.5.3.2 Interpersonal Bonds

Interpersonal bonds are defined as social and ethical bonds that occur at the interpersonal level, between the retailers' manager/owner and manufacturers' key contact representatives (Bolton *et al.*, 2003; Robertson & Anderson, 1993; Schakett et al., 2011).

Many researchers (e.g., Begalle, 2008; Bolton *et al.*, 2003; Han, 1991; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Schakett *et al*., 2011; Smith, 1998; Wang *et al.*, 2006) examined social bonds between the seller's key contact employees and the buyer's key contact employees at the interpersonal level. They demonstrated the importance of social bonds to improve the relationship satisfaction (refer to Table 2.3 for the findings).

Stock (2006) stated that individual employees have a key role in the establishment and maintenance of inter-organizational relationship. For instance, the seller's main contact representatives develop a relationship with their buyer's main contact employees through social bonds, thus impacting the behavior of the buyers (Stock, 2006). However, in the context of social exchange theory, Bagozzi (1975) stated that exchanges do not occur in isolation but are subject to a host of individual and social constraints such as ethics. Recently, Yi-Hui (2012) argued that it is essential to understand ethical bonds and for those who want to build reciprocal buyer-supplier relationships. But in the relationship marketing literature, few researches focused on personal ethical bonds and their effects. Thus, the present work attempted to fill the gap by examining ethical bonds in an individual level and their impacts upon retailer's relationship satisfaction.

The following section explains both social and ethical bonds and their association with satisfaction in a buyer-seller context.

2.5.3.2.1 Social Bonds (SBs)

Social bonds are described as "the level of mutual personal friendship and liking that are shared by the buyer and seller" (Wilson, 1995, p. 339). Social bonds are evident in personal attachment, inclination for personal information sharing and external business socialization between the buyer's and the seller's key contract employees (Coulter & Ligas, 2004). Chiu *et al.* (2005) described social bonding as the personal ties that concentrate on the service dimensions to create the relationship between buyers and sellers with the help of friendships, identifications and interpersonal interactions. These bonds have their basis on the seller interacting with the customers and showing concern for them, and having a good relationship with customers. According to Lin and Ding (2005), even Internet-based sellers' social bonds are created from the interactions from seller to buyer and buyer to seller.

In the relationship marketing literature, social bonds have been examined between a buyer and seller or between the buyer's and seller's key contact employees, which occur at the interpersonal level (Begalle, 2008; Bolton *et al.*, 2003; Han, 1991; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Schakett et al., 2011; Smith, 1998). Therefore, this study examined social bonds between retailer's key contact (owner or manager) and manufacturer's key contact representative (salesperson or supervisor).

In a narrower perspective, social bonding theory (Hirschi, 1969; Kelley, 1996) proposes four elements that underpin social bonds, namely, attachment, commitment, involvement, and belief. First, attachment is the level to which one individual feels admiration and affection and identifies with the other; second, commitment is the personal investment of an individual to conform to another or the level of loss experienced through non-conformance; third, involvement is the amount of participation between individuals in social activities; and finally, belief is the level of agreement between individuals concerning norms and values.

Smith (1998) further clarified that social bond between key contact employees may be described as an emotional attachment at the interpersonal level, while structural and economic bonds are non-emotional ones that are at the organizational level. In reality, organizations are objects that are inanimate and it is the people working in them who represent them and have social exchanges with buyers (Mukherji & Francis, 2008; Schakett, 2009; Young-Ybarra, & Wiersma, 1999). As the key contact employees of sellers are representatives of their organizations, their emotional (social) bonds with buyer's key contact employees is expected to affect the buyer's feelings regarding the organization (Mukherji & Francis, 2008; Schakett *et al*., 2011; Young-Ybarra & Wiersma, 1999). In the context of business-to-business relationship, as both parties in the relationship are a representative of their organizations (organizational embeddedness), their personal relationship creates an inter-organizational relationship (Heide & John, 1992; Mukherji & Francis, 2008; Schakett *et al*., 2011; Young-Ybarra & Wiersma, 1999). Hence, owing to the embedded nature of the organizational relationships, the personal relationships between seller and buyer may impact the purchasing behaviours of organizations.

A number of different studies found that social bonds are positively correlated with relationship satisfaction. For example, in investigating the influence of online relationship marketing on consolidating online customer–firm relationships, Liang and Chen (2009) find that social bonds have great influence on relationship satisfaction and commitment. Similarly, in financial services offered by retail banks, Nath and Mukherjee (2012) found that social bonds have significant impacts on relationship quality including relationship satisfaction. They discovered that a positive synergistic association is present between social bonds that strengthen their effectiveness in influencing relationships.

A study by Bolton *et al.* (2003) found that social bonds created by employee-delivered service had a greater influence on customers' relationship satisfaction with company representatives, whereas structural bonds created through the exchange of economic resources (financial or operational) had a stronger effect on their overall relationship satisfaction with the organization. Another study by Jonsson and Zineldin (2003), in the relationship between Swedish lumber dealers and their suppliers, concluded that the social bonds led to high relationship satisfaction. This is consistent with results in other research that examined social bonds and relationship satisfaction (Chiu *et al.*, 2005; Smith, 1998; Wang *et al.*, 2006)

Although Bolton *et al.* (2003), Jonsson and Zineldin (2003) demonstrated that social bonds had positively effect on relationship satisfaction, few research was found on the impact of social bonding on relationship satisfaction in the context of channel relationships (Schakett, 2009, p. 13), especially in the context of non-durable goods. Furthermore, Nor Azila, Selvan, and Zolkafli (2011) recommended that additional research is needed to consider how interpersonal factors can be used to determine relationship satisfaction in the context of channel relationships. Therefore, the current study sought to investigate the social bonds between retailer's key contact and manufacturer's key contact representative, and their effects on the dimensions of retailer's relationship satisfaction (economic and social satisfaction).

2.5.3.2.2 Ethical Bonds

In addition to social bonds, ethical bonds are considered in interpersonal bonds. In this study personal ethical bonds represent the personal conception of what persons in organization's relationships find desirable, important and morally proper. They also serve as the criteria for evaluating relationship personal actions and the actions of others, such as honesty, respect, transparency, fairness, responsibility and citizenship (AMA, 2009; Hakansson & Snehota, 1995). Moreover, Robertson and Anderson (1993) stated that ethical behavior is consistent with widely recognized societal norms such as honesty, full disclosure, respect, and so forth. However, literature dedicated to the ethical nature of relationship marketing reveals different perspectives. Some see an adverse side of relationship marketing as anticompetitive and manipulative owing to the power imbalance stemming from inequities and underrepresentation of the consumer in the exchanges in the market (Fitchett & McDonagh, 2000; Palmer, 2001) while others see relationship marketing as innately ethical and desirable offering a win-win situation between partners in trade (Gundlach & Murphy, 1993; Heide & John, 1992; Murphy, Laczniak, & Wood, 2007).

Gundlach and Murphy (1993) associated relationship marketing to a marriage between a seller and buyer, and added that relationship marketing calls for a higher degree of ethical principles for complex exchange relations. According to Murphy *et al.* (2007), relationship marketing is an innate ethical matter because a moral basis is the key to consistent relationships. They considered various ethical dimensions but proposed the use of virtue ethics on the basis of good moral habits. They proposed three basic virtue ethics in relationship marketing namely trust, commitment and diligence that concentrate on both individuals and organizations. In addition, the American Marketing Association (AMA, 2009) brought forward six ethical values for relationship channel members and they are honesty (being forthright in customer and stakeholders' dealings), transparency (maintaining openness in marketing operations), fairness (balancing the needs of the buyer with the interests of the seller justly), respect (accepting the basic human dignity of the stakeholders), responsibility (accepting the outcome of marketing decisions and strategies), and citizenship (fulfilling the economic, legal, philanthropic, and societal responsibilities serving stakeholders). There is also an anecdotal evidence that honesty, respect and full disclosure, as elements of ethics, are critical determinants of a successful relationship (e.g., Berry, 1996; Bitran & Hoech, 1990; Bourassa, 2009; Costley, Lorraine, & Patrycja, 2005; Lagace, Dahlstrom, & Gassenheimer, 1991; Robertson & Anderson, 1993). In the context of Asian cultures, a preference is exhibited towards a non-legal approach that steers clear of confrontation and instead depends on personal and organizational ethics (Begalle, 2008). This indicates that studying of ethical bonds in the manufacturer-retailer relationships may be suitable in Asia which has the possibility of giving valuable findings.

Evidence also points to the fact that ethical bonds may have a key role in the relationship satisfaction effect. Evidently, there are several significant ethical issues concerning buyer-seller relationship, majority of which is linked to information disclosure, honesty and respect (Bejou, Ennew & Palmer, 1998; McAlexander & Scammon, 1988; Robertson & Anderson, 1993). Accordingly, it appears that the level to which manufacturer's representatives (i.e. sales, manager, salesperson) are viewed as being ethical, will impact customer's assessment of the relationship

(Bejou *et al.*, 1998; Ebejer & Morden, 1988; Lagace *et al.*, 1991). Furthermore, every individual possesses stable traits such as honesty, transparency, and respect, which attracts the interest of the other party to the relation and impact the perceptions of value in return. The cost of laying down this mutual view can be considered as an investment which leads to future exchanges (Easton & Araujo, 1994). Similarly, Bagozzi's (1975b) pioneering study supports social exchange theory's contention that exchanges do not take place on their own but are vulnerable to various individual and social limitations including ethical bonds.

An empirical study by Bejou *et al.* (1998) revealed that ethical bonds were strongly related to relationship satisfaction indicating that ethical bonds may have a key role in evaluating relationship satisfaction. However, as far as the researcher's knowledge, no study has attempted to investigate the relationships between ethical bonds and dimensions of relationship satisfaction (economic and social). In addition, Yi-Hui (2012) stressed the significance of understanding ethical bonds for those interested in creating reciprocal buyer-supplier relationships. Thus, the present study concentrated on studying personal ethical values as relational bonds between the manager or owner of the retailer and that of the manufacturer and their impact upon the retailer's economic and social satisfaction.

2.6 Consequences of Retailer's Relationship Satisfaction

Majority of studies in the business to business (B2B) context have examined various outcomes of customer relationship satisfaction such as customer's intention and behaviour. The main finding in this context is that relationship satisfaction results in commitment, loyalty and impacts the intention and behavior of consumer's future repurchase intentions (Abdul Muhmin, 2005; Anderson, Jain, & Chintagunta, 1993; Mittal & Kamakura, 2001; Olsen, 2002). In a similar vein, recent channel relationship research have focused on key variables that contribute to successful buyer-seller relationships as outcomes of customer relationship satisfaction such as commitment (Abdul Muhmin, 2005; Davis-Sramek *et al.*, 2009), trust (Sanzo & Vazquez, 2011; Selvan, 2009), loyalty (Chiou *et al.*, 2010; Homburg & Furst, 2005), performance (Avery, 2010; Homburg, Muller, & Klarmann, 2011), purchase behavior (Davis-Sramek *et al.*, 2008), repurchase intention (Homburg, Giering, & Menon, 2003), and cooperation (Glynn, 2004, 2010).

In light of the problem of relationship between national food manufacturers and large retailers in Yemeni market, and the need for national food manufacturers to secure retailer's commitment to offer their products in light of foreign competition (Al-Gaumey, 2010), this study considered investigating only retailers' commitment as a consequence of retailer relationship satisfaction.

2.6.1 Retailer's Commitment

Commitment is the key consequence of relationship satisfaction in channel relationship research. Wilson (1995) outlined a list of key variables that contribute to successful buyer-seller relationships and found that commitment was the most common dependent variable in that list. Commitment is also relevant to this research because retailers may be satisfied with the manufacturers, but it may not necessarily mean that they are willing to make sacrifices to accrue long-term benefits and have desire to maintain a positive relationship, if they do not show commitment to the manufacturers.

Commitment is defined as "an enduring desire to maintain a positively valued relationship" (Moorman, Deshpande, & Zaltman, 1993). According to Dwyer *et al.* (1987), it is "an implicit or explicit pledge of relational continuity between relational exchange partners" (p. 19), and implies their desire for long term benefits even if it making certain sacrifices. Commitment continuity is improved by the existence of trust (Anderson & Weitz, 1989). Commitment is considered as among the main characteristics of successful relationships (e.g., Dwyer *et al.*, 1987; Morgan & Hunt, 1994; Parasuraman, Zeithaml, & Berry, 1985). Commitment reveals that the partner's goal is to continue the relationship in optimal terms. As such, the retailer's commitment is an implicit promise of relational continuity and reinforces the relationship with the manufacturer.

In the literature of channel relationship, commitment is stated to consist of attitudinal and instrumental dimensions (Garbarino & Johnson 1999; Gundlach, Achrol, & Mentzer, 1995) where firms can leverage certain psychological relations with customers (Berry, 1995; Gordon, Kim, & Mark, 1998; Wilson, 1990) by their expecting future returns. This has been based on the employment relationship in the context of the formation of psychological contracts (Herriot, Manning, & Kidd, 1997; Robinson, Kraatz, & Rousseau, 1994; Rousseau, 1990). These contracts exist within the context of internal customers (Llewellyn, 2001) as well as business-to-business relationships (Kingshott, 2002), and it is an imperative branch of social exchange in literature although it is still largely unknown in the marketing discipline.

Researchers in the field of relationship marketing concentrating on retailer-supplier relationship (e.g., Anderson & Narus, 1984, 1990; Kingshott, 2006) are more inclined to accept that commitment has theoretical and managerial implications for marketing relationships based on social exchange theory. Current studies concerning retailer-manufacturer relations (e.g., Goodman & Dion, 2001; Kingshott, 2006) and supplier networks (e.g., Batt & Purchase, 2004; Handfield & Bechtel, 2002; Welch & Wilkinson, 2005) have occasionally and gain stressed on the importance of behaviour on the basis of social dimensions. It is evident that the manufacturers/suppliers-retailers interaction encapsulating the social exchange variables reveals that current and future expectations along with the commitments are significant relational building pillars.

More specifically, marketing relationships that are successful attract commitment that goes over behavioural intent (Gundlach *et al.*, 1995) which is probable as reliance existing in trust and relationship satisfaction (Moorman, Zaltman, & Deshpande, 1992; Swan & Nolan, 1985) leverage unique and non-retrievable relational investments. This kind of instrumental commitment encompasses greater levels of consistency, stability and control within the relationship owing to both trust and satisfaction capacity (Ganesan, 1994) and owing to the fact that commitment contains an imperative determinant of relational continuity (Dwyer *et al.*, 1987) that is invaluable to the point that exchange partners are known to seek it in order to develop and maintain the attribute within their relationships (Morgan & Hunt, 1994, p.23).

In some studies on the relationship between commitment and relationship satisfaction, relationship commitment has been considered as an antecedent of relationship satisfaction (Artz, 1999; Jap & Ganesan, 2000) while others have proposed quite the opposite: relationship satisfaction is the antecedent of relationship commitment (Ganesan, 1994; Selvan, 2009; Sharma & Paul, 2000). In this study, retailer's relationship satisfaction is as an antecedent of retailer's commitment. A thorough literature review reveals Ganesan's (1994) claim of satisfaction's role in affecting commitment in the retailer-vendor relationship. In another study, Hennig-Thurau, Gwinner and Gremler (2002) empirically revealed that customer relationship satisfaction was significantly related to the development of commitment. In this context, several empirical studies reported a positive relationship between relationship satisfaction and commitment (Garbarino & Johnson, 1999; Sharma & Paul, 2000). Along the same line of contention, Johnson, Krapfel and Grimm (2001) stated that relationship satisfaction with the seller heightens the buyer's commitment to the relationship.

Despite the general findings that relationship satisfaction affects relationship commitment, prior studies only investigated the relationship between overall relationship satisfaction and commitment; they did not examine satisfaction dimensions on commitment with the exception of Azila *et al.*'s (2010) study, which found that car dealers' economic and social satisfaction had positive effect on commitment to their suppliers in Malaysia. Thus, this study sought to further explain the relationship between modern notion of relationship satisfaction (economic and social) and commitment in the context of non-durable goods through the examination of the impact of retailer's economic and social satisfaction on commitment to food manufacturers in the Yemeni market.

A study by Anderson and Weitz (1992) investigated pledges as antecedents of retailer commitment. Pledges are actions taken by channel members to demonstrate good faith and include exclusivity, idiosyncratic investments, communications and reputation for fairness. Idiosyncratic investments in retailer relationships include store displays, discounts, cooperative advertising etc. These investments increase relationship commitment and are a powerful signal to the other channel member. Because of the need to commit resources to all retailers, it is debatable whether high levels of idiosyncratic investment exist in manufacturer-retailer relationships. Nevertheless, manufacturer's brands do represent pledges of resource investment to retailers. In contrast, Biong's (1993) study of grocer commitment showed that the manufacturer's brand, sales force and profitability and satisfaction accounted retailer's commitment to manufacturer.

Empirical studies concerning relationship marketing maintained a variety of relational constructs including relationship satisfaction and commitment which are considered as the most crucial indicators or attitude and perspective directed towards the development and maintenance of manufacturer-retailer relationships (e.g., Anderson & Narus, 1990; Dwyer *et al.*, 1987; Frazier *et al.*, 1989; Morgan & Hunt, 1994). Both constructs have been brought forward as the most efficient assessment of relationship strength and quality (De Wulf, Gaby & Dawn, 2001), the continuous success of the relationship (Abdul-Muhmin, 2005; Chen, Huang & Sternquist, 2011), as they offer the best insight into the exchange performance (Palmatier *et al.*, 2006).

Consistent with this paradigm, the researcher employed relationship satisfaction and commitment as relational indicators of continuous success of the relationship between national food manufacturers and large retailers.

2.7 Strength of Manufacturer's Brands

Generally speaking, the retailer is dependent on the manufacturer for products and purchasers for products (Anderson & Narus, 1990). The retailer must possess sufficient line of products to attract consumers to the store particularly in the context of consumer goods (e.g., food goods). Hence, there are countless items in a large retailer as the retailer represents a manufacturer's offerings in a specific line of product. According to Emerson's (1962) view of power as a function of dependence, the power of the manufacturer is higher in a sense that their products are highly differentiated to consumers so that a retailer will agree to offer them for sale and that similar products from other manufacturers are not carried by the retailer. Brand strength provides notable possible evidence of the power of the manufacturer (Haines, 2007), and several studies affirmed that a strong brand is a source of the manufacturer's power (e.g., Anderson & Narus, 1990; Fein & Anderson, 1997; Glynn, 2010). Srivastava and Shocker (1991) proposed the notion of brand strength and linked this concept to the existence of sustainable and differentiated competitive advantages associated with the brand as a form of power for manufacturers, which is the extent to manufacturer's industrial capacity to obtain prestige of their brands, market share and consumer loyalty to their brands (Iglesias & Vazquez, 2001).

Although a manufacturer's brands and channel relationships are significant market-based assets and mutual benefits, there are varying relationship implications for manufacturers and retailers. In other words, the processes of developing channel relationships show varying but parallel governance mechanisms along with the manufacturer's brands (Nevin, 1995). A strong brand manufacturer who relies on strong consumer demand may not need to build as close a relationship with a retailer compared to a manufacturer of a weak brand. The inter-organizational resource impacts of manufacturer's brands seem to clash with brand literature that argues that a strong brand is akin to greater trade cooperation and support (Keller, 2003). Similarly, Fein and Anderson (1997) revealed that a manufacturer's brand strength is the root of relationship instability from the distributor's perspective. Hence, retailers try to tackle any power inconsistency stemming from strong market demand for a manufacturer's brand to acquire benefits from the relationship with suppliers (Buchanan, 1992).

The brand strength of a manufacturer is considered a factor that may impact a retailer's relationship satisfaction in dual ways. First, the high prestige and market share of the manufacturer's brands can allow retailers to acquire superior economic outcomes through increased sales and attraction of more customers. This in turn positively impacts the retailer's satisfaction. Second, the brand strength of the manufacturers could result in the power imbalance and greater retailer dependence implying a lower impact on decision making which in turn, minimizes the retailer's satisfaction. In addition, the manufacturer will also have ample power to threaten the retailer and create coercive strategies which will negatively impact the retailer's relationship satisfaction and commitment (Frazier & Summers, 1986; Gaski, 1986; Glynn, 2010; Lusch, 1977; Richardson, Swan, & Hutton, 1995). Therefore, brand strength can either enhance or degrade the manufacturer-retailer relationship.

2.8 Why Consider Strength of Manufacturer's Brands as a Moderator?

Strength of brands determines how retailers and manufacturers approach the business-to-business relationship (Glynn, 2010). Strength of a manufacturer's brands has been seen as sources of power or pledges of long-term continuity in a channel relationship (Anderson & Weitz, 1992; Brown *et al.*, 1995), and can also enhance the relationships with retailers (Frazier & Antia, 1995). Whereas, Fein and Anderson (1997) argued that strength of a manufacturer's brands is a source of relationship instability between manufacturers and retailers. Therefore, understanding the effects of brand strength on the relationship between manufacturers and retailers are considered important issues for them and academics.

Anselmi (2000) revealed that weak brands may give more advantage from relational exchange than strong brands, and weak brand manufacturers can better build relationships with retailers as they are more reactive to individual retailer's needs. Moreover, retailers prefer manufacturer's brands to provide sufficient marketing support (Kasulis, Morgan, Griffith, & Kenderdine, 1999). Weaker brand manufacturers are less able to rely on market demand, and, thus, often use deals to obtain retailer cooperation (Curhan & Kopp, 1987). Similarly, for retailers, weak brands are also perceived as the willingness of the manufacturer to promote product that improves the store image and provides ensured market demand (Webster, 2000). In contrast, strength of manufacturer's brands (strong brands) negatively affects distributor's relationship satisfaction because the manufacturers are more able to rely on market demand and thus give less focus on the retailer's relationship satisfaction (Iglesias & Vazquez, 2001).

Glynn's (2010, p. 1229) retail interviews revealed that weak brands were significant for retailers to acquire better margins. While strong brands are able to attract consumers, weak brands enable retailers to enhance their profitability by providing a variety to brands carried by the store (Bergen, Dutta, & Shugan, 1996). Weak brands are also represented as a source of countervailing power to strong brands. This results in retailers offering further business options to manufacturers of the weak brands which would minimize the former's dependence on the strong brand manufacturer in the same category. Highly dependent manufacturers possess a high interest to main the relationship and the brand becomes a source of non-coercive or referent power (Anderson & Narus, 1990). Based on the study by Ogbonna and Wilkinson (1998), the main UK grocery brand manufacturers were interdependent with top retailers although retailers were more inclined to develop strategic alliances with weak brand manufacturers. Similarly, Hingley (2005) noted that such channel relationships can lead to imbalance of power between large retailers and small manufacturers. However, all that has been mentioned perhaps contrasts with the brand literature which believes that a strong brand is akin to greater trade cooperation and support (Keller, 2003), thus understanding the effects of the manufacturer's brands on the relationship between retailers and manufacturers is considered an important issue for both manufacturers and retailers.

In line with the above arguments, Glynn (2010) recommended further research on the influence of brand strength as a moderator on the relationship between satisfaction and its consequences in manufacturer-retailer relationships (Glynn, 2010, p. 1233). Similarly, a theoretical study by Goaill *et al.* (2013) suggested examining the moderating effect of strength of manufacturer's brands on the relationships between retailer's economic and social satisfaction, and commitment because the link between satisfaction and commitment is far more complex (Bloomer & Lemmink, 1992; Nor Azila et al., 2010). Furthermore, a study by Paulssen and Birk (2007, p. 984) observed that the possible moderating role of the manufacturer's brand has so far been neglected in business-to-business context.

In Yemen, there are national manufacturers with weak brands and national manufacturers with strong brands in the food industry (Abdallowasa & Bazar'a, 2008). In addition, the relationship between national food manufacturers and large retailers is unstable (Al-Gaumey, 2010), suggesting that brand strength may play a role in explaining the situation, especially in light of social exchange theory. Therefore, this study sought to explore the moderating effect of manufacturer brands' strength on the relationship between retailer's relationship satisfaction (economic and social satisfaction) and its consequence (retailer commitment).

2.9 Social Exchange Theory (SET)

Social Exchange Theory describes actors in a market who are united to form a voluntary alliance to bring about economic exchanges towards a common objective which is profit (Bignoux, 2006; Easton & Araujo, 1994). Similarly, Bagozzi (1975a) contended that social exchange comprises people working together to achieve profits, a reward without costs of exchange. Rewards are considered objects that are desired of the exchange and costs are considered detrimental objects of the exchange (Bagozzi, 1975a). Bagozzi (1975b) further contended that "The social exchange model is appealing to marketers in that it attempts to represent both the 'economic man' and the 'social man' in a single framework" (p. 36).

The purpose of social exchange theory is to look into the interpersonal relationships that can be regarded as economic exchanges between sellers and buyers (Bignoux, 2006). According to Bignoux, social exchanges are completely social or a combination of social and economic exchanges. Bignoux also claimed that these economic exchanges, transactional exchange of resources despite the personal ties of the parties, appear at the market level to capitalize on the profit making processes. He added that restricted social exchange takes place at the level of individuals between two actors while generalized social exchange takes place at the level of the organization. In the current study, owing to duality, theory of social exchange offers the basis for the multi-level research required to investigate the interpersonal relationships that affect inter-organizational relationships.

In inter-organizational social relationships, researchers claimed that this type of relationships comprise more than economic exchanges and governance structures and are integrated between the individuals' social relationships (Frenzen & Davis, 1990; Heide & John, 1992; Mukherji & Francis, 2008; Young-Ybarra & Wiersma, 1999). Along the same line, Young-Ybarra and Wiersma (1999) stated that even though economic exchange has been extensively used to investigate inter-organizational associations, social exchange theory may be more effective. They added that there is a dire need to examine an equal view of economic and social exchanges integrated within the social exchanges, which are likely to affect organizational level decisions.

Easton and Araujo (1994) contended that all organizational exchanges are intrinsically interconnected in social exchanges. They added that exchange processes are integrated in the thick fabric of social relations and economic exchange is rarely capable of getting rid of non-economic exchange elements like social exchange, kinship, and friendship networks, altruism and gift giving and many other psychological and sociological elements that cannot be summarized to the standard money metric. They also suggested that organizations are dependent partially on the social networks created by the organizational boundary spanners. According to researchers, boundary spanners or key contact employees are integrated in the organizations (Bagozzi, 2006; Bendapudi & Leone, 2002; Easton & Araujo, 1994; Hitt, Beamish, Jackson, & Mathieu, 2007). In line with this argument, Stock (2006) described the organizational behavior as the effort expended when an organization interacts with the environment for survival. He explained that individual employees have a key role in the establishment and maintenance of inter-organizational relations. The key contract employees are representatives of their organization's image, functions, and processes to other key contract employees of other organizations which impact the behavior of buyers (Stock, 2006).

Mukherji and Francis (2008) discussed the use of social exchange theory, and stated that "…inter-firm relationships are interactive processes where that interaction is any set of observable behavior on the part of two or more individuals when there is reason to believe that some parts of these individuals are responding to each other, the implication here is that organizations or parts of organizations are impacted by the social exchange between partners" (p. 155). Schakett *et al*. (2011) also used social exchange theory to explain the structural and economic bonds in the market exchange relationships between buying and selling organizations, while social bonds in the social exchanges between key contact employees in both buying and selling organizations. In addition, Bagozzi (1975) confirmed that in the context of social exchange theory the exchanges do not occur in isolation but are subject to a host of individual and social constraints such as social and ethical bonds. Bendapudi and Leone (2002) stressed two relationships of buyers with sellers: an interpersonal relationship with contract employees and relationship with organizations. They posited that the first type is often more significant than the second type and urged organizations to enhance their interpersonal relationships which in turn could reinforce the inter-organizational exchanges.

Within the context of social exchange theory, this study concentrated on social and ethical exchange bonds between persons representing organizations, and market exchanges represented by economic and structural bonds of the organizations, as shown in Figure 2.2. The figure is based on the works of Bendapudi and Leone (2002); Schakett *et al*. (2011), and Stock (2006).

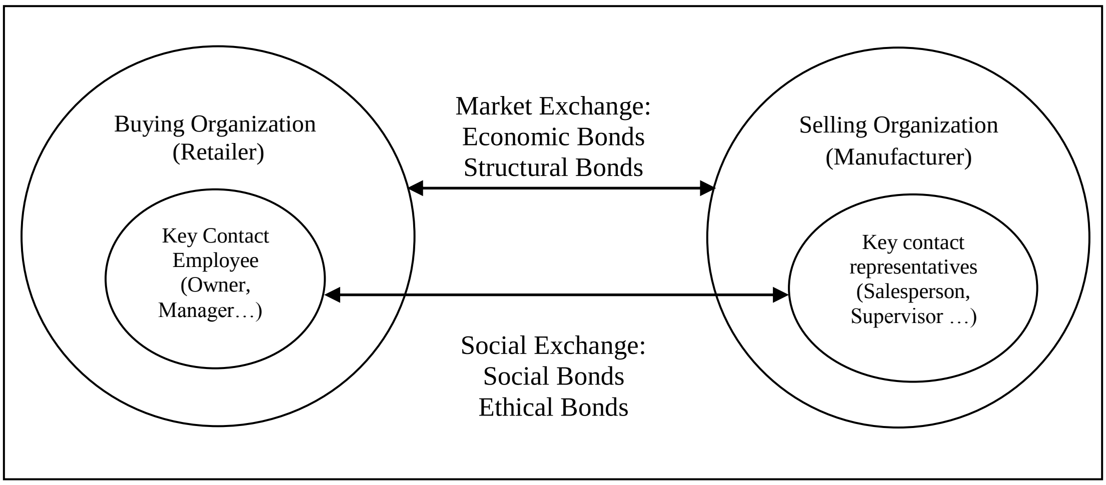

Figure 2.1
Personal Level Exchanges and Organizational Level Exchanges
Source: Schakett *et al*., 2011, p. 267.

Marketing scholars apply social exchange theory to understand the relational process of improving and enhancing business-to-business exchanges. In such a situation, SET emphasizes how and why the relationship between partners can be improved and enhanced to achieve relationship satisfaction through marketing relationship bonds (Bolton *et al.*, 2003; Hakansson & Snehota, 1995; Jonsson & Zineldin, 2003; Schakett *et al*., 2011; Smith, 1998).

The present study attempted to examine the key contact employees-manufacturer's representative's relationship to determine retailer's relationship satisfaction and commitment by manager/owner's perceive. The present research adopted the definition of retailer's relationship satisfaction as proposed by Gaski and Nevin (1985), Geyskens *et al.* (1999), Geyskens and Steenkamp (2000), and Rodrıguez *et al.* (2006), who defined it as a positive and affective phenomenon that stems from the appraisal of all the aspects (economic and social) of the retailer-manufacturer working relationship. Retailer's commitment, on the other hand, was defined in this study was as an implicit or explicit pledge of relational continuity between it and manufacturer" (Dwyer *et al.*, 1987; Payan *et al.*, 2009).

In Bolton *et al.*'s (2003) research on business-to-business relationships in a large telecommunications company, satisfaction comprised two dimensions: interpersonal satisfaction and inter-organizational satisfaction. Interpersonal satisfaction was defined as the pleasure gained primarily from the exchange of social resources that occurs between the interactions of the service representatives. Inter-organizational satisfaction, on the other hand, was conceptualized as the pleasure experienced chiefly from the exchange of economic resources. Extrapolating this model to business-to-business relationships in the context of marketing channel, the present study considered satisfaction as being both interpersonal (social) and inter-organizational (economic). From this perspective, satisfaction is multidimensional. In this research, the primary interest was in the satisfaction derived from the overall organizational relationship (both social and market exchanges) between the retailer and manufacturer.

The rewards gained from the interactions with others consist of short and long-term and explicit and implicit elements (Lind & Tyler, 1988). Additionally, social exchange rewards do not have the exact price based on a single quantitative exchange approach which is the reason why social obligations are difficult to evaluate based on one transaction (Masterson, Lewis, Goldman, & Taylor, 2000). Other complications in SET analysis include lack of short-term explicit rewards that are off-set to a certain level, by the long-term implicit rewards. This indicates that the source principles of reinforcement psychology and economies have direct significance towards social exchange bringing a partial economic mode of analysis into understanding corporate group behavior and the impact of their power in the relationship (Emerson, 1976). Based on this theoretical premise, it is justifiable that the two most important research topics in social exchange theory are justice and power (Emerson, 1976, p. 339). This, in turn, justifies and supports the probability and the ability of social exchange theory to explain the variables of the present study, with the manufacturer's brands as the manufacturer's power in the relationship with the retailer. This explains the connection between retailer's relationship satisfaction and the retailer's commitment to the manufacturer.

2.10 Research Framework

The following framework is based on previous studies (e.g., Bolton *et al.*, 2003; Dwyer *et al.*, 1987; Jonsson & Zineldin, 2003; Schakett *et al.*, 2011; Smith, 1998; Wang *et al.*, 2006; Wilson, 1995) located within the context of social exchange theory (Bagozzi, 1975a; 1975b; Bignoux, 2006; Kelley & Thibaut, 1978; Thibaut & Kelley, 1959). This framework suggests two sets of marketing relationship bonds (organizational bonds that include financial and structural bonds, and interpersonal bonds that include social and ethical bonds) as antecedents to improve and enhance large retailer's economic and social satisfaction with national food manufacturers. In addition, strength of national manufacturer's brands is treated as the moderator that moderates the relationship between retailers' economic and social satisfaction, and commitment to national food manufacturers (see Figure 2.2).

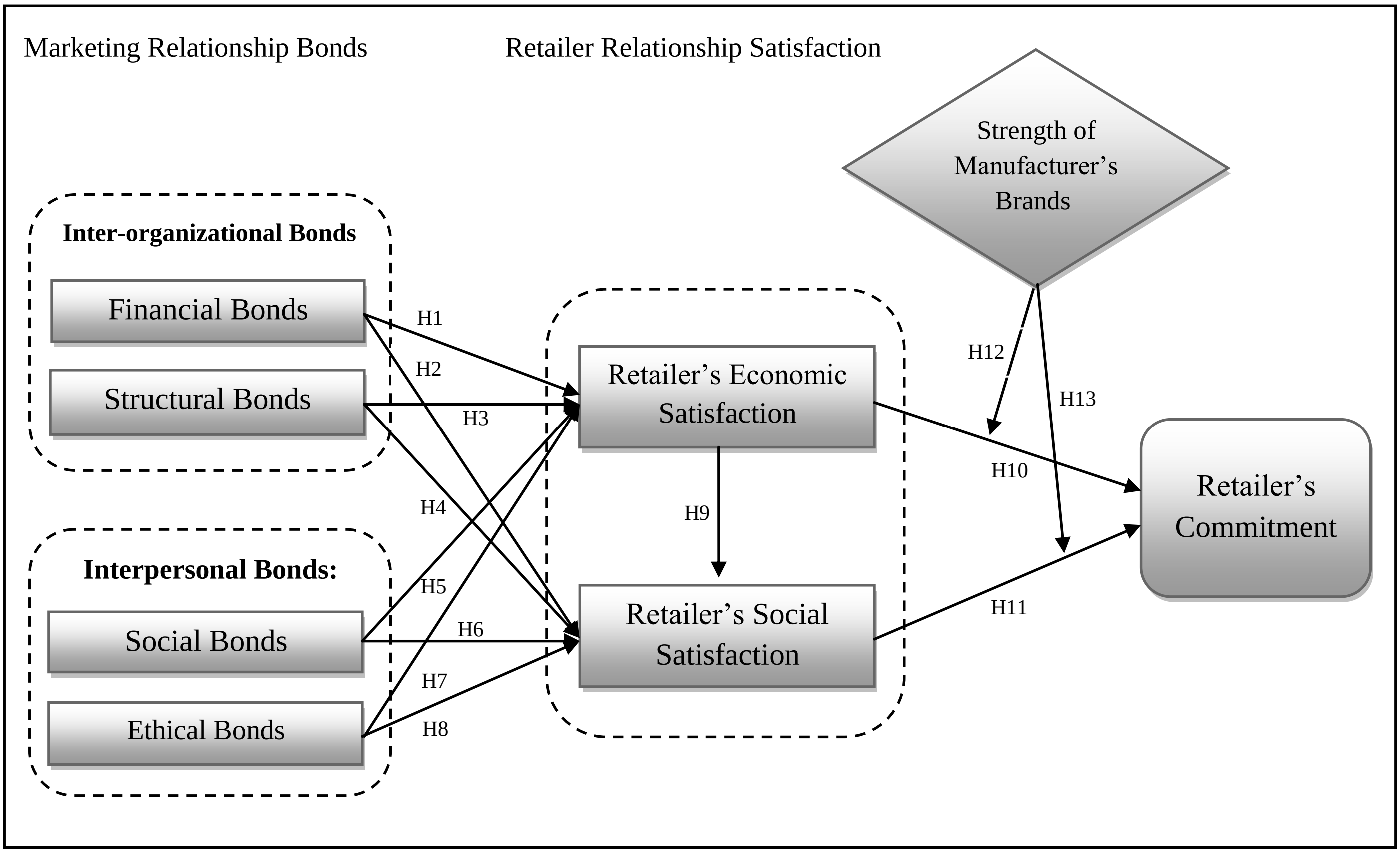

Figure 2.2

Theoretical Framework

2.11 Statement of Hypotheses

Based on the literature review in the beginning of this chapter, and in line with the research questions and objectives of the study reported in the first chapter, the following sub-sections discuss the hypotheses tested in this study.

2.11.1 Relationship between Inter-Organizational Bonds and Retailer's Economic and Social Satisfaction

In channel relationship literature, several empirical studies found a positive link between marketing relationship bonds (e.g., financial bonds and structural bonds) and relationship satisfaction (e.g., Bolton *et al.*, 2003; Jonsson & Zineldin, 2003; Schakett *et al*., 2011; Smith, 1998; Wang *et al.*, 2006) (refer Table 2.3). However, these studies examined separately financial and structural bonds with overall relationship satisfaction. In addition, Smith (1998) argued that financial and structural bonds occur between buyer and supplier organizations in the context of business-to-business at the organizational level. In line with this, Schakett *et al.* (2011) argued that structural and economic bonds significantly lead to buyer's relationship satisfaction.

A study of the relationship between supplier and dealer in the context of business-to-business by Jonsson and Zineldin (2003) demonstrated that economic bonds (financial bonds) had a positive impact on relationship satisfaction. Moreover, Peltier and Westfall (2000) found that financial bonds were significantly correlated with overall relationship satisfaction (see Table 2.3). On the other hand, Bolton *et al.* (2003) found that structural bonds created through the exchange of economic resources (financial or operational) had a stronger effect on retailers' overall relationship satisfaction with the organization. Moreover, in an inter-organizational relationship between lumber dealers and their suppliers, Jonsson and Zineldin (2003) found significant impact on relationship satisfaction by structural bonds.

Bolton *et al.* (2003) revealed that economic resources/bonds impacted inter-organizational satisfaction (economic satisfaction) more than social resources/bonds in the context of the relationship between a telecommunications firm and its customers. In addition, social bonds impacted interpersonal satisfaction (social satisfaction) more than economic bonds. They however revealed that if the relationships had designated contract sales representatives, social as well as economic bonds affected satisfaction significantly compared to if only economic bonds or only social bonds existed. As such, different bonds effects exist on different types of relationship satisfaction.

In the Yemeni context, given the highly competitive food industry, it is imperative that food retailers build strong relationships with foreign suppliers and national manufacturers so that the latter are able to understand the varying needs of retailers and hence enhance the retailers' relationship satisfaction with them. In addition, there is lack of previous studies that examined marketing relationship bonds between manufacturers and retailers in the Middle East including Yemen.

Therefore, based on previous arguments, a fresh look at the impact of financial and structural bonds as inter-organizational bonds that occur between buying organization (large retailer) and selling organization (manufacturer), on retailer's separate economic and social satisfaction should be offered. Thus, four major hypotheses can be formulated as follows:

H1: Financial bonds are positively influence retailer's economic satisfaction.

H2: Financial bonds are positively influence retailer's social satisfaction.

H3: Structural bonds are positively influence retailer's economic satisfaction.

H4: Structural bonds are positively influence retailer's social satisfaction.

2.11.2 Relationship between Interpersonal Bonds and Retailer's Economic and Social Satisfaction

Literature of channel relationships shows a positive link between social bonds and relationship satisfaction (e.g., Bolton *et al.*, 2003; Jonsson & Zineldin, 2003; Schakett *et al.*, 2011; Smith, 1998; Wang *et al.*, 2006) (see Table 2.3), while few studies have examined personal ethical bonds and relationship satisfaction even though the literature on relationship marketing emphasizes the relevance and importance of personal moral bonds in the relationship between buyer and seller (AMA, 2009; Hakansson & Snehota, 1995; Murphy *et al.*, 2007; Palmer, 2001). Some studies considered ethical bond as part of social relationships (e.g., Bagozzi, 1975b; Robertson & Anderson, 1993). In line with this, this study posited social bonds and ethical bonds as interpersonal bonds.

With regards to the relation between social bonds and relationship satisfaction, Jonsson and Zineldin (2003) found that social bonds between lumber dealers and their suppliers impacted significantly the latter's relationship satisfaction. Gremler and Gwinner (2000) also revealed that rapport, a certain factor of social benefits (social bonds), resulted in higher satisfaction in B2C relationship. Owing to the proximity of the relationship, the seller possessed a greater idea of the seller's expectations of product/service purchase. Through regression analysis, the authors revealed that in customer/bank relationships, rapport had a significant effect on relationship satisfaction. Also, Schakett *et al*. (2011) claimed that if a buyer perceives a strong positive relationship (described by the depth and direction of the social bond between the key contact employees of both seller and buyer), the buyer will be satisfied with the seller. They also revealed that social bonds positively affected relationship satisfaction.

Bejou *et al.* (1998) revealed that ethical bonds were strongly related to relationship satisfaction. There are evidently many important ethical issues concerning exchange relationships with majority of them relating to honesty, transparency, respect and responsibility (AMA, 2008; Begalle, 2008; Gundlach & Murphy, 1993; Robertson & Anderson, 1993). In light of such concerns, it seems possible that the level to which manufacturer's representatives (sales manager, salesperson) are considered ethical, will impact the assessment of the customer of relationship satisfaction (Bejou *et al.*, 1998; Ebejer & Morden, 1988; Lagace *et al.*, 1991). It is however more debatable to discern whether or not the effect of ethical bonds on relationship satisfaction is a direct effect or otherwise; since it is possible that ethical bonds may impact satisfaction perceptions, it is also possible that they may also directly impact economic satisfaction.

According to Fletcher and Fitness (1993), people in happy relationships maintain these relationships despite negative behaviours. Also, Bagozzi, Gopinath, and Nyer (1999) claimed that people in good moods often assess events or goods in a positive light. In other words, if the key contact employees of both buyer and seller are in a happy, committed relationship and they are polite, the interactions leave them in a positive mood. This leads to the buyer's perception of satisfaction towards the seller's organization as the seller's key contact is embedded in the organization.

Additionally, Bolton *et al.* (2003) examined the impact of interpersonal and inter-organizational relationships between firms upon social and structural bonds in B2B relationships in the context of telecommunications industry. According to them, resources exchanged in business relationships are economic or social. They examined two social resources namely the type of service agent and the service contact mode, along with two economic resources namely monetary contract terms and service response time guarantees. They postulated that social resources significantly affect interpersonal satisfaction more than economic resources and those economic resources significantly affect inter-organizational satisfaction more than social resources.

According to Al-Gaumey (2010), the relational gap with large retailers in Yemen may be due to immoral behavior of national company's representatives such as lack of transparency, honesty, and respect towards large retailers. In addition, Begalle (2008) claimed that a preference in Asian cultures is exhibited towards a non-legal approach that steers clear of confrontation and instead depends on personal and organizational ethics. This indicates that examining ethical bonds in the manufacturer-retailer relationships may be suitable in Asia, which could offer valuable findings.

Therefore, based on the above discussions, arguments and previous results, the current study hypothesized that social and ethical bonds as interpersonal bonds, which occur between the seller's key contact and the buyer's key contact, will positively affect the retailer's economic and social satisfaction with the manufacturer, as follows:

H5: Social bonds are positively influence retailer's economic satisfaction.

H6: Social bonds are positively influence retailer's social satisfaction.

H7: Ethical bonds are positively influence retailer's economic satisfaction.

H8: Ethical bonds are positively influence retailer's social satisfaction.

2.11.3 Relationship between the Dimensions of Retailer's Relationship Satisfaction (Economic and Social Satisfaction)

Economic and social satisfaction has often been overlooked in marketing literature (Rodriguez *et al.*, 2006). Similarly, Chung *et al.* (2011) and Rodriguez *et al.* (2006) revealed a positive relationship between economic and social satisfaction. It was found that economic satisfaction positively impacted social or non-economic satisfaction owing to the retailer-manufacturer's relationships being characterized as economic relationships where the members depend on economic outcome to survive and develop (Dwyer *et al.*, 1987; Geyskens & Steenkamp, 2000). When there is a high level of retailer economic satisfaction with manufacturers, the retailer will be more likely respond to a challenging circumstance in a positive and constructive manner which leads to heightening its social satisfaction (Chung *et al.*, 2011; Rodriguez *et al.*, 2006). Therefore, the following hypothesis is formulated:

H9: Retailer's economic satisfaction is positively influence its social satisfaction.

2.11.4 Relationship between Retailer's Economic and Social Satisfaction, and Its Commitment

In channel relationship literature, Dwyer *et al.* (1987) defined commitment as an implicit or explicit pledge of relational continuity between exchange partners. Further, Morgan, and Hunt (1994) suggested that commitment by a firm toward its exchange partner will be enhanced by maximum efforts, only when it will consider the relationship is of utmost importance. Based upon this rationale Wilson (1995) argued that commitment would only be compulsory in nurturing and strengthening buyer-seller relationship if both the exchanging partners can ensure maximum benefits by staying with each other.

Additionally, a study by Ganesan (1994) demonstrated that relationship satisfaction had a role in determining commitment in retailer-vendor relationship. Furthermore, Hennig-Thurau *et al.* (2002) argued that customer satisfaction has been strongly linked to the development of commitment. In line with this argument, several empirical studies found a positive link between relationship satisfaction and commitment (Garbarino & Johnson, 1999; Selvan, 2009; Sharma & Paul, 2000). Similarly, Johnson, Hiram and James (2001) found that satisfaction with the salesperson increased the buyer's commitment to the relationship. However, all of these studies examined the relationship between overall relationship satisfaction and commitment. Therefore, as the current study sought to examine further the relationship between relationship satisfaction and commitment by investigating the relationship between two dimensions of relationship satisfaction (economic and social satisfaction) and commitment, the following hypotheses were formulated:

H10: **R**etailer's economic satisfaction is positively influence its commitment to manufacturer.

H11: Retailer's social satisfaction is positively influence its commitment to manufacturer.

2.11.5 Moderating Effect of Strength of Manufacturer's Brands on the Relationship between Retailer's Economic and Social Satisfaction, and Commitment

In the literature on buyer-supplier relationships, Fein and Anderson (1997) argued that strength of manufacturer's brands is a source of relationship instability between suppliers and retailers. Moreover, strength of brands determines how retailers and manufacturers approach the business-to-business relationship (Glynn, 2010). Furthermore, Nevin (1995) stated that the process of building channel relationships represents different but complementary governance mechanisms between manufacturer and retailer with the manufacturer's brands.

According to Glynn (2010), a manufacturer that has a strong brand and depends on strong consumer demand may not have to opt building a close relationship compared to their counterparts. But weaker brand manufacturers are not as likely able to depend on market demand and, hence, frequently utilize deals to obtain retailer cooperation (Curhan & Kopp, 1987). Also, retailers view weak brands as the manufacturer's commitment to promote their product which will lead to enhanced store image and the realisation of a more specific market demand (Webster, 2000). It is therefore expected that the retailer will committed to the manufacturer that has weaker brands in order to realize the consequent benefits. But these effects of inter-organizational resource for manufacturer's brands seem to clash with brand literature which postulates that strong brand translate to “greater trade cooperation, commitment and support” (Keller, 2003; Glynn, 2004). In line with these arguments, Anderson and Weitz (1992) and Brown *et al.* (1995) stated that manufacturer’s strong brands have been seen as sources of power or pledges of long-term continuity in a channel relationship. Furthermore, Glynn (2010) found that the strength of brand moderated the relationship between retailer satisfaction and retailer commitment to the brand.

In Yemen, some national manufacturers have weak brands and some have strong brands in the food industry (Abdallowasa & Bazar’a, 2008). But the relationship between national food manufacturers and large retailers is unstable (Al-Gaumey, 2010).

Based on the above arguments, discussion, and recommendations mentioned by Glynn (2010), Goaill *et al.* (2013) and Paulssen and Birk (2007) in chapter one, strength of manufacturer’s brands are likely to moderate the relationship between retailer’s economic and social satisfaction, and retailer’s commitment to the manufacturer. Hence, the following hypotheses were formulated:

H12: The strength of manufacturer’s brands moderates the relationship between retailer’s economic satisfaction and its commitment to manufacturer.

H13: The strength of manufacturer’s brands moderates the relationship between retailer’s social satisfaction and its commitment to manufacturer.

Table 2.4 below summarizes the hypotheses to be tested in this study.

Table 2.4
List of Hypotheses

NO	Hypothesis Statement
H1	Financial bonds are positively influence retailer's economic satisfaction.
H2	Financial bonds are positively influence retailer's social satisfaction.
H3	Structural bonds are positively influence retailer's economic satisfaction.
H4	Structural bonds are positively influence retailer's social satisfaction.
H5	Social bonds are positively influence retailer's economic satisfaction.
H6	Social bonds are positively influence retailer's social satisfaction.
H7	Ethical bonds are positively influence retailer's economic satisfaction.
H8	Ethical bonds are positively influence retailer's social satisfaction.
H9	Retailer's economic satisfaction is positively influence its social satisfaction.
H10	Retailer's economic satisfaction is positively influence its commitment to manufacturer
H11	Retailer's social satisfaction is positively influence its commitment to manufacturer.
H12	The strength of manufacturer's brands moderates the relationship between retailer's economic satisfaction and its commitment to manufacturer.
H13	The strength of manufacturer's brands moderates the relationship between retailer's social satisfaction and its commitment to manufacturer.

2.12 Chapter Summary

Based on the findings from review of literatures on the relationship between manufacturer and retailer, antecedents and consequence of retailer's relationship satisfaction, the following conclusions can be made:

Researches on RIFs, RDFs and MRBs till date have primarily focused on issues developing and maintaining retailer-supplier relationship, and the likely critical success factors for marketing relationship bonds (financial, structural and social bonds). Based on that the relationship marketing is an innate ethical matter and the literature gaps, this study added ethical bonds on social bonds to be the interpersonal bonds while financial and structural bonds consider as inter-organizational bonds. This research also revealed that despite the importance of satisfaction dimensions in the channel relationship; very little studies have empirically investigated the relationships between marketing relationship bonds and satisfaction dimensions in the context of manufacturer-retailer relationship. Furthermore, evidence from the literature review indicates that the relationship between these two dimensions of satisfaction (economic and social) has received little attention, and the extent of their impact on commitment in marketing literature.

In addition, findings from the literature review also shows that a unique opportunity to study the effect of the manufacturer brands' strength in manufacturer-retailer relationships. Importantly despite the importance of brand strength, it is noticed that till date no observed studies have empirically research to determine the moderating effect of brand strength on the relationships between relationship satisfaction dimensions and commitment. These and many other reasons have made several authors to have called for an empirical study that can determine the moderating effect of manufacturer brands' strength on the relationship between retailer's relationship satisfaction (economic and social satisfaction) and retailers' commitment.

Finally, at the end of this chapter, the study sought to explain the relationship between manufacturer and retailer including the study variables under social exchange theory. And then the study has extensively described the hypothesized research model that was empirically investigated in this study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses research design, operational variables and their measurement, population and sampling procedure including a six-step procedure for drawing the study sample, survey method, pilot study, techniques of data analysis and finally chapter summary.

3.2 Research Design

In substance, research design provides an overview of the procedures required to obtain the information to resolve business research issues (Malhotra, 1999). It offers a plan as to how the researcher will answer the research questions (Saunders, Lewis, & Thornhill, 2009), controls variance and provides a framework or blueprint for the research through provision of the following factors: the varying types of observations to make, the observations' analysis and the possible conclusions that can be obtained from the analysis. It is believed that the best research method than can be used in study depends mainly on the study's research purpose and associated objectives (Yin, 2003). In another perspective, Leedy and Ormrod (2005) stated that the best method to learn about the relationship among measurable variables with the intention of explaining, predicting and managing phenomenon is a quantitative research method. Furthermore, quantitative approach is very useful to analyze and prove theories, discover important variables for future research and relate variables posed by questions or hypothesis, using standards of validity and reliability and statistical procedures (Creswell, 2009).

This study adopted a survey method in a quantitative approach to investigate the influence of manufacturer's organizational bonds (financial and structural bonds) and personal bonds (social and ethical bonds) on retailer's economic and social satisfaction in the context of manufacturer-retailer relationships. Additionally, it investigated the moderating role of the strength of manufacturer's brands on the relationship between retailer relationship satisfaction (economic and social) and its commitment. As the data for this study was collected at a single point in time (Zikmund, McLeod, & Gilbert, 2003), the study was cross-sectional in nature. The cross-sectional survey method was chosen because it is an approach that allows for collection of a right amount of data from a sizeable population in an economical way. It is also possible through the survey strategy to generate findings that are representative of the whole population. This is an appropriate strategy because the main focus of the study was to explain the bond related factors that contribute to retailer's economic and social satisfaction, and commitment, and the moderating effect of the strength of manufacturer's brands on these relationships in the food industry sector.

The research design of the present study involved the use of questionnaire adapted from prior literature concerning marketing channels. A questionnaire was employed to collect data as it is the most effective way to obtain personal, organizational and social facts, beliefs and attitudes. The questionnaires were distributed to an entire population of large retailers (to be explained later) to study their relationship with national food manufacturers in Yemen. Other researchers also used the same method in collecting data on the same research issue such as Gil *et al.* (2008), and Glynn (2010). In the questionnaire, items identified from the literature to measure the main variables were assembled. As the items were originally in the English language, they were later translated into the Arabic language, which was then translated back into English. Both translators were fluent in both the English and Arabic languages. The translation of the English items into Arabic was necessary because the English language is not a common language used by retailers in Yemen. Both the initial and back-translated English versions of the questionnaire were then compared to guarantee that the items relayed the same meaning; this involves refining where necessary (Craig & Douglas, 2000) (the English and Arabic versions of the questionnaire are available in appendix B-1 and B-2). Such procedure was commonly employed by previous researchers. For instance, Elbanna, Child, and Dayan (2013) translated their questionnaire into Arabic and Gil *et al.* (2008) translated theirs into Portuguese.

3.3 Operational Variables and Their Measurements

There are seven main constructs in the theoretical model. They are: (1) retailer relationship satisfaction (economic and social satisfaction); (2) financial bonds; (3) structural bonds; (4) social bonds; (5) ethical bonds; (6) retailer commitment; and (7) strength of manufacturer's brands. The following section reviews the measurement of these constructs in previous studies and proposes the instrument for this study. Table 3.1 shows the variables, dimensions and total number of items.

Table 3.1
Summaries of Variables, Dimensions and Total Number of Items

Construct	**Dimensions**	**Total number of items**
Retailer's relationship satisfaction (Geyskens & Steenkamp, 2000; Lai, 2007)	Economic satisfaction Social satisfaction	5 5
Financial Bonds (Lin, Weng & Hsieh, 2003; Smith, 1998)	The extent to which the rewards or incentives offered by the manufacturer to the retailer for maintaining a long term relationship.	5
Structural bonds (Chen & Chiu, 2009; Lin *et al.*, 2003; Smith, 1998)	The ties relating to the structure, governance, institutionalization of norms in a relationship, and the solution of problems to reach mutual goals.	11
Social bonds (Lin *et al.*, 2003; Smith, 1998)	The degree of mutual personal friendship and liking shared by the retailer's key contacts and manufacturer's key contact representatives.	7
Ethical bonds (Bourassa, 2009; Kumar *et al.*, 1995; AMA, 2009)	Honesty Respect Transparency	5 3 4
Retailer's commitment (Dwyer *et al.*,1987; Nor Azila and Aziz, 2012)	The extent to which the retailer's commitment as an implicit or explicit pledge of relational continuity between it and manufacturer.	5
Strength of manufacturer's brands (Iglesias & Vazquez, 2001)	Retailer's perception of the manufacturer's capacity to obtain prestige of their brands; market share and consumer loyalty to their brands.	3

3.3.1 Retailer's Relationship Satisfaction

According to the study by Gassenheimer and Ramsey (1994), the evaluation of satisfaction of two members in marketing channel has to involve economic outcomes in light of efficiency and efficacy, and the social interaction between the members to the partnership. Similarly, Geyskens and Steenkamp (2000) stressed the importance of understanding the distinction between economic satisfaction and social satisfaction as the activities of the manufacturer may achieve retailer's economic satisfaction but not social satisfaction, or the other way around; in other words, the two satisfactions may lead to differing consequential impacts. Hence, relationship satisfaction in the present study encapsulated both economic and social satisfaction.

The measurement of relationship satisfaction was adapted from Geyskens and Steenkamp (2000) and Lai (2007). They used five items to measure economic satisfaction and five items to measure social satisfaction. Lai (2007) measured all items with a five-point Likert scale, ranging from "1=strongly disagree" to "5=strongly agree" with reliability of 0.8 and 0.81, respectively (see Table 3.2).

Table 3.2
Retailer's Relationship Satisfaction Measure

Items
Economic Satisfaction:
1. Our relationship with this national manufacturer has provided us with a dominant and profitable market position in our sales area.
2. Our relationship with this national manufacturer is very attractive with respect to discounts.
3. We are very pleased with our decision to distribute the national manufacturer's products since their high quality increases customer traffic.
4. The marketing policy of this national manufacturer helps us to get our work done effectively.
5. This national manufacturer provides us with marketing and selling support of high quality.
Social Satisfaction:
1. The working relationship of our store with this national manufacturer is characterized by feelings of harmony.
2. This national manufacturer expresses criticism tactfully.
3. Interactions between our store and this national manufacturer are characterized by mutual respect.
4. This national manufacturer does not leave us in the dark things.
5. This national manufacturer always explains the reasons for its policies.

Sources: Geyskens and Steenkamp (2000) and Lai (2007).

3.3.2 Financial Bonds

Financial bonds define as the rewards or incentives offered by the manufacturer/supplier to the retailer for maintaining a long term relationship such as discounts, reward program, and extra prompt services (Chiu *et al.*, 2005; Lin *et al.*, 2003). Accordingly, the extent to which the rewards or incentives offered by the manufacturer to the retailer for maintaining a long term relationship refers to the financial bonds between them.

Financial bonds were measured using the scale developed by Lin *et al.* (2003) and Smith (1998). The instrument comprises five items that focus on the rewards or incentives offered by the manufacturer to the retailer for maintaining a long term relationship. Each item for each scale was scored on a five-point Likert scale, ranging from “1=strongly disagree" to "5=strongly agree”. The internal reliability reported by Lin *et al.* (2003) was 0.86. Table 3.3 below shows the items used to measure financial bonds.

Table 3.3
Financial Bonds Measure

Items
1. This national manufacturer provides discounts (or up-grades) for us.
2. This national manufacturer has presented us with free gifts to encourage our trade exchange.
3. This national manufacturer provides a cumulative point programs (reward program).
4. This national manufacturer offers rebates if we buy more than a certain number of products.
5. This national manufacturer provides extra prompt services for us.

Sources: Lin *et al.* (2003); Smith, (1998).

3.3.3 Structural Bonds

Structural bonds were operationalized as the ties relating to the structure, governance, institutionalization of norms in a relationship, and the solution of problems to reach mutual goals between retailer and manufacturer (Berry, 1995; Smith, 1998). Structural bonds were measured using an adapted instrument developed by Chen and Chiu (2009) with minor modification on the wording. It involved 11 items on a five-point Likert scale, ranging from "1=strongly disagree" to "5=strongly agree". The internal reliability reported by Chen and Chiu (2009) was 0.95. Table 3.4 below shows the items used to measure structural bonds.

Table 3.4
Structural Bonds Measure

	Items
1.	This national manufacturer collects our opinions about the products/services through surveys.
2.	This national manufacturer offers integrated products to us.
3.	This national manufacturer offers new information about its products.
4.	This national manufacturer provides innovative products.
5.	This national manufacturer provides after-sales service for our requirements.
6.	This national manufacturer provides training courses.
7.	This national manufacturer provides various ways to deal with transactions.
8.	This national manufacturer corrects its mistakes about product/service quickly.
9.	This national manufacturer provides clear instructions after we purchase.
10.	We receive a prompt response after any complaint.
11.	We can retrieve (find) information about this national manufacturer and its products in various ways.

Sources: Chen and Chiu (2009).

3.3.4 Social Bonds

Social bonds are defined as "the degree of mutual personal friendship and liking shared by the retailer's key contact and manufacturer's key contact representatives" (Wilson, 1995, p. 339). Social bonds appear in personal attachment. It is inclination to share personal information and socializing in business between key contact employees of both buyer and seller (Coulter & Ligas, 2004). Social bonds were measured in this study by seven items adapted from Lin *et al.* (2003) and Chen and Chiu (2009). Each item for each scale was scored on a five-point scale, ranging from “1=strongly disagree” to “5=strongly agree”. Lin *et al.* (2003) found the reliability of the measurement was 0.90 and it is a useful scale for marketing management researchers (presented in Table 3.5).

Table 3.5
Social Bonds Measure

Items
1. Manufacturer’s representatives keep in touch with us.
2. Manufacturer’s representatives pay attention to our needs.
3. Manufacturer’s representatives help us to solve our personal problems.
4. Manufacturer’s representatives are estimated our opinion with regard to our relationship.
5. Manufacturer’s representatives offer opportunities for members to exchange opinions.
6. Manufacturer’s representatives do entertainment activities for us
7. We can receive greeting cards or gifts in special days.

Sources: Lin *et al.* (2003); Chen and Chiu (2009).

3.3.5 Ethical Bonds

Ethical bonds can represent the personal conception of what persons in organizations find desirable, important and morally proper. They also serve as the criteria for evaluating personal actions and the actions of others, such as honesty, respect, transparency, fairness, responsibility and citizenship (AMA, 2009; Hakansson & Snehota, 1995; Schwartz, 2005). Similarly, Robertson and Anderson (1993) argued that ethical behavior is consistent with widely recognized societal norms (honesty, full disclosure, respects and so forth). Although ethical behavior is a highly elusive construct and is often situation specific (Lagace *et al.*, 1991), there are different measurements for ethical bonds in the relationship between buyer and seller. Robertson and Anderson (1993) divided the measurements into two groups. The first is related to widely recognized societal norms (honesty, full disclosure, impartiality, respect and so forth) and the second related to the feelings of salespeople, purchasing agents, or the general public. Based on previous research (e.g., Dubinsky, Jolson, Kotabe, Lim, 1991; Lagace *et al.*, 1991), and the ethical standards set by the American Marketing Association for evaluating the actions of channel members (AMA, 2009), Al-Gaumey (2008) was of the opinion that in Yemen, lack of transparency, honesty, and respect towards large retailers by national manufacturers' representatives may be the reasons that lead to the relational gap between them. Hence, the current study examined only three ethical bonds in the relationship between the manufacturer's representatives and retailer's representatives.

Ethical bonds (honesty, transparency and respect) were measured using adapted 12 items from Kumar *et al.* (1995), Bourassa (2009), and AMA (2009). The ethical bonds consist of honesty, respect, transparency, fairness, responsibility and citizenship elements. They had been examined as a one variable (e.g., Dubinsky *et al.*, 1991; Henley, 2004; Lagace *et al.*, 1991) and as separate variables (e.g., Begalle, 2008; Kaptein, 2004) in the literature of relationship marketing. For the purposes of this study, the 12 items were merged into one variable. Respondents were asked to indicate the extent of agreement concerning each item on a five-point Likert scale, rangin from "1=strongly disagree" to "5=strongly agree". The items used to measure ethical bonds are show in Table 3.6 below.

Table 3.6
Ethical Bonds Measure

Items
Honesty:
1. Manufacturer’s representatives have often provided us with information which has later proven to be accurate.
2. Manufacturer’s representatives usually keep the promises they made to us.
3. Whenever manufacturer’s representatives give us advice on our business operations, we know they are sharing their best judgment.
4. Even when manufacturer’s representatives give us a rather unlikely explanation, we are confident that they are telling the truth.
5. We can count on manufacturer’s representatives to be sincere.
Respect:
1. Manufacturer’s representatives take our experiences seriously.
2. Manufacturer’s representatives value our business partnership.
3. Overall, we would say manufacturer’s representatives respect us.
Transparency:
1. Manufacturer’s representatives strive to communicate clearly with us
2. Manufacturer’s representatives accept constructive criticism from us
3. Manufacturer’s representatives explain and take appropriate action regarding significant product or service risks that could affect us or our customers.
4. Manufacturer’s representatives disclose list prices and terms of financing as well as available price deals and adjustments.

Sources: Kumar *et al.* (1995); Bourassa (2009); AMA (2009).

3.3.6 Retailer’s Commitment

This study defined retailer’s commitment as “an implicit or explicit pledge of relational continuity from retailer towards manufacturer” (Dwyer *et al.*, 1987, p. 19). Commitment was measured using a five-item scale from Nor Azila and Aziz’s (2012) study. The instrument’s items focus on enduring desire to maintain the existing relationship by the retailers towards manufacturer. Each item was scored on a five-point Likert scale, ranging from “1=strongly disagree” to “5=strongly agree”. The internal reliability reported by Nor Azila and Aziz (2012) was 0.78. Table 3.7 below shows the items used to measure retailer’s commitment.

Table 3.7
Retailer's Commitment Measure

Items
1. We intend to do good business with this national manufacturer in the future
2. We are dedicated to continuing to do business with this national manufacturer.
3. We are resolute about future intent to do business with this national manufacturer.
4. We want to maintain a long-term relationship with this national manufacturer.
5. We have chosen this national manufacturer for practical reasons.

Sources: Nor Azila and Aziz (2012)

3.3.7 Strength of Manufacturer's Brands

The strength of brands reflects the manufacturer's power, which is the manufacturer's industrial capacity to obtain prestige of their brands, market share and consumer loyalty to their brands (Iglesias & Vazquez, 2001). The measurement of manufacturer brands' strength was adapted from Iglesias and Vazquez (2001). It consists of three items. Respondents were asked to indicate their level of agreement using a five point Likert scale, ranging from "1=strongly disagree" to "5=strongly agree". Iglesias and Vazquez (2001) reported the instrument's reliability as 0.807. Table 3.8 below shows the items used to measure the strength of manufacturer's brands from the perspective of the retailer.

Table 3.8
Strength of Manufacturer's Brands Measure

Items
1. This national manufacturer has a high prestige of its brands.
2. This national manufacturer has a high market share.
3. This national manufacturer has a high level of consumers' loyalty to its brands.

Sources: Iglesias and Vazquez (2001).

3.4 Population and Sampling Procedure

According to Saunders *et al.* (2009), sampling reflects the process used to select cases from an entire population. Iacobucci and Churchill (2010) proposed a six-step procedure in the methodological foundations for Marketing Research that can be utilized as a guideline for the sampling process in this study (see Figure 3.1).

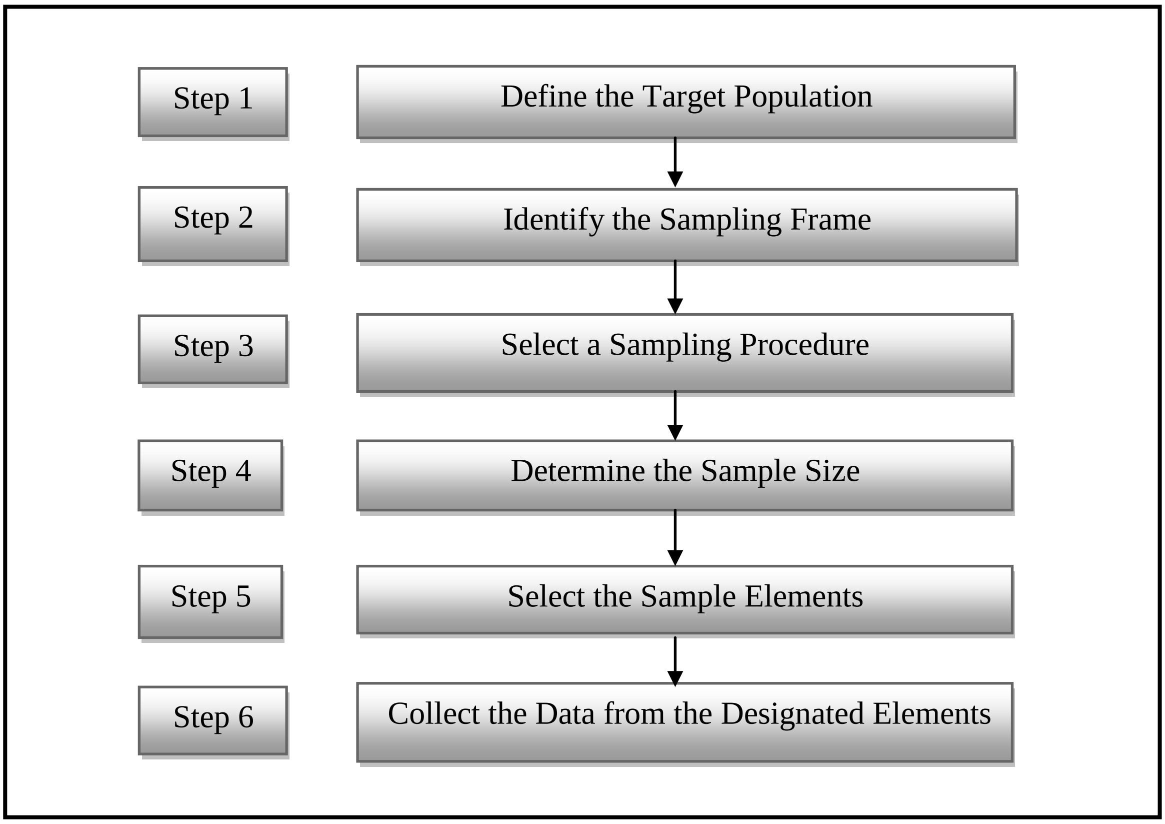

Figure 3.1
Six-Step Procedure for Drawing the Study Sample
Source: Iacobucci and Churchill (2010, p. 283).

(1) Define the Target Population: A target population is defined as the totality of cases that conform to some designated specifications (Iacobucci & Churchill, 2010, p. 282). A population refers to the whole group of people or organizations that is of interest to researcher (Sekaran & Bougie, 2010). The population in this study was large independent food retailers (such as malls, hypermarkets, supermarkets and large grocery stores) in the Republic of Yemen. The target population comprised 309 large retailers listed in the database of Yemen Company for Ghee and Soap Industry (YCGSI). In August 2011, the database shows that there were 14829 food retailers enlisted under three different sized categories (see Table 3.9). However, this study only examined the relationship between national food manufacturers and large retailers for several reasons.

Firstly, there is a relational mutual gap between national food manufacturers and large retailers in contrast to medium and small retailers (Al-Gaumey, 2010). Also, the Yemeni Industrialists Association (2010) proposed that an investigation into the relationship between national food manufacturers and retail organizations be conducted. Secondly, the Middle East retail sector is undergoing significant developments compared to other emerging markets and it is expected that the industry will grow at a compound annual growth rate (CAGR) of approximately 10% from 2011-2014 to achieve more than USD1,000 billion by 2014 (RNCOS, 2011). Also in Yemen, retailer modernization was developing on a rapid scale in the last six years leading to an increased number of retail organizations through the modern super market system to around 100% (156 large retail organization in 2005 to 309 in 2011) (YCGSI, 2011). Thirdly, the food industry in Yemen can be regarded as one of the most important and strategic industries in the manufacturing sector (NIC, 2009). The manufacturing production in Yemen is focused strongly on the food industry which represents more than 33% of the gross manufacturing. In addition, 50% of manufacturing establishments operate in the food industry, which is the first employer of the labor force. But they face difficulty in offering their products to large retail stores (Al-Gaumey, 2010).

The number of large food retailers based on their annual sales and their size >= 70 sq. m (YCGSI, 2011) was 309. However, 30 of them were used in the pilot test. Hence, the population of this study was 279 large retailers. The number of large retailers is shown in Table 3.9 below.

Table 3.9
Number of Retailers in the Republic of Yemen

No	Region	Large retailer (>70m^2)	Medium retailer (20-69m^2)	Small retailer (< 20m^2)	Number of retailers
1.	Sana'a and Amanat Al Asemah	**156**	1102	3007	4265
2.	Taiz	**28**	388	1500	1916
3.	Aden	**23**	392	1469	1884
4.	Hodiedah	**31**	398	884	1313
5.	Ibb	**18**	221	827	1066
6.	Yareem - Aden Route (Dalla)	**9**	196	516	721
7.	Thamar	**9**	116	507	632
8.	Taiz - Hodeidah Route	**5**	125	401	531
9.	Sana'a - Hodeida Route	**4**	130	359	494
10.	Aden Mukalla (Abyan and Shibuya)	**5**	91	243	339
11.	Mukalla	**5**	118	177	300
12	San'aa - Saadah Route (Amran)	**2**	18	245	265
13.	Taiz - Ibb Route	**2**	77	149	228
14.	Marib	**1**	175	32	208
15.	Taiz - Gool Madram (Lahij)	**2**	32	156	190
16.	Yareem - Ibb Route	**0**	50	85	135
17.	Mukalla Sayun	**0**	52	76	128
18	Sayun	**9**	40	35	84
19.	Sana'a - Marib Route	**0**	2	77	79
20.	Saadah	**0**	11	40	51
	Total	**309**	3734	10785	14829

(2) Identify the Sampling Frame: The second step is identifying the sampling frame, which is the list of elements from which the sample is drawn (Iacobucci & Churchill, 2010, p. 284). In this study the sample frame was the retailer list from the database of YCGSI. The comprehensive list of all large food retailers in Yemen contains comprehensive information for the identification of the retailers' names, location and contact information like address and telephone etc.

(3) Select a Sampling Procedure: There are many options to select a sampling procedure. They include simple random sampling, stratified sampling, cluster sampling, and systematic sampling. This step is inextricably intertwined with the identification of the sampling frame because the choice of sampling method is based on what the researcher can develop for a sampling frame (Iacobucci & Churchill, 2010). In addition, this step is associated with a sample size that needs to be determined.

(4) Determine the Sample Size: A sample size refers to the number of units that need to be surveyed to obtain precise and reliable findings (Fink, 1995). According to Hair *et al.* (1995), the sample size should at least have more than the number of covariances in the input data matrix. Similarly, Roscoe (1975, as cited in Sekaran, 2000) suggested that the rule of thumb for sample size determination is by multiplying the number of constructs by 10. Also, Bollen (1989) gave a similar suggestion in that an empirical ratio of estimates parameter should contain at least 10 observations. Since the current study has 10 constructs (variables and dimensions), the minimum sample size needed is 100 observations (10×10).

To ensure a minimal sample response of 100, it was appropriate distributed 279 questionnaires. According to Zikmund (2003) stated that when the sample units in the population are limited, the researcher may decide to distribute the whole population (309 – 30 = 279). This is to ensure the achievement of the minimum response of the sample.

Based on this decision there is no need to select the sampling procedure because the entire population became the target for survey. Thus, the present study surveyed 279 large retailers (30 retailers from the Sana'a region were included in the pilot test).

(5) Select the Sample Elements: Sample elements (respondents) should have direct knowledge or influence on the buying or selling organization, and can be used to provide organizational level attributes provided that the survey items are directed at the organizational level (John & Reve, 1982; Kumar, Stern, & Anderson, 1993). In this case, the appropriate elements to answer the questionnaire in this study were sales managers, deputies or owners of malls, hypermarkets, supermarkets, and large grocery stores. This is because they are responsible for stocking merchandise and dealing with national food manufacturers' representatives. Previous researchers such as Bolton *et al.* (2003), Gil *et al.* (2008), Jonsson and Zineldin (2003), and Schakett *et al*. (2011) also used sales managers or owners as their main respondents because they are highly knowledgeable about their relationships with their suppliers, as indicated by their ability to fully answer virtually all questions.

(6) Collect the Data from the Designated Elements: A questionnaire survey was conducted for the pilot and main studies between 2 November 2012 and 28 February

2013, respectively. Since large retailers in Yemen are located in different places, the questionnaires were distributed by a drop-off survey to the managers or owners of 279 retailers, as employed by previous studies.

In Yemen, large retailers may have multiple national manufacturers to supply food products for their stores. In this situation, there is an issue of selection of the national supplier, whom the large retailer would be referring to at the time of filling up of the questionnaire. In this type of scenario, the literature of channel relationship shows different ways to resolve this issue. For instance, Dorsch, Swanson, and Kelley (1998), and Dorsch and Kelley (1994) proposed that respondents choose suppliers who account for a portion (10% at least) of the transacted business with the respondents' firms before 12 months or with a supplier who they have had business with for at least a year. In addition, Gassenheimer *et al.* (1995) in their study of supplier involvement and dealer satisfaction suggested that dealers should select the name of the major supplier (in terms of volume) in order for them to answer the questionnaire according to their relationship with him/her. In Wang *et al.*'s (2006) study, all buyers were asked to consider a specific supplier with which they had a relationship for over a year. In addition to this, each buyer was specifically asked to think of only one particular supplier of their choice at the time of responding to the questionnaire provided.

Based on the method employed by Dorsch *et al.* (1998), Dorsch and Kelley (1994), Gassenheimer *et al.* (1995), and Wang *et al.* (2006), this research guided all of the respondents to select the national food suppliers who have the following characteristics:

1. The national food manufacturer/supplier which accounted for at least 10% of the business transacted during the previous 12 months, and/or,
2. National food manufacturer/supplier with whom they had business transactions for a minimum of one year.

3.5 Survey Method

There are many methods of collecting data such as face-to-face interview, telephone interview, mail survey, internet survey and drop-off survey. But the selection of an appropriate method from the various survey methods is quite challenging as each of them has its own pros and cons (Aaker, Kumar & Day, 1995; Zikmund, 1997). Among them, face-to-face survey leads to greater response rates and enables researchers the use of physical stimuli to conduct the interview (Zikmund, 1997). It also enables the interviewer to expound on the meanings of confusing or complex questions. On the other hand, the cons that are associated with it are the existence of biases and the high costs involved.

A telephone survey is a quick and moderate-cost method to collect data but it only leads to a moderate response level and it requires long lengths of time on a call (Zikmund, 1997). This method is also good for reaching hard-to-reach individuals including busy retailers.

A mail survey leads to more accurate results as the respondents answer the questionnaire at their own discretion and pace, and they may take the advice of others for required information and the method does not lead to bias findings (Zikmund, 1997). Although it is cost-effective, it only garners low response levels

(Zikmund, 1997) and when non-responses are not randomly distributed, bias may arise.

The Internet has been increasingly considered as a media for taking public survey (Couper, 2000). Its advantages include cost savings linked with the elimination of printing and mailing of the instruments (Dillman, 2000; 2007) and time and cost savings in the form of electronic format of returned survey. The Internet has been revealed to be an invaluable means of conducting research in environments that have regular Internet users (Couper 2000). Nevertheless, factors such as the respondents' access to Internet, their internet skills and knowledge have to be kept into consideration before carrying out an Internet survey method (Dillman, 2000).

Lastly, drop-off-survey is a type of survey that is characterized by flexibility of combining the advantages of mail survey and face-to-face interview where a trained survey-taker personally delivers the questionnaires to the concerned respondents by hand (hand-to-hand) (Cooper & Schindler, 2011; CSU, 2012). This personal aspect of the survey gives the survey taker a chance to distribute the survey personally and to urge the respondents to finish answering the questionnaire and return it within a limited time. It is imperative to leave the questionnaire with the intended respondent as opposed to leaving it in mailboxes or with the respondent's friend or family. This method leads to a greater higher response rate than self-administered mail survey at a rate of 70 % and its cost per completed questionnaire is from 18 to 40 % lesser than that in mail survey (Cooper & Schindler, 2011). The success of such a survey depends on the survey-taker's ability to organize the list of target respondents included in the sample so the surveys can be efficiently delivered (CSU, 2012).

This study used the drop-off survey with questionnaire being the primary tool of data collection. There are six main reasons why this method was chosen, as follows:

- The rate of response for drop-off survey is superior to mail survey, telephone interviews and internet survey as the former enables the interviewer to personally interact with the respondents to provide an overview of the survey's importance and to allay ths respondents' ambiguities or concerns (Cooper & Schindler, 2011).
- The drop-off survey allows the respondents to answer the survey at their own convenience, and thus there may be no biases, unlike both the face-to-face interview and telephone interview where a proportion of biases may be high (CSU, 2012).
- Drop-off survey allows for the researcher or the research assistant to know when and how to receive responses from retailers. When the researcher gave the questionnaires to them by hand, the retailers can choose when to answer and thus is likely to motivate them to respond and hence higher response rate can be achieved.
- Drop-off survey is a medium-cost method in terms of time and money compared to face-to-face interview.
- Aside from superior response rate and cost per response, the drop-off delivery provides better management of sample design, allows an effective identification of the respondent's location and enables the researcher to exclude respondents who do not fit in the sample frame (such as persons who are not targeted such as employees and workers who may not know the level of relationship with suppliers) (Cooper & Schindler, 2011).

- The researcher can urge/encourage the respondent to complete the questionnaire by emphasizing the importance of such participation and instruct him/her on the return procedure. These activities contribute to increasing the rate of response and decrease non-response error (Cooper & Schindler, 2011).

In addition, the researcher relied on specialized research team, composed of four persons, two of them academic researchers in marketing and management area, and the others experienced practitioners in the field of industrial marketing research (more personal information about the research assistants is available in appendix F).

In short, the questionnaires were distributed to all large retailers by the research assistants who used the drop-off survey (hand-by-hand) based on the list of large retailers in Yemen. The questionnaires were distributed within three months and a half, starting from 14 November 2012 till 28 February 2013. In addition, the research assistants used telephone in situations where it was difficult for them to reach the retailers such as busy retailers and long distance retailers.

3.6 Pilot Study

A pilot study is an experimental study that aims to enhance particular research instrumentations (Zikmund, 2003). The measurements of financial and structural bonds, social and ethical bonds, economic and social satisfaction, strength of brand and commitment used in the present study are well validated measurements and have been widely used from various studies in B2C and B2B (Bourassa, 2009; Chen & Chiu, 2009; Geyskens & Steenkamp, 2000; Kumar *et al.*, 1995; Iglesias & Vazquez, 2001; Lai, 2007; Lin *et al.*, 2003; Payan *et al.*, 2009; Smith, 1998). In the beginning of this chapter, the psychometric properties and other details about these measurements were discussed. The pilot study for the current research was conducted to check the reliability and validity of items for the seven main constructs.

The study used descriptive analysis, measure of Cronbach's alpha, and exploratory factor analysis (EFA) to assess internal consistency reliability and validity of all the constructs. Furthermore, because the entire constructs included in the study were developed and empirically tested in developed countries such as the United States and New Zealand, the pilot study was useful to ascertain the applicability of the measurements in the context of developing countries such as Yemen.

3.6.1 Sample of the Pilot Study

According to Roscoe (1975), sample size large than 30 and less than 500 is appropriate. Hence, the pilot survey was conducted by drop-off delivery of the questionnaire to 30 large retailers. The 30 large retailers were randomly selected from Sana'a because it is the capital and largest city in Yemen and it has the largest percentage of the study population i.e. around 50% (156/309 = 0.5048).

The period of pilot study to collect the data was in the month of November, during 2-10, 2012. The questionnaires were administered by the research assistants and they recorded the questions and problems that retailers came across while administrating the questionnaires.

3.6.2 Statistical Analysis of Pilot Study

Descriptive statistics and reliability results were computed for all the constructs using SPSS version 19. Table 3.10 summarizes item number, item means, standard deviations, alphas, skewness and kurtosis value of each scale. Item mean and standard deviation for each scale was calculated by dividing means and standard deviation with the number of items in the scale. In order to measure reliability, Cronbach's alpha was used to examine internal consistency of items of all variables. Alpha coefficient ranges from 0 to 1. An alpha value close to 1 assures higher reliability coefficient of the item and reduces impact of measurement error on the test scores (Streiner & Norman, 2003).

In the present pilot study, the alpha values ranged from .77 to .95 for all scales. Values of skewness and kurtosis were used to interpret normality of data. Tabachnick and Fidell (2007) suggested acceptable value for skewness and kurtosis within -2.00 and +2.00. However, as for Kurtosis values were recommended to be at the range of +3 to -3, according to Coakes and Steed (2003). The pilot study showed that all of the kurtosis values fell within the recommended range from +3 to -3. The skewness values ranged from lowest -.18 to highest -1.6. These showed the reliability and normality of the data.

Table 3.10
Summary Statistics of Descriptive and Reliability Analysis

Construct	**Items**	**Mean**	**Std. deviation**	**Alpha**	**Skewness**	**Kurtosis**
Financial bonds	5	3.90	0.49	0.83	-1.38	2.23
Structural bonds	11	3.85	0.50	0.94	-1.48	2.59
Social bonds	7	3.67	0.54	0.77	-1.41	1.65
Personal ethical bonds	12	3.47	0.56	0.87	-1.14	1.19
Economic satisfaction	5	3.97	0.59	0.86	-0.74	0.94
Social satisfaction	5	4.02	0.56	0.90	-0.18	0.21
SM brands	3	4.11	1.09	0.95	-1.56	-1.53
Commitment	5	4.02	0.56	0.90	-0.38	0.39

3.6.3 Exploratory Factor Analysis (EFA)

An exploratory factor analysis was carried out on the entire variables as this was the first time the instruments were employed in large numbers in the context of Yemen. The aim behind the analysis was to investigate the interrelationships among study latent variables and to confirm if the extracted factors match their original and theoretical form. A normal distribution of data is presented in Table 3.10. Maximum likelihood extraction approach was therefore employed to obtain factors on every scale.

Because the constructs developed were the same with their original form, albeit had been translated from English to Arabic, and because the variables were theoretically driven, the researcher requested for the original factor solution on the basis of 5 subscales for each instrument. And because the items in scales were correlated in some way, the oblique varimax rotation method was employed and a pattern matrix was examined for factor loading (Costello & Osborne, 2005; Tabachnick & Fidell, 2007).

All the variables' factor loading was found to match the psychometric properties of the original scale, indicating general criteria for the exclusion of the item on cross loading of 0.40 and lower (Mc Auley, Duncun, & Tammen, 1989). Additionally, the Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy has its recommended value of 0.60 (Tabachnick & Fidell, 2007).

Table 3.11 presents factor loading of financial bonds for five items with the overall value of KMO of 0.797 and 10 degrees of freedom. The Bartlett's test was also highly significant (p = 0.000) with an eigenvalue above 1, which indicates the assumptions of factor analysis for financial bonds analysis were met. Furthermore, the factor loading ranged from .68 to .84. The reliability analysis conducted showed an alpha value of 0.83. Therefore, it was decided to include all the items in the main study questionnaire for this factor (see all the characteristics for all factors in appendix C-2).

Table 3.11
Summary of Factor Analysis for Financial Bonds

Items	**Loading**
1. This national manufacturer provides discounts (or up-grades) for us.	0.840
2. This national manufacturer has presented us with free gifts to encourage our trade exchange.	0.809
3. This national manufacturer provides a cumulative point programs (reward program).	0.855
4. This national manufacturer offers rebates if we buy more than a certain number of products.	0.711
5. This national manufacturer provides extra prompt services for us.	0.682
Total eigenvalue	3.06
Percentage of variance	61.22
KMO	0.797
Bartlett's Test of Sphericity: Approx Chi-Square	55.82
df = 10, Sig. = 0.000	

Table 3.12 shows factor loading of structural bonds for 11 items. Principal component analysis revealed the presence of only component with an eigenvalue of 7.61. Also, the overall value of KMO was 0.766, and the result of the Bartlett's test was highly significant (p = 0.000). Furthermore, an examination of the measure of sampling adequacy for each item fell in the acceptable range from 0.47 to 0.92. The reliability analysis conducted showed an alpha value of 0.94. Consequently, all the items of structural bonds were retained for the final study.

Table 3.12
Summary of Factor Analysis for Structural Bonds

Items	Loading
1. This national manufacturer collects our opinions about the products/services through surveys.	.877
2. This national manufacturer offers integrated products to us.	.901
3. This national manufacturer offers new information about its products.	.832
4. This national manufacturer provides innovative products.	.898
5. This national manufacturer provides after-sales service for our requirements.	.887
6. This national manufacturer provides training courses.	.860
7. This national manufacturer provides various ways to deal with transactions.	.912
8. This national manufacturer corrects its mistakes about product/service quickly	.927
9. This national manufacturer provides clear instructions after we purchase.	.589
10. We receive a prompt response after any complaint.	.866
11. We can retrieve (find) information about this national manufacturer and its products in various ways.	.471
Total eigenvalue	7.61
Percentage of variance	69.24
KMO	0.766
Bartlett's Test of Sphericity: Approx Chi-Square	351.45
df = 55, Sig. = 0.000	

The third factor analysis was social bonds carried out with seven items. Table 3.13 shows that factor analysis for social bonds indicated the existence of one factor with eigenvalue of 3.96, and the KMO value was 0.78, exceeding the suggested value of 0.60 (Tabachnick & Fidell, 2007) and the Barlett's test of sphericity was highly significant (p = 0.000), supporting the factorability of correlation matrix. Reliability (alpha) for this factor was 0.77, which indicates good reliability. Furthermore, the factor loading ranged from 0.47 to 0.90. However, item number 6 (Manufacturer's representatives do entertainment activities for us) did not exceed the recommended value as it was less than 0.40 (Mc Auley *et al.*, 1989), and hence excluded from the final study.

Table 3.13
Summary of Factor Analysis for Social Bonds

Items	Loading
1. Manufacturer's representatives keep in touch with us.	0.889
2. Manufacturer's representatives pay attention to our needs.	0.886
3. Manufacturer's representatives help us to solve our problems.	0.903
4. Manufacturer's representatives are estimated our opinion with regard to our relationship.	0.792
5. Manufacturer's representatives offer opportunities for members to exchange opinions.	0.821
6. Manufacturer's representatives do entertainment activities for us.	Less than 0.40
7. We can receive greeting cards or gifts in special days.	0.478
Total eigenvalue	3.968
Percentage of variance	56.691
KMO	0.786
Bartlett's Test of Sphericity: Approx Chi-Square	117.106
df = 21, Sig. = 0.000	

As shown in Table 3.14, factor analysis for personal ethical bonds yielded three factors with eigenvalue of 5.21, 2.31 and 1.24, which were above 1. The varimax rotation revealed that all the 12 items had factor loadings between 0.579 and 0.839. The Cronbach's alpha for this factor was 0.87, indicating high reliability. The first factor was regarded as respect (three items), the second factor was related to honesty (five items) and the third factor was connected with transparency (four items). Therefore, it appeared appropriate to retain all the items in the final study.

Table 3.14
Summary of Factor Analysis for Personal Ethical Bonds

Items		Loading		
		1	2	3
1.	Manufacturer's representatives take our experiences seriously.	0.839		
2.	Manufacturer's representatives value our business partnership.	0.752		
3.	Overall, we would say manufacturer's representatives respect us.	0.803		
4.	Manufacturer's representatives have often provided us with information which has later proven to be accurate.		0.723	
5.	Manufacturer's representatives usually keep the promises they made to us.		0.615	
6.	Whenever manufacturer's representatives give us advice on our business operations, we know they are sharing their best judgment.		0.641	
7.	Even when manufacturer's representatives give us a rather unlikely explanation, we are confident that they are telling the truth.		0.870	
8.	We can count on manufacturer's representatives to be sincere.		0.761	
9.	Manufacturer's representatives strive to communicate clearly with us.			0.829
10.	Manufacturer's representatives accept constructive criticism from us.			0.747
11.	Manufacturer's representatives explain and take appropriate action regarding significant product or service risks that could affect us or our customers.			0.579
12.	Manufacturer's representatives disclose list prices and terms of financing as well as available price deals and adjustments.			0.752
Total eigenvalue		5.214	2.309	1.238
Percentage of variance		43.450	19.243	10.314
KMO		0.650		
Bartlett's Test of Sphericity: Approx Chi-Square		242.06		
df = 66, Sig. = 0.000				

Table 3.15 shows relationship satisfaction yielded two factors with eigenvalue of 5.18 and 1.83. The varimax rotation revealed that all the 10 items had factor loadings between 0.62 and 0.90. The KMO value was 0 .72, exceeding the suggested value of

0.60 (Tabachnick & Fidell, 2007). The first factor was related to economic satisfaction (five items) and the second factor was connected with social satisfaction (five items). Reliabilities (alpha) for these factors were 0.86 and 0.90, respectively, which indicates highly reliability. Therefore, all the items of relationship satisfaction were retained for the final study.

Table 3.15
Summary of Factor Analysis for Relationship Satisfaction

Items	Loading	
	1	2
1. Our relationship with this national manufacturer has provided us with a dominant and profitable market position in our sales area.		0.625
2. Our relationship with this national manufacturer is very attractive with respect to discounts.		0.802
3. We are very pleased with our decision to distribute the national manufacturer's products since their high quality increases customer traffic.		0.889
4. The marketing policy of this national manufacturer helps us to get our work done effectively.		0.856
5. This national manufacturer provides us with marketing and selling support of high quality.		0.714
6. The working relationship of our store with this national manufacturer is characterized by feelings of harmony.	0.814	
7. This national manufacturer expresses criticism tactfully.	0.814	
8. Interactions between our store and this national manufacturer are characterized by mutual respect.	0.907	
9. This national manufacturer does not leave us in the dark things.	0.740	
10. This national manufacturer always explains the reasons for its policies.	0.851	
Total eigenvalue	1.83	5.18
Percentage of variance	18.28	51.79
KMO	0.715	
Bartlett's Test of Sphericity: Approx Chi-Square df = 45, Sig. = 0.000	224.511	

Table 3.16 shows factor loading of commitment with five items. Principal component analysis revealed the presence of only component with an eigenvalue 3.64. Also, the overall value of KMO was 0.714, and the result of the Bartlett's test was highly significant. Furthermore, the varimax rotation revealed that all the five items had factor loadings from 0.74 to 0.92, which were acceptable. The reliability analysis conducted showed the alpha values of 0.90. Therefore, all the items of commitment were retained in the final study.

Table 3.16
Summary of Factor Analysis for Commitment

Items	Loading
1. We intend to do good business with this national manufacturer in the future.	0.825
2. We are dedicated to continuing to do business with this national manufacturer.	0.926
3. We are resolute about future intent to do business with this national manufacturer.	0.920
4. We want to maintain a long-term relationship with this national manufacturer.	0.846
5. We have chosen this national manufacturer for practical reasons.	0.738
Total eigenvalue	3.646
Percentage of variance	72.916
KMO	0.714
Bartlett's Test of Sphericity: Approx Chi-Square	127.990
df = 10, Sig. = 0.000	

Finally, Table 3.17 shows factor loading of strength of manufacturer's brands for three items with the eigenvalue above 1, and the overall value of KMO of 0.733 with 3 degrees of freedom. The Bartlett's test was also highly significant ($p = 0.000$). Furthermore, the factor loading ranged from 0.94 to 0.97. The reliability analysis conducted showed an alpha value of 0.95. Therefore, it was decided to include the three items of brand strength in the main study questionnaire.

Table 3.17
Summary of Factor Analysis for Strength of Brands

Items	Loading
1. This national manufacturer has a high prestige of its brands.	0.960
2. This national manufacturer has a high market share.	0.977
3. This national manufacturer has a high level of consumers' loyalty to its brands.	0.942
Total eigenvalue	2.765
Percentage of variance	92.156
KMO	0.733
Bartlett's Test of Sphericity: Approx Chi-Square	95.679
df = 3, Sig. = 0.000	

In addition to analyzing the data, the pilot study identified a very few problems with the questionnaire such as vague sentences, and difficulty understanding some scientific terms. Some respondents even wanted to know the source of the study. Therefore, the researcher addressed these problems with the assistance of experts in marketing research in the Yemeni market to clarify the vague sentences and to simplify the so-called scientific terms.

3.7 Techniques of Data Analysis

To achieve the research objectives, the researcher used SPSS 19 and PLS version 2.0 M3 as statistical tools to facilitate data analyses. Before running the inferential analyses, the researcher started with analysis of survey responses including response rates and profile of respondents. Then data screening was performed on such issues as response bias, missing data, outliers (Mahalanobis distance), normality, linearity, and multicollinearity. All the above analysis and tests were run by using SPSS.

In the context of inferential analysis, PLS-SEM application has expanded successfully in different areas of research, more specifically, marketing, strategic management, IS, management science, social psychology among others (Hair, Ringle, & Sarstedt, 2013; Hair, Sarstedt, Ringle, & Mena, 2012; Henseler, Ringle, Sinkovics, 2009; Pavlou & Fygenson, 2006). Various PLS-SEM improvements have been made more recently with the inclusion of the following: guidelines for analyzing moderating effects (Henseler & Fassott, 2010); utilization of confirmatory factor analysis (CFA) for the verification of the measurement model (Hair, Ringle, & Sarstedt, 2011); model quality evaluation (Hair *et al.*, 2011); model's goodness of fit (Tenenhaus, Esposito, Chatelin, & Lauro, 2005); and the model's predictive relevance (Hair *et al.*, 2011; 2013). These improvements contribute to the expansion of PLS-SEM's general usefulness as a research tool in the field of marketing and social sciences (Hair *et al.*, 2011). In addition, Hair *et al.* (2012); Reinartz, Haenlein, and Henseler (2009) and Uinzi, Chin, Henseler, Wang (2010) confirmed the ability of PLS in analyzing data in complex models, under the conditions of non-normality and small sample size, and in testing moderating effects.

The present study used PLS-SEM for several reasons:

- PLS is an appropriate statistical analysis tool for complex models and small sample sizes (Hair *et al.*, 2012; Reinartz *et al.*, 2009; Valerie, 2012; Uinzi *et al.*, 2010). Due to the nature of SEM and the limitations of AMOS, it was not possible to test the whole model. This was due to the fact that the model had 52 measurement items and a sample of 140 (to be explained later). This relatively large number of measurement items would require a much larger sample size that was not available to this study. As a result, the 52 measurement items had to be aggregated into the 8 groupings shown in the model. In an effort to test the whole model including 13 different relationships, and utilize 52 measurement items without aggregation (without small models), another analytical method was sought. Partial least squares (PLS) is a method of constructing a predictive model when there are many factors or measurement items involved and a relatively small sample size. The emphasis of PLS is to predict a model that will represent the responses to the measurement items.

- This study attempted to offer theoretical contribution through examining the strength of manufacturer's brands as a moderator. In the field of social sciences it is believed that relationships are becoming increasing complex, and hence, researchers are becoming increasingly interested in moderating effects (Uinzi *et al.*, 2010). Variables evoke moderating effects; those whose variation impacts the strength or the direction of the relationship existing between an exogenous and an endogenous variable. Researchers making use of partial least squares path modeling (PLS) require suitable methods to test models for moderating effects. Along a similar work, Uinzi *et al.* (2010) identified and quantified the moderating effects in complex causal structures through the use of partial least squares path modeling with group comparisons, which involved comparisons of model estimates for varying categories of observation. To represents a specific case of moderating effects, the grouping variable was considered as the categorical moderator variable. To test moderating effects, PLS path models are considered one of the best statistical methods (Hair *et al.,* 2012; Uinzi *et al.*, 2010). Therefore, this study used PLS to test the moderating effect of strength of manufacturer's brands on the relationship between retailer economic and social satisfaction, and commitment.

- PLS-SEM offers higher flexibility to the researchers for interaction of theory and data (Chin, 2010). Hair *et al.* (2011) suggested the use of cross-validated redundancy in PLS-SEM estimates of the structural model as well as the measurement model for data production, and found that it fit the PLS-SEM approach accurately. In case an endogenous constructs' cross-validated redundancy measure values for a particular endogenous latent variable is higher than zero, its explanatory latent constructs reveal predictive relevance.

In addition to these reasons, there are many recent studies in the field of marketing used Partial Least Squares Structural Equation Modelin (PLS-SEM) for data analyses and testing models (e. g., Anderson, & Swaminathan, 2011; Furrer, Tjemkes, & Henseler, 2012; Navarro, Acedo, Losada, & Ruzo, 2011; Wiedmann, Hennigs, Schmidt, & Wuestefeld, 2011). Particularly, in the literature of channel relationship, there have been many studies which used PLS-SEM application in analyzing data and testing their models such as Eggert and Serdaroglu (2011), Liu, Li and Xue (2010), Lobschat, Zinnbauer, Pallas and Joachimsthaler (2013).

To evaluate PLS models, two main methodological elements have to be considered (Hair *et al.*, 2013; Valerie, 2012):

1. **Evaluation of Measurement Model --** Reflective measurement models are evaluated on the basis of their internal consistency, the unidimensionality of the

constructs, the convergent validity of the measures associated with the constructs, and their discriminant validity as follows:

- **Construct Validity**: Indicator loadings should be higher than 0.70. Also called "confirmation factor analysis" (CFA).
- **Convergent Validity**: The average variance extracted (AVE) should be higher than 0.50.
- **Discriminant Validity**: The AVE of each latent construct should be higher than the construct's highest squared correlation with any other latent construct (Fornell–Larcker's [1981] criterion). In addition, an indicator's loadings should be higher than all of its cross loadings.
- **Internal Consistency Reliability**: Use Cronbach's alpha as the lower bound of the internal consistency reliability and composite reliability as the upper bound for the (unknown) true reliability. Both measures should exceed 0.70.

2. **Evaluation of the Structural Model --** The primary evaluation criteria for the structural model are as follows:

- **R Square (R^2):** In marketing research studies, R^2 values of 0.75, 0.50, or 0.25 for endogenous latent variables in the structural model can be described as substantial, moderate, or weak, respectively.
- **Effect Size (f^2):** The effect sizes of the impact of specific latent variables on the dependent latent variables are determined by f^2 analysis. The f^2 values of 0.02, 0.15 and 0.35, respectively, are used as guidelines for small, medium and large effect sizes of the predictive variables.

- **Predictive Relevance of the Model:** The quality of the model can also be assessed by using the blindfolding procedure to obtain Q^2=1-SSE/SSO. If Q^2 is positive, the model has predictive validity; if it is negative, the model does not have predictive validity (Tenenhaus, 1999).
- **Goodness of Fit (GoF) of the Model:** PLS Structural Equation Modeling has only one measure of goodness of fit, which was defined by Tenenhaus, Esposito, Chatelin and Lauro (2005, p 176) as the global fit measure (GoF). This measure is the geometric mean of the average variance extracted and the average R^2 for the endogenous variables. According to Wetzels, Odekerken-Schroder and Oppen (2009), goodness of fit can be described as small (0.10), medium (0.25), and large (0.36).
- **Hypothesis Testing:** Bootstrapping is used to assess the path coefficients' significance. The minimum number of bootstrap samples is 5000, and the number of cases should be equal to the number of observations in the original sample. Critical t-values for a three-tailed test are 1.65 at a level of significance of 0.10, 1.96 at a level of significance of 0.05, and 2.58 at a level of significance of 0.01.

3.8 Chapter Summary

In this chapter, the methodology of the study has been critically discussed. This research specified the research design, and explained the instruments used based on the relevant literature review. Additionally, this chapter provided some elaborations on the population, the target population and the justification of the choice of the unit of analysis as being the large retailers' sales managers or owners. Furthermore, this chapter used the data collected from 30 larger retailers to conduct the pilot study analysis. Pilot study analysis was mainly conducted to ensure the validity and reliability of the measures and to ensure high quality data during the real data collection phase. Thus, depend on the pilot study analysis, only one item was proven to be less meaningful in explaining the social bonds and later excluded from the measurement instrument. Finally, this chapter described the data collection procedures and the statistical techniques used in the study.

CHAPTER FOUR

FINDINGS

4.1 Introduction

This chapter presents results of data analysis. Descriptive and inferential statistical results were obtained through SPSS (Statistical Package for Social Sciences) and PLS-SEM (Partial Least Squares-Structural Equation Modeling). This chapter begins by presenting key results after preliminary analysis of survey response and data screening. After that, result of evaluation of the model quality by PLS is offered by specifically reporting key findings on the measurement model and the structural model which include construct, convergent and discriminant validity, reliability analysis, predictive relevance of the model, effect size, and goodness of fit (GoF). Finally, results of the mediating of economic and social satisfaction, and the moderating effect of manufacturer's brand strength are presented.

4.2 Analysis of Survey Response

4.2.1 Response Rates

Based on the decision to include the entire population (minus 30 large retailers that were considered for the pilot test retailers), the research assistants distributed questionnaires to 279 large retailers. However, only 266 questionnaires were actually distributed because 13 large retailers had moved to another place or went bankrupt or closed. The questionnaires were distributed via drop-off-survey. Out of 266, only 154 questionnaires were returned. Eight were later excluded because they were not filled by the designated person such as managers or owners or assistant manager; instead, they were filled by sales clerks or part-timers who clearly stated their positions as requested by the instructions given in the questionnaire. In addition, Hair, Black, Babin, Andersen, and Tatham (2010) argued that it is better for researchers to delete the case respondent if the missing data is more that 50%. Based on their recommendation, three questionnaires were discarded because more than 50% of them were incomplete. This resulted in 143 usable responses for further analysis, yielding an overall response rate of 53.7%. Table 4.1 shows the breakdown.

Table 4.1
Number of Responses and Response Rate

No	Region	Population (N)	The sample to be distributed	Actual distribution	No. of responses	Response rate
1	Sana'a	156	126	123	66	54%
2	Hodiedah	31	31	30	17	55%
3	Taiz	28	28	28	15	54%
4	Aden	23	23	23	10	43%
5	Ibb	18	18	17	11	65%
6	Sayun	9	9	9	5	55%
7	Thamar	9	9	8	5	66%
8	Yareem - Aden (Dalla)	9	9	8	4	50%
9	Taiz - Hodeidah (Tehama)	5	5	5	3	60%
10	Aden-Mukalla(Abyan-Shabwa)	5	5	5	2	40%
11	Mukalla	5	5	4	2	50%
12	Sana'a - Hodeida (Bajel)	4	4	2	1	50%
13	Taiz - Gool Madram (Lahij)	2	2	2	1	50%
14	Sana'a - Saadah (Amran)	2	2	0	0	0
15	Taiz - Ibb	2	2	2	1	50%
16	Marib	1	1	0	0	0
	Total	**309**	**279**	**266**	**143**	**53.7%**

According to Hair *et al.* (1995), the sample size should at least have more than the number of covariances in the input data matrix. Similarly, Roscoe (1975, as cited in Sekaran, 2000) suggested that the rule of thumb for sample size determination is by multiplying the number of constructs by 10. Also, Bollen (1989) gave a similar suggestion in that an empirical ratio of estimates parameter should contain at least 10 observations. Since the current study has 10 constructs (variables and dimensions), the minimum sample size needed is 100 observations (10×10). In addition, Hair *et al.* (1995) stated that the least sample size should be from 100-150 responses if the Maximum Likelihood (ML) method is utilized. Since the total usable responses in this study are 143, the study met the above criteria, and hence further analyses were run.

4.2.2 Test of Non-Respondent Bias

Evidence from existing literatures has established that non-respondents sometimes differ systematically from respondents both in attitudes, behaviors, personalities and motivations in which any or all of which might affect the results of the study (Malhotra, Hall, Shaw, & Oppenheim, 2006). In this study, non-response and response bias were tested using t-test to compare the similarities between the mean, standard deviation, and standard error mean. Levene's test of the early and late responses in main study variables such as economic and social satisfaction, commitment, financial and structural bonds, social and ethical bonds, and perception retailers for the strength of national manufacturer's brands, was employed.

Several researchers including Churchill and Brown (2004) and Malhotra *et al.* (2006) argued empirically that late respondents could be utilized instead of non-respondents, mainly because the former may not have responded if they have not been followed up. According to Malhotra *et al.* (2006), non-respondents are considered to possess similar characteristics as late respondents. In this study, the sample was categorized into two groups namely early responses and late responses with the former being those who returned the questionnaires within two months following the distribution and the latter being those who returned the questionnaires after a month following the distribution. Hence, 97 respondents were grouped into early responses and 46 as late responses. Descriptive as well as Levene's test were conducted for equality of variance on the main variables of the study.

Table 4.2 shows that no significance values, which were higher than 0.05, implying that the variances were assumed to be approximately equal. In addition, the two groups were found to come from the same population since there were no significant differences between early and late respondents for the main variables ($p < 0.05$). Detailed verifications of the descriptive test and Levene's test are available in Appendix (D-1) for test of non-respondent bias.

Table 4.2
Test of Non-Respondent Bias

Variables				Levene's test for equality of variances		t-test for Equality of Means
		N	**Mean**	**F**	**Sig.***	**Sig.* (2-tailed)**
Financial bonds	Early	97	3.604	.488	.486	.178
	Late	46	3.763			.215
Structural bonds	Early	97	3.510	.329	.567	.195
	Late	46	3.666			.223
Social bonds	Early	97	3.863	1.728	.191	.889
	Late	46	3.845			.898
Ethical bonds	Early	97	3.773	.137	.711	.810
	Late	46	3.797			.826
Economic satisfaction	Early	97	3.790	.446	.505	.935
	Late	46	3.800			.937
Social satisfaction	Early	97	3.860	.180	.672	.169
	Late	46	4.033			.162
SM brands	Early	97	3.192	1.285	.259	.137
	Late	46	3.535			.151
Commitment	Early	97	3.650	2.943	.088	.721
	Late	46	3.707			.735

*p < 0.05

4.2.3 Profile of Respondents

Table 4.3 shows the profile of the responding retail organizations in terms of their location, annual sales turnover, and status of national food supplier. In addition, the responder's length of work experience and his/her position were also tabulated.

Table 4.3 shows that the largest percentage of retailers (46%) was found in Sana'a and Amanat Al Asemah, followed by Hodiedah, Taiz, Ibb and Aden (11.9%, 10.5%, 7.7% and 7%, respectively). A small percentage of retailers (3.5%) were from Sayun and 3.5% were from Thamar. Yareem-Aden and Taiz-Hodeidah had 2.8% and 2.1% of retailers, respectively. Meanwhile Aden-Mukalla and Mukalla reported a similar percentage of 1.4% of retailers. The lowest percentage of large retailers was from Sana'a-Hodeidah, Taiz-Gool Madram and Taiz-Ibb (with equal proportion of 0.7%). In short, the responding retailers were predominantly located in the Yemeni capital on the northern Yemen.

With respect to the length of work experience in the retail industry, 51.7% of the respondents had been working more than 10 years, while 30.8% between 5 and 10 years. Those who reported to have been working less than five years constituted 17.5% of the respondents. Generally, more than 50% of the large retailers had more than 10 years of relationship with national and foreign suppliers in Yemen. This means that most of the responding retailers were in mature relationships and had accumulated experience in channel relationship.

In terms of the position of the respondents, more than half of them (53.1%) were managers in the large retailers, while only 6.3% were assistant managers. Owners of the retailer business constituted 40.6%. This means that most of the responders for the questionnaire were managers and owners who have the actual perception of the relationship with the national food supplier as well as they have an ability to give appropriate key information regarding their interaction with the national food supplier.

Of the 143 respondents, 21% had achieved annual sales turnover between RY40 million and RY60 million, 18.9% had between RY20 million and less than RY40 million, 18.2% between RY1 million and less than RY20 million, 14.7% less than RY1 million, and 10.5% more than RY100 million. Meanwhile, only 8.4% had achieved annual sales turnover between RY80 million and less than RY100 million, and between RY60 million and less than RY80 million. Overall, most respondents enjoyed high sales, implying they had some degree of power in their relationship with their suppliers.

In terms of status as the main national food supplier, majority of the respondents (32.2%) reported that the Yemen Company for Ghee & Soap Industry (YCGSI) was the main national food supplier for them. This was followed by the Yemen Company for Industry & Commerce Ltd (YCIC) (31.5%), National Dairy & Food Company (NADFOOD) (14%), Yemen Dairy and Juice Industries (SYC) (9.1%), and General Industries and Packages Company (GENPACK) (5.6%). A small percentage of the respondents had relationship with the Yemen Company for Flour Mills and Silos (YCFMS) (2.8%), Other National Food Manufacturers (2.1%), Alesayi Refreshments Company-Aden (ARC) (1.4%), and Hadramout Industrial Complex (HICO) (1.4%). In addition, all of these national food companies were considered the best national companies by the General Authority for Standardization and Metrology Yemen. This reflects the true relationship between large retailers and national food industry (see more their characteristics in Appendix D-2, Appendix A).

Table 4.3
Profile of the Responding Retail Organizations

Items	Category	N	%
Location	• Sana'a and Amanat Al Asemah	**66**	**46.2**
	• Hodiedah	**17**	**11.9**
	• Taiz	**15**	**10.5**
	• Aden	**10**	**7.0**
	• Ibb	**11**	**7.7**
	• Sayun	**5**	**3.5**
	• Thamar	**5**	**3.5**
	• Yareem - Aden (Dalla)	**4**	**2.8**
	• Taiz - Hodeidah (Tehama)	**3**	**2.1**
	• Aden-Mukalla(Abyan & Shabwa)	**2**	**1.4**
	• Mukalla	**2**	**1.4**
	• Sana'a - Hodeidah (Bajel)	**1**	**0.7**
	• Taiz - Gool Madram (Lahij)	**1**	**0.7**
	• Sana'a - Saadah (Amran)	**0**	**0**
	• Taiz - Ibb	**1**	**0.7**
	• Marib	**0**	**0**
Length of work experience in retail industry	• Less than 5 years	**25**	**17.5**
	• 5 to 10 years	**44**	**30.8**
	• More than 10 years	**74**	**51.7**
Position	• Owner	**58**	**40.6**
	• Manager	**76**	**53.1**
	• Other (Asst. Manager)	**9**	**6.3**
Annual sales turnover	• Less than RY 1 million	**21**	**14.7**
	• RY 1 million – less than RY 20 million	**26**	**18.2**
	• RY 20 million – less than RY 40 million	**27**	**18.9**
	• RY 40 million – less than RY 60 million	**30**	**21.0**
	• RY 60 million – less than RY 80 million	**12**	**8.4**
	• RY 80 million – less than RY 100 million	**12**	**8.4**
	• More than RY 100 million	**15**	**10.5**
Main National Food Supplier	• Yemen Company For Industry & Commerce Ltd (YCIC)	**45**	**31.5**
	• Yemen Company for Ghee & Soap Industry (YCGSI)	**46**	**32.2**
	• National Dairy & Food Company (NADFOOD)	**20**	**14.0**
	• General Industries And Packages Company (GENPACK)	**8**	**5.6**
	• Yemen Company for Flour Mills and Silos (YCFMS)	**4**	**2.8**
	• Alesayi Refreshments - Aden	**2**	**1.4**
	• Yemen Dairy and Juice Industries (SYC)	**13**	**9.1**
	• Hadramout Industrial Complex (HICO)	**2**	**1.4**
	• Others National Food Manufacturers	**3**	**2.1**

4.3 Data Screening and Preliminary Analysis

Before applying necessary data analysis techniques, data screening was necessary. This is because the data distribution has a direct impact on whatever choice of data analysis techniques and tests that is chosen (Byrne, 2010). Although this study used PLS to evaluate the model quality (measurement and structural model) and test the hypothesis, which has no concern about data distribution, data screening was still employed so that the nature of the distribution of the data could be known. In this procedure, detection and treatment of missing data, outliers, normality, linear relationship and multicolinearity test., were run.

4.3.1 Treatment of Missing Data

In applied quantitative research, missing data is an issue of major concern to many researchers and has the capability of negatively affecting the results (Cavana, Delahaye, & Sekaran, 2001). In addition, the missing data is very crucial because PLS-SEM will not run well if there is any missing value. In this study, 17 returned questionnaires (11.8%) had small numbers of missing values. In total, there were 33 missing values, ranging from one to five in each questionnaire.

The missing values were treated using SPSS by replacing them with mean substitution (Hair, Black, Babin, Andersen, & Tath, 2006). Hence, the 33 missing values were replaced with the mean of nearby values, which led to improved correlations (appendix D-3).

4.3.2 Removing Outliers

Outliers are any observations that are numerically distant if compared to the rest of the dataset (Byrne, 2010). There are many different methods of detecting outliers within a given research, among which includes classifying data points based on an observed (Mahalanobis) distance from the research expected values (Hair *et al.*, 2006). Part of the constructive arguments in favor of outlier treatments based on Mahalanobis distance is "that it serves as an effective means of detecting outliers through the settings of some predetermined threshold that will assist in defining whether a point could be categorized as outlier or not" (Hair *et al.*, 2006).

In this research, the table of chi-square statistics was used as the threshold value to determine the empirical optimal values. In this study, the value was set at 95.751 as it was related to the 57 measurement items (at level 0.001). Hair *et al.* (2010) suggested creating a new variable in the SPSS excel to be called "response" to denote the beginning to the end of all variables. The Mahalanobis can simply be achieved by running a simple linear regression through the selection of the newly created response number as the dependent variable and selecting all measurement items apart from the demographic variables as the independent variables. A new output was called MAH_1 upon which a comparison was made between the chi-square as stipulated in the table and the newly Mahalanobis output.

Based on MAH_1 output, 3 cases were identified as outliers because their MAH_1 was greater than the threshold value (95.751) (i.e., 104.03, 99.96 and 97.34), and were subsequently deleted from the dataset. Sequel to the treatment of these outliers, the final analysis in this study was done using the remaining 140 samples in the data (appendix D-4).

4.3.3 Assumption of Normality

Normality is used to show the symmetrical curve which has the greatest frequency of scores in the middle and smaller frequencies towards the extremes (Pallant, 2005). In order to assess the normality of the distribution of scores for the dependent and independent constructs, some researchers (e.g., Kline, 1998; Pallant, 2005) suggested evaluating their skewness and kurtosis values. Because of the nature of the constructs in the social sciences, many measures and scales may have scores, which by nature, may be positively or negatively skewed (Pallant, 2005). Kurtosis is another feature in the form of a distribution representing the degree to which, for a given standard deviation, observations gather around a central mean.

Skewness values which are outside the range of +1 to -1 imply a substantially skewed distribution (Hair *et al.*, 2006). However, Kline (1998) suggested that when a skewness value is located between +3 and -3, it would be acceptable. In this study, the skewness values found were within the -3 to +3 limit. Similarly, the kurtosis values are recommended to be at the range of +3 to -3, according to Coakes and Steed (2003). In this research, all of the kurtosis values were within the recommended range of +3 to -3, as shown in Table 4.4.

Table 4.4
Results of Skewness and Kurtosis for Normality Test

Variables	**Skewness**		**Kurtosis**	
	Value	**Std. error**	**Value**	**Std. error**
Financial bonds	-.604	0.205	1.350	0.407
Structural bonds	-.178	0.205	-.262	0.407
Social bonds	-.945	0.205	1.106	0.407
Personal ethical bonds	-.825	0.205	2.241	0.407
Economic satisfaction	-.843	0.205	.466	0.407
Social satisfaction	-.549	0.205	-.191	0.407
SM brands	-1.194	0.205	.183	0.407
Commitment	-.696	0.205	-.221	0.407

The result indicated that the data set did not violate the normality assumption, indicating that all variables were approximately normally distributed (see appendix D-5).

4.3.4 Test of Linearity

Linearity testing determines the association with the dependent variable; in other words, it predicts the right direction of hypotheses. A positive value means the relationship is considered positive. Hair *et al.* (2006) suggested the use of partial regression plot for each variable when there is more than one independent variable to ensure its best representation in the equation. Therefore, the normal P-P plot of regression standardized residual plot was assessed for each independent variable on the dependent variable. The normal probability plot of regression standardized residuals for each independent variable on the dependent variable showed that normal distribution was met. The output for linearity test is displayed graphically in Appendix D-6.

4.3.5 Multicollinearity Test

Testing of multicollinearity among independent variables is greatly recommended before testing the proposed model (Hair *et al.*, 2010). Multicollinearity indicates the existence of a setback in correlation matrix when an independent variable is significantly correlated with another independent variable. Additionally, based on the recommendation of Hair *et al.* (2010), the detection of multicollinearity arises when correlation value is over 0.90. This test is facilitated through examining the tolerance value and the variance influence factor (VIF).

According to Hair *et al.* (2010), tolerance value is the amount of variability of the chosen independent variable that is not explained by other independent variables whereas the variance influence factor (VIF) is the inverse of tolerance. The tolerance value and variance influence factor's (VIF) cut-off points are 0.10 and 10, respectively, indicating that VIF value should be closer to 1.00 in order to indicate little or no multicollinearity.

Table 4.5 highlights collinearity statistics for all the independent variables in the three models. Basically, the correlations between the variables were below 0.90, denoting no problem of multicollinearity. Tolerance values ranged between 0.418 and 0.736 while VIF values ranged between 1.358 and 2.394. Thus the result signified no violation of multicollinearity assumption.

Table 4.5
Multicollinearity Test

Model		**Collinearity Statistics**	
		Tolerance	**VIF**
Financial bonds	Economic satisfaction	.461	2.167
Structural bonds		.549	1.822
Social bonds		.461	2.167
Personal ethical bonds		.423	2.363
Financial bonds	Social satisfaction	.430	2.324
Structural bonds		.519	1.927
Social bonds		.460	2.174
Personal ethical bonds		.418	2.394
Economic satisfaction		.600	1.668
Economic satisfaction	Commitment	.585	1.709
Social satisfaction		.666	1.502
SM brands		.736	1.358

4.4 Evaluation of the Model Quality

The software package SmartPLS, Version 2.0 M3 (Ringle, Wende, & Will, 2005) was used to perform data analysis. This software is widely used in marketing and management science (Henseler *et al.*, 2009). A PLS model is normally analyzed and interpreted in two stages (Hair *et al.*, 2011; Valerie, 2012). First, the measurement model (outer model) is tested to ensure its validity and reliability. Measurement properties of multi-item constructs, including convergent validity, discriminant validity and reliability, are examined by conducting confirmatory factor analysis (CFA). Second, the proposed structural model is analyzed by R square, effect size, predictive relevance of the model, goodness of fit (GoF). Bootstrapping is then used to test the study hypothesis. These two stages are depicted clearly in Figure 4.1.

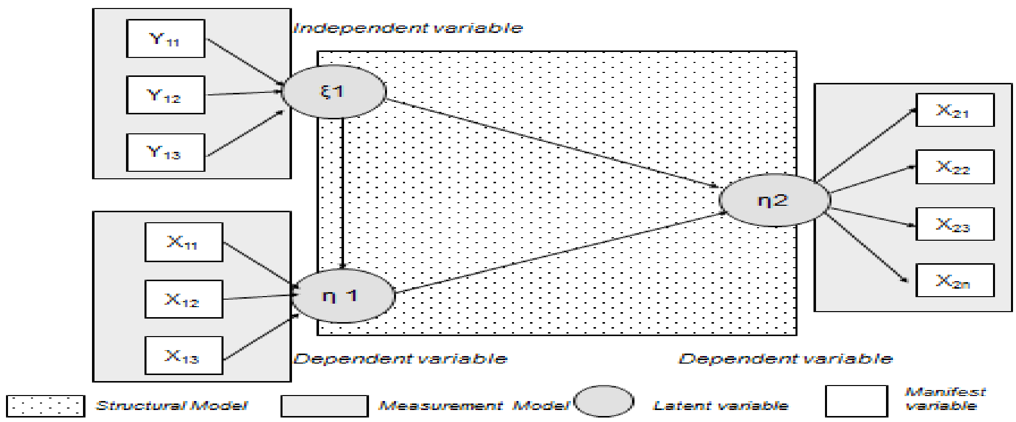

Figure 4.1
Measurement Model and Structural Model
Source: Valerie (2012, p. 107).

The original study model included 52 reflective measurement items (manifest variable or indicator) for eight variables (latent variables) including four independent variables, three dependent variables, and one moderator variable, which constitute 13 relationships between them based on the hypotheses proposed study in social exchange theory (see Figure 4.2).

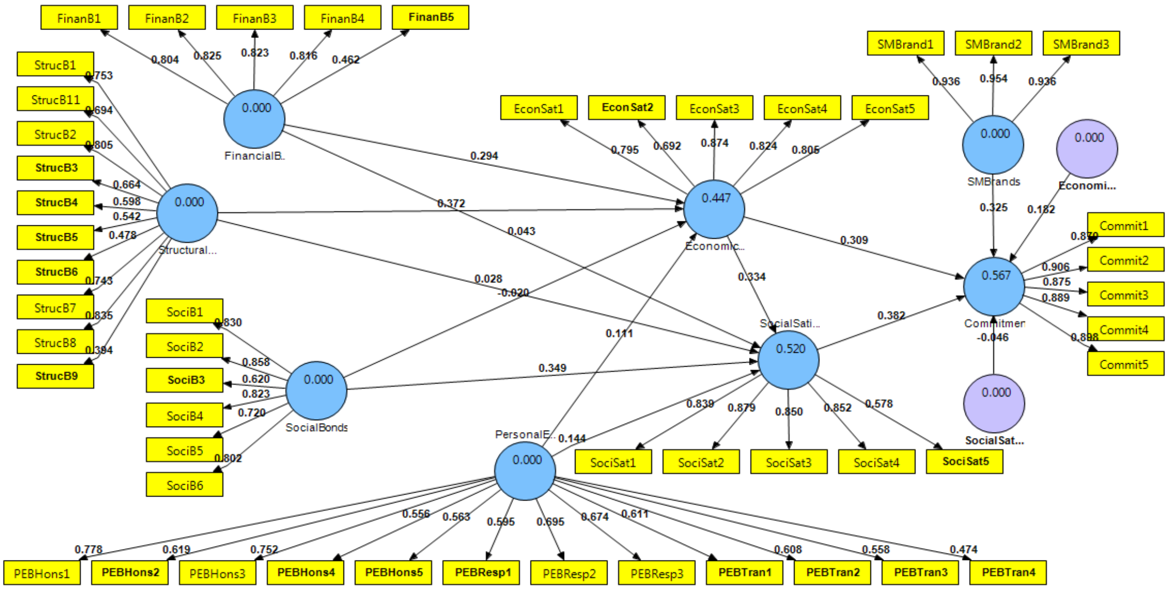

Figure 4.2
Original Study Model

4.4.1 Measurement Model

The two key criteria used to evaluate the measurement models are validity and reliability. Reliability is "a test of how consistently a measuring instrument measures whatever concept it is measuring, whereas validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure" (Sekaran & Bougie, 2010). Generally, in assessing the reflective measurement items, the researcher followed the guidelines suggested by Hair *et al.* (2011), and Gotz, Liehr-Gobbers, and Krafft (2010). First, construct validity, convergent and discriminant validity was assessed followed by reliability analysis.

4.4.1.1 Construct Validity

Construct validity testifies to how well the results obtained from the use of the measure fit the theories around which the test is designed (Sekaran & Bougie, 2010). According to Ramayah, Lee, and Chyaw (2011), the instrument should tap the concept as theorized. This can be achieved by assessing convergent and discriminant validity by looking at the respective loadings and cross loadings. According to Hair *et al.* (2011), indicator loadings (factor loadings) should be higher than 0.70. Similarly, Valerie (2012, pp. 107-108) argued that:

> "researchers often apply the informal rule that the correlation coefficient (or loadings) must be greater than 0.70, which implies that the variance shared between the construct and its measure is greater than the error of the variance. Therefore, more than 50% of the variance in the observed variable is due to its construct. If the correlation is less than 0.70, results must be interpreted with care, as this low correlation may be due to a poorly formulated item (low reliability), an inappropriate item (low content validity) or an inappropriate transfer of an item from one context to another."

Based on the above recommendations, this study used a cut-off value for factor loadings at 0.70 as being significant.

Accordingly, there were 18 deleted loadings because they were lower than 0.70. They were FinanB5 (0.46), StrucB10 (0.44), StrucB9 (0.42), StrucB6 (0.48), StrucB5 (0.53), StrucB4 (0.58), StrucB3 (0.65), SociB3 (0.62), EBTran1 (0.61), EBTran2 (0.60), EBTran3 (0.55), EBTran4 (0.47), EBResp1 (0.59), EBHons2 (0.61), EBHons4 (0.55), EBHons5 (0.56), EconSat2 (0.68), and SociSat5 (0.57). They were clearly shown in Figure 4.2 and Table 4.6 before deletion. After deleting these items, all the remaining items that measured a particular construct loaded highly on that construct and loaded lower on the other constructs, thus confirming construct validity. Table 4.7 shows the result.

Table 4.6

Loadings and Cross Loadings (Before Deletion) (Original Model)

	Commitment	Economic Satisfaction	Financial Bonds	Ethical Bonds	SMBrands	Social Bonds	Social Satisfaction	Structural Bonds
Commit1	**0.870**	0.566	0.431	0.395	0.392	0.348	0.526	**0.430**
Commit2	**0.906**	0.597	0.360	0.318	0.504	0.318	0.568	0.365
Commit3	**0.875**	0.570	**0.471**	0.358	0.510	0.311	**0.584**	**0.471**
Commit4	**0.889**	0.502	0.359	0.331	0.501	0.334	0.527	0.334
Commit5	**0.898**	0.530	0.447	0.386	0.508	0.319	0.573	**0.432**
EconSat1	0.517	**0.795**	**0.494**	0.365	0.368	0.303	0.469	**0.472**
EconSat2	0.443	**0.692**	0.398	0.222	0.436	0.185	0.320	0.336
EconSat3	0.519	**0.874**	**0.478**	0.418	0.386	0.362	0.525	**0.510**
EconSat4	0.532	**0.823**	**0.488**	0.395	0.403	0.305	0.473	**0.538**
EconSat5	0.480	**0.805**	0.521	0.401	0.402	0.330	0.485	**0.557**
FinanB1	0.411	0.493	**0.804**	0.446	0.369	0.333	0.444	**0.481**
FinanB2	0.360	0.470	**0.825**	0.454	0.248	0.345	0.420	**0.455**
FinanB3	0.365	0.484	**0.823**	**0.518**	0.293	0.439	0.443	**0.613**
FinanB4	0.380	0.501	**0.816**	**0.497**	0.273	0.414	0.401	**0.599**
FinanB5	0.228	0.277	**0.462**	0.275	0.140	0.259	0.154	0.408
EBHons1	0.269	0.301	0.423	**0.778**	0.262	0.446	0.354	0.314
EBHons2	0.326	0.318	0.363	**0.619**	0.236	0.405	0.311	0.339
EBHons3	0.366	0.353	**0.481**	**0.752**	0.230	0.392	0.426	0.369
EBHons4	0.248	0.328	0.398	0.556	0.221	**0.588**	0.389	0.400
EBHons5	0.220	0.347	0.357	**0.563**	0.175	0.545	0.286	0.356
EBResp1	0.204	0.254	0.355	**0.595**	0.151	0.417	0.448	0.305
EBResp2	0.289	0.274	0.392	**0.695**	0.216	0.487	0.500	0.338
EBResp3	0.230	0.248	0.363	**0.674**	0.159	0.441	0.451	0.331
EBTran1	0.192	0.260	0.314	**0.611**	0.144	0.330	0.241	0.177
EBTran2	0.308	0.246	0.365	**0.608**	0.265	0.295	0.274	0.273
EBTran3	0.156	0.288	0.323	**0.558**	0.049	0.218	0.222	0.281
EBTran4	0.171	0.221	0.211	**0.474**	0.118	0.207	0.168	0.205
SMBrand1	0.492	0.457	0.284	0.286	**0.936**	0.144	0.341	0.292
SMBrand2	0.525	0.474	0.355	0.295	**0.954**	0.233	0.372	0.338
SMBrand3	0.525	0.463	0.373	0.271	**0.936**	0.207	0.342	0.301
SociB1	0.333	0.386	0.403	**0.506**	0.272	**0.830**	0.444	0.421
SociB2	0.320	0.334	0.385	**0.540**	0.237	**0.858**	0.505	**0.434**
SociB3	0.143	0.135	0.251	**0.552**	0.072	**0.620**	0.401	0.272
SociB4	0.388	0.314	0.379	**0.563**	0.173	**0.823**	0.555	0.386
SociB5	0.222	0.287	0.400	0.426	0.045	**0.720**	0.463	0.419
SociB6	0.261	0.269	0.383	**0.487**	0.139	**0.802**	0.440	0.341
SociSat1	0.521	0.493	**0.469**	**0.529**	0.346	0.494	**0.839**	**0.447**
SociSat2	0.564	0.469	0.346	0.467	0.251	0.532	**0.879**	0.322
SociSat3	0.540	0.481	0.371	0.432	0.302	0.495	**0.850**	**0.472**
SociSat4	0.555	0.505	**0.527**	**0.479**	0.337	0.555	**0.852**	**0.492**
SociSat5	0.304	0.356	0.344	0.362	0.281	0.326	**0.578**	0.253
StrucB1	0.235	0.376	0.432	0.402	0.119	0.440	0.367	**0.753**
StrucB10	0.116	0.207	0.403	0.120	0.109	0.045	0.070	**0.441**
StrucB11	0.375	0.489	**0.504**	0.452	0.333	0.325	0.426	**0.690**
StrucB2	0.422	0.450	**0.534**	0.444	0.222	0.405	0.438	**0.805**
StrucB3	0.281	0.427	**0.474**	0.300	0.198	0.372	0.317	**0.654**
StrucB4	0.330	0.420	0.326	0.306	0.203	0.204	0.330	**0.583**
StrucB5	0.207	0.382	0.329	0.184	0.246	0.277	0.177	**0.534**
StrucB6	0.088	0.211	0.277	0.096	0.080	0.201	0.106	**0.488**
StrucB7	0.320	0.451	**0.491**	0.330	0.250	0.379	0.332	**0.745**
StrucB8	0.478	0.485	**0.566**	0.444	0.336	0.445	0.502	**0.836**
StrucB9	0.106	0.281	0.406	0.185	0.088	0.169	0.144	**0.426**

Table 4.7

Loadings and Cross Loadings (After Deletion)

	Commitment	Economic Satisfaction	Financial Bonds	Ethical Bonds	SMBrands	Social Bonds	Social Satisfaction	Structural Bonds
Commit1	**0.869**	0.550	0.427	0.358	0.392	0.359	0.528	0.409
Commit2	**0.906**	0.590	0.360	0.256	0.504	0.339	0.568	0.375
Commit3	**0.875**	0.550	0.465	0.343	0.510	0.321	0.583	0.488
Commit4	**0.889**	0.501	0.347	0.281	0.501	0.340	0.533	0.330
Commit5	**0.898**	0.526	0.441	0.336	0.508	0.323	0.582	0.454
EconSat1	0.517	**0.782**	0.502	0.271	0.368	0.317	0.446	0.413
EconSat3	0.519	**0.893**	0.472	0.342	0.386	0.377	0.516	0.478
EconSat4	0.532	**0.842**	0.486	0.275	0.403	0.314	0.479	0.515
EconSat5	0.480	**0.822**	0.502	0.373	0.402	0.336	0.479	0.520
FinanB1	0.411	0.463	**0.796**	0.395	0.369	0.340	0.426	0.417
FinanB2	0.360	0.456	**0.824**	0.420	0.248	0.330	0.404	0.435
FinanB3	0.365	0.497	**0.841**	0.433	0.293	0.444	0.438	0.609
FinanB4	0.380	0.515	**0.835**	0.371	0.273	0.430	0.378	0.570
EBHons1	0.269	0.303	0.420	**0.740**	0.262	0.421	0.348	0.342
EBHons3	0.366	0.353	0.473	**0.806**	0.230	0.353	0.419	0.405
EBResp2	0.289	0.301	0.373	**0.862**	0.216	0.462	0.501	0.366
EBResp3	0.230	0.279	0.348	**0.855**	0.159	0.417	0.449	0.343
SMBrand1	0.492	0.438	0.280	0.281	**0.936**	0.147	0.329	0.294
SMBrand2	0.525	0.452	0.350	0.257	**0.954**	0.240	0.354	0.320
SMBrand3	0.525	0.428	0.381	0.206	**0.936**	0.220	0.328	0.295
SociB1	0.333	0.407	0.397	0.381	0.272	**0.850**	0.430	0.412
SociB2	0.320	0.342	0.379	0.445	0.237	**0.871**	0.495	0.419
SociB4	0.388	0.322	0.365	0.518	0.173	**0.812**	0.562	0.412
SociB5	0.222	0.287	0.404	0.326	0.045	**0.734**	0.448	0.404
SociB6	0.260	0.276	0.377	0.367	0.139	**0.806**	0.446	0.321
SociSat1	0.521	0.503	0.472	0.538	0.346	0.477	**0.851**	0.462
SociSat2	0.564	0.486	0.346	0.436	0.251	0.519	**0.878**	0.355
SociSat3	0.540	0.483	0.367	0.426	0.302	0.480	**0.870**	0.529
SociSat4	0.555	0.515	0.539	0.432	0.337	0.553	**0.859**	0.493
StrucB1	0.235	0.382	0.424	0.313	0.119	0.430	0.376	**0.782**
StrucB11	0.374	0.510	0.500	0.410	0.333	0.313	0.440	**0.763**
StrucB2	0.422	0.462	0.522	0.419	0.222	0.412	0.441	**0.830**
StrucB7	0.320	0.441	0.483	0.238	0.250	0.359	0.342	**0.753**
StrucB8	0.478	0.506	0.544	0.387	0.336	0.438	0.514	**0.884**

4.4.1.2 Convergent Validity

Convergent validity is described as the level to which many items measuring the same concept are in agreement (Ramayah *et al.*, 2011). In light of classical test theory, convergent validity has its basis on the correlation between responses taken through various methods of measuring a particular construct (Peter, 1981). Hair *et al.* (2010) suggested that researchers utilize the factor loadings, composite reliability (CR) and average variance extracted (AVE) to assess convergence validity.

All the items loadings should be over the recommended value of 0.70 (Hair *et al.*, 2011; Valerie, 2012). In addition, composite reliability values reflect the level to which the construct indicators reveal the latent variable and they should be greater than 0.70, as recommended by prior researchers (Hair *et al.*, 2011; Valerie, 2012). In this study, all the composite reliability values ranged from 0.88 to 0.94, as shown in Table 4.8, indicating good convergent validity.

On a final note, the average variance extracted (AVE) measures the variance encapsulated by the indicators relative to measurement error and this should be higher than 0.50 in order to justify the use of the construct (Hair *et al.*, 2011; Valerie, 2012). In this study, the AVEs ranged from 0.64 to 0.88, which were all within the recommended range (see Table 4.8). Therefore, the entire latent variables satisfied the threshold value and were considered to have met the standard recommended for convergent validity.

Table 4.8
Results of Measurement Model

Model Construct	Measurement Item	Loading	Composite Reliability (CR)	Average Variance Extracted (AVE)
Commitment	Commit1	0.869	0.949	0.788
	Commit2	0.906		
	Commit3	0.875		
	Commit4	0.889		
	Commit5	0.898		
Economic satisfaction	EconSat1	0.782	0.902	0.699
	EconSat3	0.893		
	EconSat4	0.842		
	EconSat5	0.822		
Financial bonds	FinanB1	0.796	0.894	0.679
	FinanB2	0.824		
	FinanB3	0.841		
	FinanB4	0.835		
Ethical bonds	EBHons1	0.740	0.889	0.668
	EBHons3	0.806		
	EBResp2	0.862		
	EBResp3	0.855		
SM brands	SMBrand1	0.936	0.959	0.887
	SMBrand2	0.954		
	SMBrand3	0.936		
Social bonds	SociB1	0.850	0.908	0.666
	SociB2	0.871		
	SociB4	0.812		
	SociB5	0.734		
	SociB6	0.806		
Social satisfaction	SociSat1	0.851	0.922	0.748
	SociSat2	0.878		
	SociSat3	0.870		
	SociSat4	0.859		
Structural bonds	StrucB1	0.782	0.901	0.646
	StrucB11	0.763		
	StrucB2	0.830		
	StrucB7	0.753		
	StrucB8	0.884		

4.4.1.3 Discriminant Validity

Discriminant validity of the measures is the degree to which items differentiate among constructs or measure distinct concepts. Hair *et al.* (2011) stated that discriminant validity stipulates that each latent constructs' AVE should be higher than the construct's highest squared correlation with other latent construct (Fornell–Larcker's [1981] criterion) and the indicator's loadings should be greater than all its cross loadings.

In the present study, discriminant validity of the measures was assessed through the Fornell and Larcker's (1981) criterion. Similar with correlation matrix depicted in Table 4.9, the diagonal elements are the average variance square root extracted from the latent constructs. The discriminant validity exists if the diagonal elements are greater than other off-diagonal elements in the rows and columns. This was evidently the case in the correlation matrix, and hence, confirmed discriminant validity.

4.4.1.4 Reliability Analysis

Cronbach's alpha coefficient was utilized in the present study along with composite reliability values to examine the inter-item consistency of the measurement items. The Cronbach's alpha and composite reliability (CR) values should be higher than 0.70 (Hair *et al.*, 2011; Valerie, 2012). Table 4.10 presents the values of Cronbach's alpha and CR of all constructs. It is evident that all exceeded the recommended value of 0.70. Hence, construct reliability was confirmed.

Table 4.9

Correlations among Constructs and Discriminant Validity

	Commitment	**Economic satisfaction**	**Financial bonds**	**Ethical bonds**	**SM Brands**	**Social bonds**	**Social satisfaction**	**Structural bonds**
Commitment	**0.888**							
Economic satisfaction	0.613	**0.836**						
Financial bonds	0.460	0.587	**0.824**					
Ethical bonds	0.354	0.378	0.491	**0.817**				
SM brands	0.546	0.466	0.359	0.263	**0.942**			
Social bonds	0.378	0.402	0.470	0.505	0.216	**0.816**		
Social satisfaction	0.631	0.575	0.500	0.529	0.358	0.587	**0.865**	
Structural bonds	0.465	0.577	0.619	0.445	0.322	0.484	0.532	**0.804**

Table 4.10
Cronbach's Alpha and Composite Reliabilities of Constructs

	Number of items	Cronbach's alpha	Composite Reliabilities
Commitment	5	0.933	0.949
Economic satisfaction	4	0.855	0.902
Financial bonds	4	0.842	0.894
Ethical bonds	4	0.833	0.889
SM brands	3	0.936	0.959
Social bonds	5	0.874	0.908
Social satisfaction	4	0.888	0.922
Structural bonds	5	0.863	0.901

4.4.1.5 Descriptive Analysis

A descriptive analysis was then conducted to describe the general situation of large retailer's economic and social satisfaction, financial and structural bonds, social and ethical bonds, retailer's commitment, and strength of manufacturer's national brands in the Yemeni context. As can be seen in Table 4.11, the mean, standard deviation, maximum and minimum of the constructs were reported. For ease of interpretation of the Likert scale five- point, the current study used three equal sized categories as follows: scores less than 2.33 [4/3 + lowest value (1)] were considered low; scores of 3.67 [highest value (5) - 4/3] high, and those in between moderate.

Table 4.11 shows that the minimum value of most of the constructs was 1.00 and the maximum value was 5.00, which were the minimum and maximum levels in the Likert scale used in this study. In addition, the data revealed that social satisfaction had the maximum mean value of 3.97 with the lowest standard deviation (0.70). On the other hand, structural bonds had the minimum mean value of 3.64 with the third highest standard deviation (0.81). In general, these results indicated that the respondents tended to exhibit high levels of social and economic satisfaction. This indicates that the retailers had high levels of social, financial and ethical bonds with their national food suppliers. They also highly emphasized that their suppliers had strong national brands and tended to highly commitment to their suppliers. However, the respondents indicated a medium level of structural bonds in their relationship with their national food suppliers.

Table 4.11
Descriptive Statistics of the Constructs (n=140)

Construct	Mean	Std. Deviation	Minimum	Maximum
Financial bonds	3.69	0.70	1.00	5.00
Structural bonds	3.64	0.81	1.40	5.00
Social bonds	3.94	0.73	1.20	5.00
Ethical bonds	3.77	0.68	1.00	5.00
Economic satisfaction	3.85	0.71	1.75	5.00
Social satisfaction	3.97	0.70	2.00	5.00
SM brands	3.85	1.19	1.00	5.00
Commitment	3.81	0.91	1.00	5.00

4.4.2 Structural Model

After analyzing the measurement model, the next step in the PLS Analysis was to evaluate the structural model, i.e. by analyzing the inner model. To do this, the researcher depended on requirements mentioned by Chin (2010, p. 656), Hair *et al.* (2013, p. 7), Hair *et al.* (2011, p. 145), and Valerie (2012, p. 109), by considering the R^2 values, effect size (f^2), predictive relevance of the model, and goodness of fit (GoF). The level and significance of the path coefficients and bootstrapping were employed to test the study hypotheses.

4.4.2.1 R Square (R^2)

In the evaluation of the structural model by PLS-SEM, Hair *et al.* (2011, p. 147) argued that:

> "the primary evaluation criteria for the structural model are the R^2 measures and the level and significance of the path coefficients. Because the goal of the prediction-oriented PLS-SEM approach is to explain the endogenous latent variables' variance, the key target constructs' level of R^2 should be high. The judgment of what R^2 level is high depends, however, on the specific research discipline. Whereas R^2 results of 0.20 are considered high in disciplines such as consumer behavior, R^2 values of 0.75 would be perceived as high in success driver studies. In marketing research studies, R^2 values of 0.75, 0.50, or 0.25 for endogenous latent variables in the structural model can, as a rule of thumb, be described as substantial, moderate, or weak, respectively".

Accordingly, the quality of the structural model can be assessed by R^2 value which shows the variance in the endogenous variable that is explained by the exogenous variables. Based on the results reported in Figure 4.3, it can be explained that, firstly, the R^2 was found to be 0.424, indicating that financial bonds, structural bonds, social bonds and ethical bonds can account for 42.4% of the variance in the economic satisfaction, which is in the weak range. Secondly, the R^2 value of social satisfaction was 0.526, suggesting that 52.6% of the variance in extent of social satisfaction can be explained by social bonds, ethical bonds, structural bonds, financial bonds and economic satisfaction. Since the R^2 value was very close to 50%, it was in the moderate range. Finally, the R^2 of commitment was 0.574, indicating that economic and social satisfaction, brand strength, brand strength*economic satisfaction and brand strength*social satisfaction can account for 57.4% of the variance in the commitment, which was also in the moderate range.

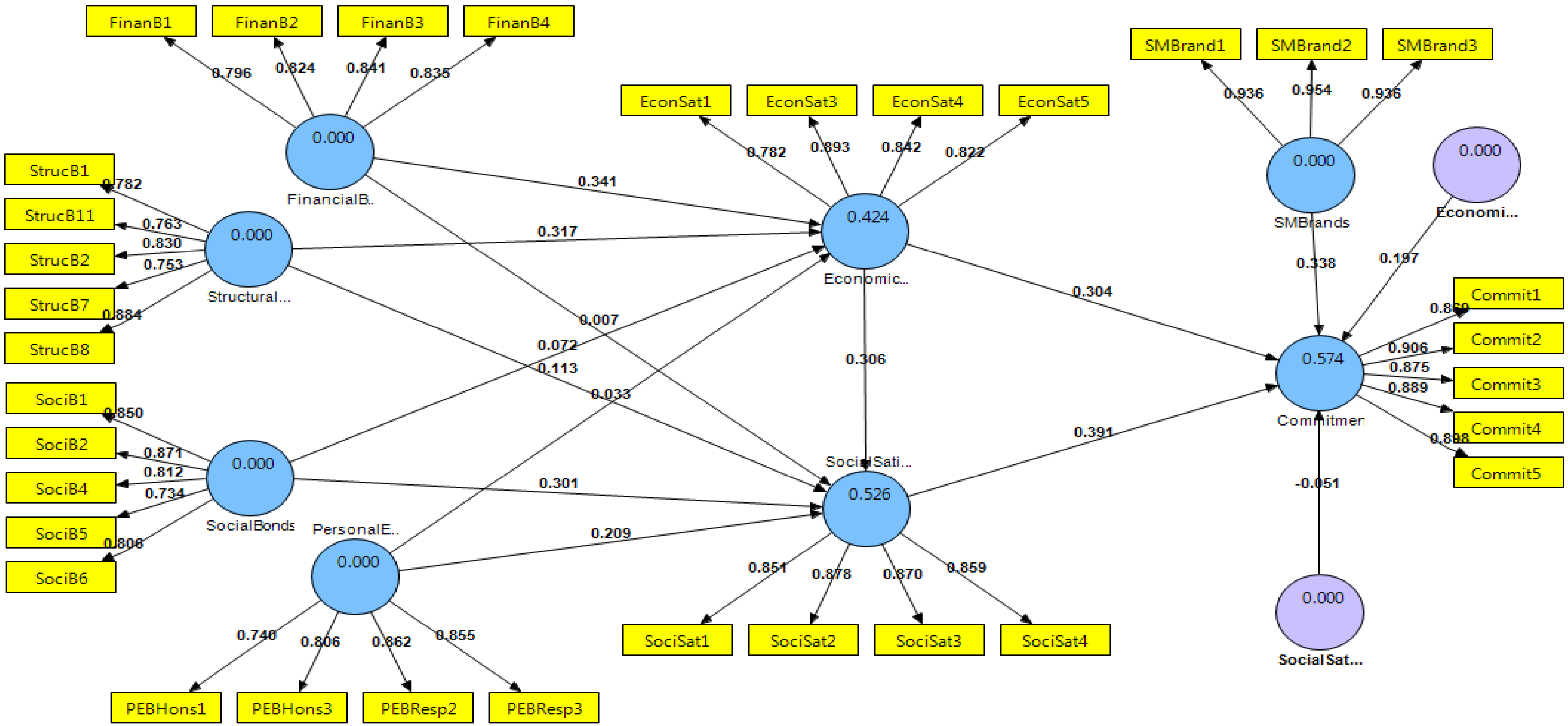

Figure 4.3

Items Loadings, Path Coefficient and R^2 Values

4.4.2.2 Effect Size (f^2)

It is also good to determine the effect sizes of specific latent variables' impact upon the dependent variables with the help of f^2 analysis which is complementary to R^2 (Chin, 2010). The f^2 effect size was calculated as it is not automatically provided in PLS. The researcher manually calculated it with the help of the formula; f^2 = (R^2 included - R^2 excluded) / (1 - R^2 included) represented by:

$$\text{Effect size : } f^2 = \frac{R^2_{incl} - R^2_{excl}}{1 - R^2_{incl}}$$

The f^2 values of 0.02, 0.15 and 0.35, respectively, were used to interpret small, medium and large effect sizes of the predictive variables, as recommended by Cohen (1988). Based on the proposed model of the study, the effect sizes of specific latent variables and the moderator's role can be evaluated by the same formula proposed by Cohen (1988). Various researchers have made use of such assessment in the PLS analysis (Landau & Bock, 2013; Lew & Sinkovics, 2013).

As for the moderator model, the moderating impact can be assessed by comparing the proportion of variance explained (expressed by R^2 of the main effect model [the model without moderating effect]) along with the R^2 of the full model (the model with moderating effect). This premise was made on the basis of the effect size. According to Cohen (1988, p. 412, as cited in Henseler & Fassott, 2010, p.732), the effect size f^2 is calculated using the formula provided below. Hair *et al.* (2013), and Henseler and Fassott (2010) recommended that the main effects be changed into simple/single effects when analyzing the moderator model.

$$f\ 2 = \frac{R^2\ model\ with\ moderator - R^2\ model\ without\ moderator}{1 - R^2\ model\ with\ moderator}$$

Table 4.12 shows small effect size of financial and structural bonds (f^2=0.109, 0.097, respectively) but very small effect sizes of social and ethical bonds (f^2=0.005, 0.002, respectively) on economic satisfaction. Financial and structural bonds had very small effect on social satisfaction (f^2=0.0009, 0.013, respectively). Meanwhile, social bonds, ethical bonds, and economic satisfaction had small effects (f^2=0.120, 0.059, 0.112, respectively). Table 4.12 also shows that a small effect size of brand strength on the relationship between economic satisfaction and commitment as a moderating effect (f^2=0.033) whereas a very small effect size of brand strength on the relationship between social satisfaction and commitment as a moderating effect (f^2=0.002). Finally, there was a medium effect of social satisfaction on commitment with f^2 value of 0.235 while there were small effects of economic satisfaction and brand strength with f^2 values of 0.101 and 0.113, respectively.

Table 4.12
Effect Sizes of Latent Variables

	R^2	**f^2**	**Effect size rating**
Economic satisfaction	0.424		
Financial bonds	-	0.109	Small effect
Structural bonds	-	0.097	Small effect
Social bonds	-	0.005	Very small effect
Personal ethical bonds	-	0.002	Very small effect
Social satisfaction	0.526		
Financial bonds	-	0.0009	Very small effect
Structural bonds	-	0.013	Very small effect
Social bonds	-	0.120	Small effect
Personal ethical bonds	-	0.059	Small effect
Economic satisfaction	-	0.112	Small effect
Commitment	0.574		
Econsatis*SMbrands	-	0.033	Small effect
Socisatis*SMbrands	-	0.002	Very small effect
Economic satisfaction	-	0.101	Small effect
Social satisfaction	-	0.235	Medium effect
SMbrands	-	0.113	Small effect

4.4.2.3 Predictive Relevance of the Model

In addition to assessing the quality of the structural model by considering the R^2 values and effect sizes, it can also be assessed by using a blindfolding procedure to generate the cross-validate communality and cross-validated redundancy. Based on the recommendation of Hair *et al.* (2011), cross-validated redundancy was assessed by the PLS-SEM estimates of both the structural model and the measurement models to predict data, which perfectly fit the PLS-SEM approach. If an endogenous construct's cross-validated redundancy measure value (i.e., Q^2) for a certain endogenous latent variable is larger than zero, its explanatory latent constructs exhibit predictive relevance.

The Q^2 is a criterion to evaluate how well the model predicts the data of omitted cases which is referred to as predictive relevance (Hair *et al.*, 2013). According to Valerie (2012, p. 109), Stone-Geisser's test is calculated by the following formula: $Q^2=1-SSE/SSO$. To use blindfolding to obtain Q^2, Hair *et al.* (2011) recommended that the number of cases in the data must not be a multiple integer number of the omission distance *d* "otherwise the blindfolding procedure yields erroneous results", and they suggested to choose a value of *d* between 5 and 10. Therefore, this study used 9 as a value for *d* to obtain cross-validated redundancy measures for each dependent variable.

As suggested by Hair *et al.* (2011), the model will have predictive quality if the cross-redundancy value is more than zero; otherwise the predictive relevance of the model cannot be concluded. Table 4.13 shows that the obtained cross validated redundancy values for commitment, economic and social satisfaction were found to be 0.428, 0.279 and 0.362, respectively. These results support the claim that the model has an adequate prediction quality.

Table 4.13
Prediction Relevance of the Model

Total	SSO	SSE	1-SSE/SSO
Commitment	700.000000	400.368758	0.428045
Economic satisfaction	560.000000	404.005314	0.278562
Social satisfaction	560.000000	357.196405	0.362149

4.4.2.4 Goodness of Fit (GoF) of the Model

PLS Structural Equation Modeling possesses a single measure of GoF, defined by Tenenhaus *et al*. (2005, p.176) as the global fit measure, that is, a geometric mean of the average variance extracted and the endogenous variables average R^2. It is calculated with the help of the formula below:

$$\text{GoF}=\sqrt{(\overline{R^2} \times \overline{AVE})}$$

$$\text{GoF}=\sqrt{(0.508 \times 0.7292)} = 0.608$$

Based on the result obtained, the GoF value of 0.608 was compared with the baseline values as recommended by Wetzels *et al.* (2009) (small = 0.1, medium = 0.25, and large = 0.36). The result indicated that the model's goodness of fit measure was higher than the adequate validity of the global PLS model.

4.4.2.5 Hypotheses Testing

The final step was to test the hypothesized relationships by running PLS algorithm and bootstrapping algorithm in SmartPLS 2.0 3M. Although path coefficients are very important in PLS analysis, Hair *et al.* (2011) confirmed that when paths are non-significant or reveal signs that are against the hypothesized direction, the prior hypothesis should be rejected. On the other hand, significant paths showing the hypothesized direction support the proposed causal relationship empirically. Further, they stated that each path coefficient's significance, just as with the indicators' weights and loadings, can be assessed by means of a bootstrapping procedure. In the previous Figure 4.3, we can clearly see the items loadings, path coefficient, and R^2 values.

Using the bootstrapping method in the assessment of path coefficients entails a least bootstrap sample of 5000 and the number of cases should be equal to the number of observations in the original sample (Hair *et al.*, 2011). Moreover, the critical t-values for a two-tailed test are 1.65 (with a significance level of 10%), 1.96 (with a significance level of 5%), and 2.58 (with a significance level of 1%). Along this vein, the researcher set 5000 re-sampling with a replacement number from the bootstrap cases equal to the original number of sample (140) in order to produce standard errors and obtain t-statistics. Figure 4.4 and Table 4.14 contain the path coefficient and the bootstrapping results, where the hypothesized relationships below were tested:

H1: Result revealed that the proposed relationship between financial bonds and economic satisfaction was highly significant ($\beta = 0.341$, $t = 3.887$) and hence the hypothesis was supported.

H2: Financial bonds did not show any association with social satisfaction ($\beta = 0.007$, $t = 0.131$) and therefore the hypothesis was not supported.

H3: Structural bonds and economic satisfaction was highly significant ($\beta = 0.317$, $t = 2.953$) and hence the hypothesis was supported.

H4: No support was found for H4 because structural bonds were not positively associated with social satisfaction ($\beta = 0.113$, $t = 1.504$).

H5: Result also offered no support for H5 because social bonds were not positively significant in determining economic satisfaction ($\beta = 0.072$, $t = 1.163$).

H6: Result showed a strong positive association between social bonds and social satisfaction ($\beta = 0.301$, $t = 2.938$) and hence the hypothesis was supported.

H7: Result provided no support for H7 ($\beta = 0.033$, $t = 0.643$). This implies that the extent of economic satisfaction was not influenced by ethical bonds.

H8: Finding revealed that ethical bonds had a strong association with social satisfaction ($\beta = 0.209$, $t = 2.758$) and hence the hypothesis was supported.

H9: Result showed economic satisfaction and social satisfaction were highly significantly associated ($\beta = 0.306$, $t = 3.363$) and therefore the hypothesis was supported.

H10: Result also showed a strong positive association between economic satisfaction and commitment ($\beta = 0.304$, $t = 3.315$) and hence the hypothesis was supported.

H11: Result provided the highest support for H11 ($\beta = 0.391$, $t = 5.208$). This indicates that a strong positive association between social satisfaction and commitment existed.

H12: Results provided support for H12 ($\beta = 0.197$, $t = 2.223$). This indicates that the strength of manufacturer's brands had a moderating effect on the relationship between economic satisfaction and commitment. In other words, the strength of manufacturer's brands enhances the relationship between economic satisfaction and commitment.

H13: Result provided no support for H13 ($\beta = -0.051$, $t = 0.768$). This implies that the strength of manufacturer's brands had no moderating effect on the relationship between social satisfaction and commitment.

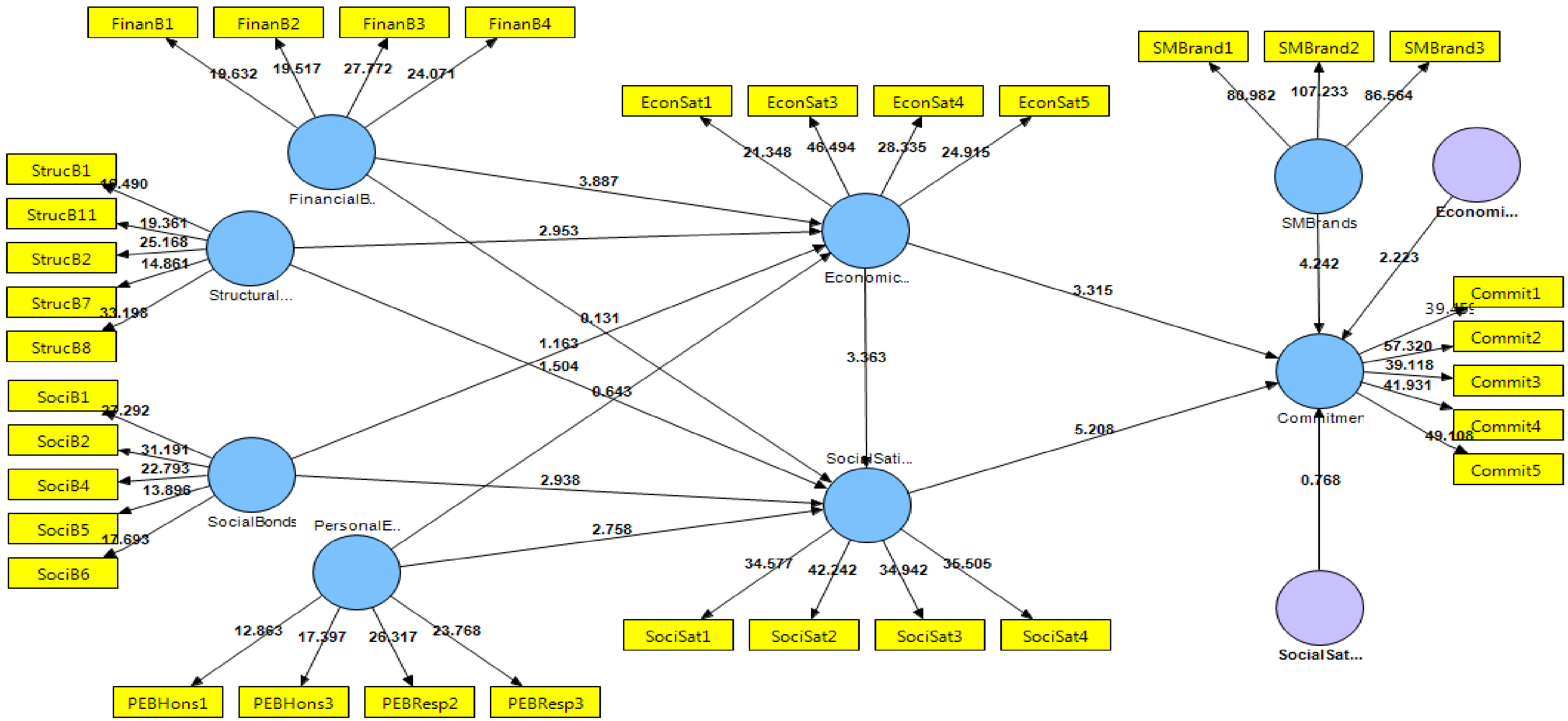

Figure 4.4

PLS Bootstrapping (t-values) for the Study Model

Table 4.14
Result of Hypothesis Testing

Hypothesis	Relationship	Path coefficient	Standard error	t-value	Supported
H1	Financial bonds →Economic satisfaction	0.341	0.088	3.887***	Yes
H2	Financial bonds →Social satisfaction	0.007	0.051	0.131	No
H3	Structural bonds →Economic satisfaction	0.317	0.107	2.953***	Yes
H4	Structural bonds →Social satisfaction	0.113	0.075	1.504	No
H5	Social bonds →Economic satisfaction	0.072	0.062	1.163	No
H6	Social bonds →Social satisfaction	0.301	0.102	2.938***	Yes
H7	Ethical bonds →Economic satisfaction	0.033	0.051	0.643	No
H8	Ethical bonds →Social satisfaction	0.209	0.076	2.758***	Yes
H9	Economic satisfaction →Social satisfaction	0.306	0.091	3.363***	Yes
H10	Economic satisfaction → Commitment	0.304	0.092	3.315***	Yes
H11	Social satisfaction →Commitment	0.391	0.075	5.208***	Yes
H12	Economic satisfaction * SM brands →Commitment	0.197	0.089	2.223**	Yes
H13	Social satisfaction * SM brands →Commitment	-0.051	0.066	0.768	No

Note.
t-values > 1.65* ($p < 0.10$); t-values > 1.96** ($p < 0.05$); t-values > 2.58*** ($p < 0.01$)

4.4.3 Additional Analysis

4.4.3.1 Analysis of the Effect of Manufacturer's Brand Strength as a Moderator

In Table 4.14, result of hypothesis testing showed that the moderating effect of manufacturer brands' strength on the relationship between economic satisfaction and commitment was supported; No support was found on the relationship between social satisfaction and commitment. However, to get more details of these relationships, we used SPSS. By doing so, these relationships could be reflected by line graph.

In Figure 4.5 and 4.6, there were two different curves in the relationship between economic satisfaction and commitment, which represented strong and weak brands for national food manufacturers. The curves of strong and weak brands were always positive for the relationship between economic satisfaction and commitment, but the curve of strong brands was found to be faster (larger area or make more right angle) than the curve of weak brands (Dawson, 2013). This means the strong brands enhance more the relationship between retailer's economic satisfaction and its commitment towards the manufacturer than weak brands. In other word, when a manufacturer has strong brands, the retailer's economic satisfaction will increase the retailer's commitment towards it more than the manufacturer who has weak brands.

But Table 4.14 showed that the moderating effect of strength of manufacturer's brands on the relationship between social satisfaction and commitment was not supported. Figure 4.7 also confirmed this result. It can be concluded that there was no statistically significant difference between the curves of strong and weak brands in the social satisfaction-commitment relationship. This indicates that strong and weak brands did not moderate the relationship between retailer's social satisfaction and its commitment towards the manufacturer.

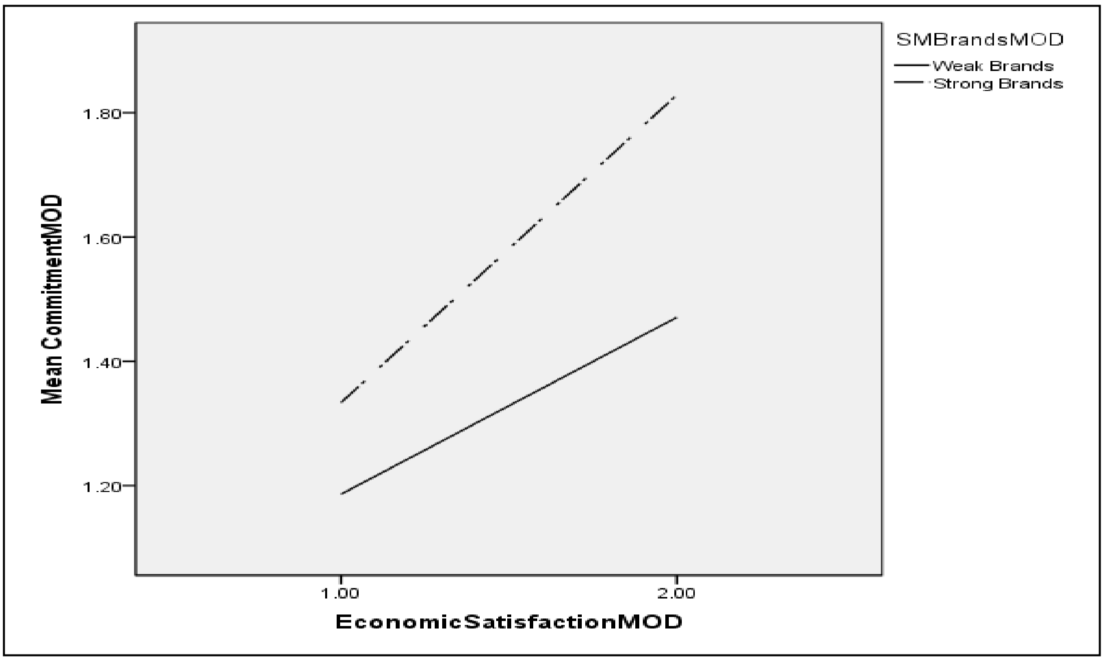

Figure 4.5

The moderating effect of SM Brands on Economic Satisfaction-Commitment Relationship (A)

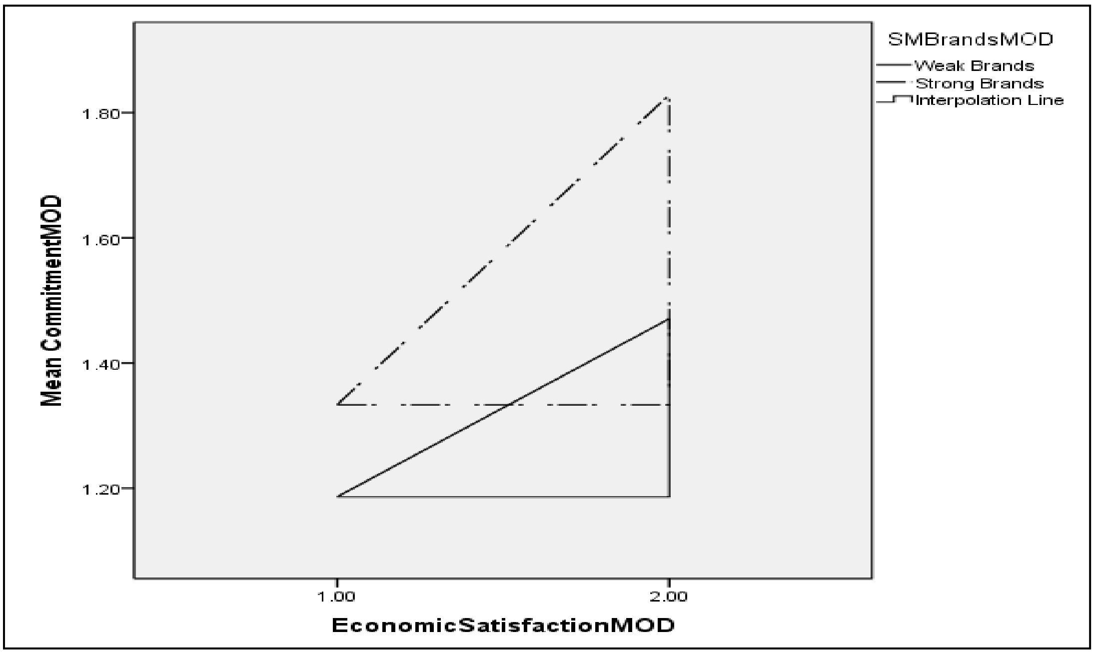

Figure 4.6

The moderating effect of SM Brands on Economic Satisfaction-Commitment Relationship (B)

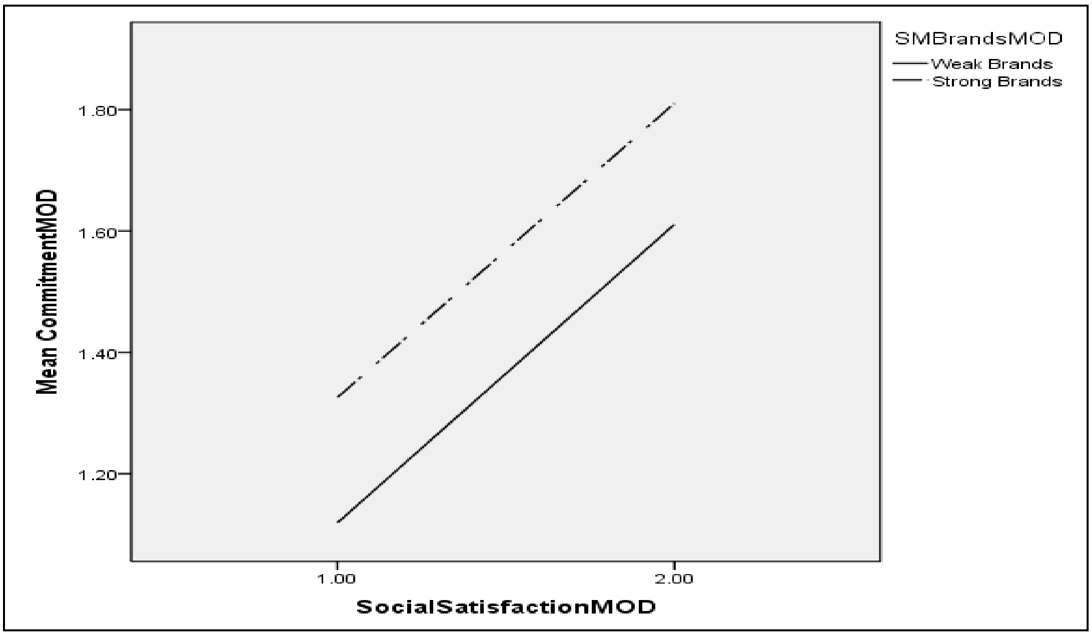

Figure 4.7
The moderating effect of SM Brands on Social Satisfaction-Commitment Relationship

4.4.3.2 Analysis of the Effect of Economic and Social Satisfaction as Mediators

The design of the study model provides a unique opportunity to investigate the mediating role of economic satisfaction between marketing relationship bonds and social satisfaction, and investigate the mediating role of social satisfaction between economic satisfaction and commitment. Although the literature on relationship marketing emphasizes the importance of the mediating role of economic satisfaction (Chung *et al.*, 2011), there is limited number of empirical research that addressed the mediating role of economic and social satisfaction in the context of channel relationship. Thus, the study model provides a good opportunity to examine the following five additional hypotheses:

H1a: Economic satisfaction positively mediates financial bonds and social satisfaction.

H2a: Economic satisfaction positively mediates structural bonds and social satisfaction.

H3a: Economic satisfaction positively mediates social bonds and social satisfaction.

H4a: Economic satisfaction positively mediates ethical bonds and social satisfaction.

H5a: Social satisfaction positively mediates economic satisfaction and commitment.

To test the above hypotheses, the researcher used PLS, particularly bootstrapping, to examine whether economic satisfaction (as a mediator variable) is significantly influenced by marketing relationship bonds (independent variables) and hence social satisfaction (dependent variable). In the other word, the study attempted to examine whether the indirect effect of financial, structural, social and ethical bonds on social satisfaction through economic satisfaction is significant or otherwise. In addition, the researcher was interested in examining whether social satisfaction (as a mediator variable) significantly mediates between economic satisfaction and commitment or not. Table 4.15 shows the results of additional hypothesis. In sum, the results are as follows:

H1a: In the relationship between financial bonds → economic satisfaction → social satisfaction, results indicated that economic satisfaction was a full mediator ($t = 2.383$, $p < 0.05$). In the other word, financial bonds had an indirect effect on social satisfaction via economic satisfaction. This provides support for H1a.

H2a: In the relationship between structural bonds → economic satisfaction → social satisfaction, the effect of structural bonds on social satisfaction was also fully mediated by economic satisfaction (t-value = 2.352, $p < 0.05$) and hence the hypothesis was supported.

H3a: Result provided no support for H3a regarding the relationship between social bonds → economic satisfaction → social satisfaction ($t = 1.023$, $p < 0.153$) because social bonds did not have an indirect effect on social satisfaction and economic satisfaction. This means economic satisfaction is not a mediator between social bonds and social satisfaction.

H4a: Also, result indicated that economic satisfaction did not play a role of mediator ($t = 0.584$, $p < 0.280$) in the relationship between ethical bonds → economic satisfaction → social satisfaction. Hence, the hypothesis was not supported. This implies ethical bonds have a direct effect on social satisfaction (key hypothesis H8) but not indirectly through economic satisfaction.

H5a: In the relationship between economic satisfaction → social satisfaction → commitment, social satisfaction was a partial mediator ($t = 2.797$, $p < 0.01$) and the hypothesis was therefore supported. Meaning that, economic satisfaction had a direct effect on commitment and an indirect effect through social satisfaction.

Table 4.15

Mediating Effect of Economic and Social Satisfaction

Additional hypotheses		C		$\overline{C}$		a		b		a*b		Mediating effect	Supported
		Path	**t**	**Path**	**t**	**Path**	**t**	**Path**	**t**	**Path**	**t = a*b/Sa*b**		
H1a	Financial bonds → economic satisfaction → social satisfaction	0.116	1.669*	0.007	0.131	0.341	3.887***	0.306	3.363***	0.044	2.383**	Full mediation	Yes
H2a	Structural bonds → economic satisfaction → social satisfaction	0.209	2.480**	0.113	1.504	0.317	2.953***	0.306	3.363***	0.041	2.352**	Full mediation	Yes
H3a	Social bonds → economic satisfaction → social satisfaction	0.324	3.356***	0.301	2.938***	0.072	1.163	0.306	3.363***	0.022	1.023	No mediation	No
H4a	Ethical bonds → economic satisfaction → social satisfaction	0.217	2.738***	0.209	2.758***	0.033	0.643	0.306	3.363***	0.017	0.584	No mediation	No
H5a	Economic satisfaction → social satisfaction → commitment	0.498	6.136***	0.304	3.315***	0.306	3.363***	0.391	5.208***	0.043	2.797***	Partial mediation	Yes

Note.

t-values > 1.65* (p< 0.10); t-values > 1.96** (p< 0.05); t-values > 2.58*** (p< 0.01)

4.5 Summary of Findings

This chapter has reported the findings of this study. It has also presented findings on the response rate and characteristics, techniques employed in measurement refinements, and analyses run to examine the instrument validity and reliability tests, among others. Descriptive statistics showed that in general, respondents indicated high levels of economic and social satisfaction towards national food manufacturers. More importantly, this chapter has offered results of PLS analysis that was obtained from evaluation of the measurement model, structural model and hypotheses testing.

As indicated in the various analyses above, eight of 13 key hypotheses were accepted as being significant. Five hypotheses were rejected because of insignificant findings. In addition to 13 hypotheses, five additional hypotheses were tested and out of these, three were supported, while two were not supported.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.1 Introduction

This chapter is dedicated to summarizing the study, discussing its findings and highlighting its contributions to the theoretical and methodological literature. It also offers recommendations for managers. It also presents limitations of the study and suggests future research avenues. Finally, this chapter summarizes and concludes the study.

5.2 Recapitulations of Research Findings

Essentially, this study was greatly motivated by the practical gaps in the context of the relationship between large retailers and national food manufacturers in the Yemeni market, which converge with the theoretical gaps in the relevant literature concerning the relationship between antecedents and consequences of the modern concept of relationship satisfaction (economic and social) in the context of a manufacturer-retailer relationship.

Based on previous studies in relationship marketing (e.g., Bolton *et al.*, 2003; Dwyer *et al.*, 1987; Jonsson & Zineldin, 2003; Smith, 1998; Wang *et al.*, 2006; Wilson, 1995), a theoretical model of a manufacturer-retailer relationship was developed to show proposed testable relationships among the study constructs in the context of large retailers and their supplier of national food products in the Yemeni market. The model was to assist in answering the following questions: (1) What are the levels of retailer's economic and social satisfaction with national food manufacturers in the Yemeni market? (2) What are the relationships between organizational bonds (financial and structural bonds) and retailers' relationship satisfaction (economic and social satisfaction)? (3) What are the relationships between interpersonal bonds (social and ethical bonds) and retailers' relationship satisfaction (economic and social satisfaction)? (4) What was the relationship between retailer's economic satisfaction and retailer's social satisfaction? (5) What are the relationships between retailer's relationship satisfaction (economic and social satisfaction) and retailer's commitment to national food manufacturers? (6) Does the strength of national food manufacturer's brands moderate the relationship between retailer's relationship satisfaction (economic and social satisfaction) and retailers' commitment?

Consistent with the research questions, a number of research objectives were sought to be accomplished. Primarily, the objectives were to: (1) determine the levels of retailer's economic and social satisfaction with national food manufacturers in the Yemeni market; (2) to investigate the relationships between marketing relationship bonds (organizational and interpersonal bonds) and dimensions of retailers' relationship satisfaction; (3) investigate the relationship between economic and social satisfaction and their effect on commitment; and (4) determine the moderating effect of the strength of the manufacturer's brands on the relationship between retailer's relationship satisfaction (economic and social satisfaction) and retailers' commitment.

As mentioned at the beginning of the fourth chapter, data were gathered from large retailers in the Yemeni market. Two hundred and sixty six questionnaires were distributed via drop-off-survey and 154 questionnaires were returned, representing

57.8% participation. However, only 143 were useable, hence the effective response rate was 53.7%.

To test the factorial validity of the measurement instruments, this study used two analyses: (1) exploratory factor analysis (EFA) to analyze the data of the pilot study; and (2) confirmatory factor analysis (CFA) to examine the data of the main survey. Results of the EFA analyses indicated that only one item had a loading less than 0.40, which was subsequently excluded from the final study. On the other hand, results of the CFA analyses suggested 18 items to be removed based on the PLS requirements.

Also, the data were analyzed using the PLS version 2.0 M3 to test the hypothesized relationships in the structural model of the study. Of the three alternative significance levels available for researchers, this study used the 0.05-level of significance as the critical level for deciding the acceptability or rejection of the hypotheses. The findings of the analysis were reported in Chapter 4 to be further discussed in the following sub-sections.

5.3 Discussion

To discuss the empirical study's findings, the sub-sections are organized to answer the six main research questions set earlier, and to achieve the research objectives.

5.3.1 Levels of Retailer's Economic and Social Satisfaction with National Food Manufacturer

In order to achieve the first objective of the study, a descriptive statistics was conducted. Result was reported in Table 4.11 in chapter four. The result revealed that the levels of social and economic satisfaction among large retailers were high, and the level of social satisfaction was higher than the level of economic satisfaction. This indicates that large retailers derived two types of satisfaction with their relationship with national food manufacturers. One of them is economic satisfaction that results from the evaluation of different operative aspects of the commercial interchange. The social component of satisfaction, the second satisfaction dimension, stems from affective and social elements, linked to the evaluation of different aspects of the interchange. In other words, the large retailers received the expected economic and social outcomes from the existing business relationship with the national food suppliers. The high level of relationship satisfaction (economic and social) will result in successful and mutually beneficial relationship.

The most plausible reason for the high level of relationship satisfaction may be due to the retailers' dependency on the national food manufacturer who provides critical and important resources. Other reason is probably due to the fact that the manufacturer has more control over critical resources which contributes to the relationship-oriented business that allows the retailers to obtain high economic and social benefits. In this situation, the retailers will be economically and socially satisfied with the national food manufacturers.

This finding is consistent with findings of other studies in the context of non-durable goods. For example, Gil *et al.*'s (2008) study in Brazil found that food retailers had high levels of economic and social satisfaction with their suppliers that strengthened the relationship. Similarly, Zhang (2004) found the mean values for the foreign apparel retailers' perceptions of non-economic satisfaction and economic satisfaction were 4.51 and 3.46, respectively, on a six-point scale. He also confirmed the importance of both types of satisfaction to enhance the relationship. In addition, the result of this study is consistent with other studies in the context of durable goods. For instance, a study by Jonsson and Zineldin (2003) on the relationship between Swedish lumber retailers and their suppliers found that firms with high level of relationship satisfaction perceived their supplier with better reputation and developed stronger relationship when compared to low relationship satisfaction among retailers. Furthermore, study of Nor Azila *et al.* (2011) demonstrated that the level of relationship satisfaction among dealers tended to be high in the Malaysian automobile industry, indicating that they received expected outcome from the existing business relationship which led them to form a positive overall impression towards the whole relationship and, hence, make the relationship successful and beneficial.

5.3.2 Impact of Organizational Bonds on Retailer's Economic and Social Satisfaction

In order to achieve the second objective of this study regarding the impact of organizational bonds (financial and structural bonds) on retailer's relationship satisfaction (economic and social satisfaction), the path coefficients and bootstrapping in SmartPLS 2.0 3M were examined. As shown in Table 4.14, only two relationships between financial and structural bonds, and retailer's economic satisfaction were found to be significant (H1 and H3) while the other two relationships between financial and structural bonds, and retailer's social satisfaction were found not to be significant (H2 and H4). The result indicated that the national food manufacturer's organizational bonds (financial and structural bonds) had positive influence on large retailer's economic satisfaction, while such bonds did not have statistically significant effect on social satisfaction in the Yemeni market.

The present finding seems to be consistent with Bolton *et al.* (2003) who found that structural bonds created by the exchange of economic resources (financial or operational) had a strong effect on interorganizational satisfaction (economic satisfaction). However, most studies in the literature of relationship marketing (e.g., Chen & Chiu, 2009; Jonsson & Zineldin, 2003; Peltier & Westfall, 2000; Shammout, 2007; Smith, 1998; Wang *et al.*, 2006) demonstrated that financial and structural bonds had a positive effect on overall relationship satisfaction, not separate effects on the dimensions of relationship satisfaction, although Gil *et al.* (2008) and Rodriguez *et al.* (2006) emphasized the importance of differentiating between the economic and social satisfaction in the B2B relationships. Thus, the finding of this study contributes to enrichment of the literature by identifying the differential impacts of financial and structural bonds on economic satisfaction even though no significant influence on social satisfaction was found in the context of B2B relationships.

Additional analysis was run to examine the relationships between financial and structural bonds and social satisfaction by considering economic satisfaction as a mediator (see Table 4.15). Result showed that economic satisfaction fully mediated the relationship between financial bonds and social satisfaction, and the relationship between structural bonds and social satisfaction. The finding suggests that financial and structural bonds had significant direct effects on retailer's economic satisfaction, and had significant indirect effects on retailer's social satisfaction. These findings corroborate the arguments of Dwyer *et al.* (1987) and Geyskens and Steenkamp (2000), who maintained that the relationship between the members of the marketing channel are primarily economic in which they depend on economic results to survive and grow. For example, when retailers are economically satisfied with their suppliers due to economic sources and bonds, the former will be more likely to respond favorably and constructively to a particular challenging circumstance, which results in increased social satisfaction (Chung *et al.*, 2011).

Finding of this study that showed financial bonds were more influential on economic satisfaction than structural bonds confirms Schakett *et al*.'s (2011) findings, which demonstrated that in B2B relationships overall relationship satisfaction was more affected by economic bonds (financial bonds) than structural bonds. However, the result of the present study is inconsistent with that reported by Shammout (2007) and Wang *et al.* (2006). In their studies, they found that structural bonds were more influential on overall relationship satisfaction than financial bonds. Such inconsistency may be because their studies were conducted in different settings, with the former in a hotel industry and the latter in an information service industry and both of them in the context of B2C. The different results confirm Wong *et al.*'s (2006) argument that the effects of organizational bonds on relationship satisfaction may be different in the contexts of B2C and B2B.

From these results, it can be argued that a manufacturer/supplier could boost a retailer's economic satisfaction by building good financial bonds and structural bonds based on the economic exchange (Bignoux, 2006). Focusing on the rewards or incentives offered to the retailer such as discounts, reward program, free gifts or extra prompt services, and on the structure, governance, and institutional of norms will help enhance the retailer-manufacturer relationship. Emphasis on these bonds is imperative since this study found that organizational bonds such as financial and structural bonds are the primary drivers of economic satisfaction and the secondary drivers of social satisfaction.

5.3.3 Impact of Interpersonal Bonds on Retailer's Economic and Social Satisfaction

The third objective of the study was to investigate the relationships between interpersonal bonds (social and ethical bonds) and retailer's relationship satisfaction (economic and social satisfaction) in the Yemeni market. Four hypotheses were tested to meet this research objective. The final result from the empirical data analysis shows that only two relationships between social and ethical bonds, and retailer's social satisfaction were found to be significant (H6 and H8) while the other two relationships between social and ethical bonds, and retailer's economic satisfaction were found not to be significant (H5 and H7) (see Table 4.14). These indicate that the national food manufacturer's interpersonal bonds (social and ethical bonds) had a positive and significant impact on large retailer's social satisfaction but not on economic satisfaction in the Yemeni market.

For the hypotheses that received empirical support (H6 and H8), the findings are theoretically consistent with those of Bolton *et al.* (2003), who demonstrated a direct significant impact between social bonds created by employee-delivered service and customers' relationship satisfaction with company representatives (interpersonal satisfaction or social satisfaction). In addition, the present study's findings provide support for previous research that examined social bonds and overall relationship satisfaction (e.g., Peltier & Westfall, 2000; Schakett *et al*., 2011; Shammout, 2007; Smith, 1998; Wang *et al.*, 2006). Furthermore, the findings of this study are in agreement with those of Bejou *et al.* (1998), who showed that ethical bonds strongly influenced relationship satisfaction.

The significant effects of interpersonal bonds on social satisfaction and the non-significant effects on economic satisfaction corroborate the ideas of Bignoux (2006), Frenzen and Davis (1990), Heide and John (1992), Mukherji and Francis (2008), and Young-Ybarra and Wiersma (1999), who suggested that the inter-organizational social relationships comprise more than economic exchanges and are integrated between the individuals' social relationships, generally this type of relationships are more social and less economic in nature. Based on the additional analysis as shown in Table 4.15, this study found that economic satisfaction did not mediate the relationship between social bonds and social satisfaction, and the relationship between ethical bonds and social satisfaction. This result confirms the finding that the relationship between interpersonal bonds and social satisfaction is more likely to be social than economic.

With regard to the second and third objective on the antecedents of retailer's economic and social satisfaction, the present study found that marketing relationship bonds (MRBs) accounted for 42.4% of the variance in economic satisfaction (R^2), which was in the weak range. In addition, marketing relationship bonds (MRBs) accounted for 47.3% of the variance in social satisfaction (R^2), which was also in the weak range. These findings are consistent with those reported by Bolton *et al.*

(2003), who found that marketing relationship bonds could develop and maintain the relationship satisfaction between channel members.

In addition, Bolton *et al.* (2003) found that economic resources (such as financial and structural bonds) between a firm and its customers had more impact than social resources (social bonds) on interorganizational satisfaction (economic satisfaction), but social resources had more influence than economic resources on interpersonal satisfaction (social satisfaction). Furthermore, they found that if the relationships included designated contact sales representatives, both social and economic bonds impacted on relationship satisfaction more than if only economic bonds or social bonds were considered. Similarly, the results of this study showed that organizational bonds (financial and structural bonds) had more influence than interpersonal bonds (social and ethical bonds) on the retailer's economic satisfaction but interpersonal bonds had more impact than organizational bonds on the retailer's social satisfaction. Moreover, this study found that if national food supplier's relationships with retailers include both organizational and interpersonal bonds, those bonds would have more impact on the overall retailer's relationship satisfaction (with R^2 value of 0.54). Nonetheless, if only organizational bonds (with R^2 value of 0.47) or interpersonal bonds (with R^2 value of 0.39) were considered, the impact of the bonds on the overall retailer's relationship satisfaction would be less. Accordingly, the results of the study stress the importance of organizational and interpersonal bonds to achieve a higher level of relationship satisfaction.

At the core of marketing relationship bonds (MRBs) philosophy is customer relationship satisfaction, loyalty, and repeat buyers' purchasing behaviors that can be gained through maintenance and continuous improvements of the relationship and mutual benefits (Berry, 1995; Jonsson & Zineldin, 2003; Schakett *et al.*, 2011; Smith, 1998). Therefore, building **relational marketing bonds** (organizational and interpersonal) can help manufacturer/supplier to achieve and maintain high level of retailer's relationship satisfaction (economic and social satisfaction).

5.3.4 Effect of Retailer's Economic Satisfaction on Social Satisfaction

Regarding the fourth objective to examine the effect of economic satisfaction on social satisfaction, it was found that the large retailer's economic satisfaction had a significant effect on social satisfaction with national food manufacturers in the Yemeni market. One main reason for this finding may be because the relationship between large retailers and national food manufacturers are initially economic relationship in which the former depends on economic outcomes to survive and grow. The finding of this study is consistent with that of Rodriguez *et al.* (2006) and Chung *et al.* (2011), who found that a retailer's economic satisfaction had a positive impact on social satisfaction. In essence, the finding of this study confirmed that the supplier's good relational bonds indicate the supplier is credible, reliable and competent, qualities that increase a retailer's social satisfaction with the supplier. In addition, when a high level of a retailer's economic satisfaction with suppliers exists, the retailer will respond favorably and constructively to a particular challenging circumstance, which results in increased social satisfaction with the suppliers. On this note, the present finding seems to be consistent with those of Chung *et al.* (2011), Geyskens and Steenkamp (2000), and Rodriguez *et al.* (2006).

With this finding, academics and researchers can further understand that the basis of a relationship between a retailer and a supplier depends primarily on economic outcome first and then social outcome. In addition, it has to be stressed that a high level of retailer's economic satisfaction due to good financial and structural bonds will increase and improve the retailer's social satisfaction.

5.3.5 Influence of Retailer's Economic and Social Satisfaction on Commitment

To achieve the fifth objective, this study formulated two hypotheses to investigate the relationships between economic and social satisfaction, and commitment. Result showed that retailers' economic and social satisfaction had a strong positive influence on their commitment. This indicates that large retailers received economic and social values from national supplier relationship and were willing to reciprocate effort because they were satisfied with the relationship. In other words, the retailers' economic and social satisfactions with the relationship are instrumental in increasing their enduring desire to maintain the relationship from national food manufacturers in Yemen.

The finding of this study is consistent with the social exchange theory and trust-commitment theory (Ganesan, 1994; Morgan & Hunt, 1994) that if retailers perceived that more economic and social benefits (economic and social satisfaction) flow from the relationship with suppliers, the retailers become more committed and show a greater willingness to invest further resources into the relationship.

The finding of the study is also consistent with that reported by Nor Azila *et al*. (2010) who found that economic and social satisfaction has significant impact on commitment in the dealer-supplier relationships in the context of durable goods. In general finding, the finding also is theoretically consistent with those of Ganesan (1994), Garbarino and Johnson (1999), and Sharma and Patterson (2000) who found that a positive relationship between overall relationship satisfaction and commitment. Despite various studies in literature that investigated the relationship between satisfaction and commitment in the context of B2B, a clear explanation of the relationship is still lacking. Therefore, the present finding and the result achieved by Nor Azila *et al*. (2010) contributed to the literature of RM through examining the economic and social satisfaction's impact on commitment in the retailer-supplier relationships in the context of durable and nondurable goods. This explains that retailers have feelings of unity through the achievement of economic and social relationship together and involvement for long-term common goals.

More importantly, the present study found that retailers' social satisfaction was more influential than economic satisfaction in enhancing their commitment. This indicates that the retailers' positive and affective reaction to the psychosocial elements of the relationship is able to generate higher commitment than their positive response to economic rewards derived from the relationship with national manufacturers. This finding supports the idea of Cook and Emerson (1978, p. 728) who argued that commitment is central in distinguishing social from economic exchange.

An additional analysis (see Table 4.15) found that social satisfaction partially mediated the relationship between economic satisfaction and commitment. This means that economic satisfaction had a direct and indirect effect on commitment through social satisfaction. In other words, social satisfaction plays an important role in explaining why economic satisfaction enhances commitment, and this confirms the earlier finding that social satisfaction was more influential on commitment than economic satisfaction. Accordingly, it can be argued that the mutual social benefits represented by positive and affective reaction to the psychosocial elements of the relationship, can help develop a high level of commitment to maintain exchange relationships.

5.3.6 Moderating Effect of Manufacturer Brands' Strength on Relationship between Retailer's Economic and Social Satisfaction, and Commitment

The final objective of this study was to examine whether strength of a national food manufacturer's brands moderates the relationship between large retailer's economic and social satisfaction, and commitment in the Yemeni market. As shown in Table 4.14, strength of brands positively moderated the relationship between a retailer's economic satisfaction and its commitment to a national food manufacturer, thus providing support for H12. But strength of brands had no significant moderating effect on the relationship between the retailer's social satisfaction and its commitment to the national food manufacturer in the Yemeni market. The result provided no support for H13. The result indicated that strength of brands plays an important role in enhancing the relationship between economic satisfaction and commitment but it does not play a significant role in enhancing the relationship between social satisfaction and commitment. The non-significant result may be because the relationship between retailer's economic satisfaction and its commitment is more likely to be economic than social. In other words, strength of brands can add economic value to the relationship, and hence the increased commitment of retailers to such relationship.

Even though the present result indicated the important role of brand strength on the relationship between economic satisfaction and commitment, however, some scholars argued that weak brands may give more advantage to the relational exchange than strong brands because weak brand manufacturers can better build relationships with retailers as they are more reactive to individual retailer's needs (Anselmi, 2000; Glynn, 2010). In order to assess the validity of the argument, the study used the graph lines produced by SPSS to explain the relationship and identify the levels of the brands that are more enhancing. As shown in Figure 4.5 or 4.6, there were two different curves in the relationship between economic satisfaction and commitment that represented strong and weak brands for national food manufacturers. Even though both brands appeared to be able to enhance the retailer-manufacturer relationship, it seemed clear that the curve of strong brands had more enhancing value (indicated by the curve with a larger area or make more right angle) than weak brands (Dawson, 2013). This suggests that the higher retailer's economic satisfaction is derived from the benefits from it gets from the manufacturer's strong brands, which result in a higher retailer's commitment towards the manufacturer. In other word, when a manufacturer has strong brands, the retailer's economic satisfaction will be more committed towards the relationship than if it carries weak brands of a manufacturer.

The finding of the current study seems to be consistent with brand literature that claims that a strong brand is akin to greater trade cooperation and support (Keller, 2003). Also, this finding is consistent with that of Frazier and Antia (1995), who demonstrated that a manufacturer's strong brand not only led to channel conflict, but can also enhance the relationships with retailers. However, the finding of this study does not support the study of Glynn (2010), who found that the effect of reseller relationship satisfaction on commitment was more significant for minor brands (weak brands) than for major brands (strong brands). The likely reason for this is that the retailers perceived that they received more economic benefits from a national manufacturer's strong brands than weak brands. For example, a high profit margin through the fast rate of sales turnover, greater discounts, and the provision of the needs and desires of their customers may lead to a high level of commitment towards the manufacturer. Another reason may be due to the intensity of competition between national food manufacturers and foreign suppliers to offer their products on the shelves of large retail stores (Al-Gaumey, 2010). This may lead to continued relationships with companies that have strong brands, as reflected in increased economic satisfaction and commitment.

In the current Yemeni business environment, if the manufacturer's objective is to develop and maintain a good relationship with the retail organizations, it should build strong brands to strengthen the relationship, which could result in increased commitment of the retailer toward the national manufacturer. In addition, the national manufacturer's products should be highly differentiated to consumers so that the retailer will agree to carry them. By doing so, the retailer may not consider taking in similar products from other manufacturers.

5.4 Contributions of the Study

Overall, the findings of this study have several contributions to theory, methodology, and practice. The following sub-sections discuss each contribution.

5.4.1 Theoretical Contribution

The empirical testing of the antecedents and consequences of economic and social satisfaction, and the moderating effect of brands strength on the consequences of the relationships is the major theoretical contributions of this research, particularly in the manufacturer-retailer relationships in the retail and consumer goods industries.

The current research contributes to the body of literature by responding to the need for empirical research on the relationship between manufacturers and retailers which is characterized as being unstable and complex due to the power dynamics that exist (Ailawadi *et al.* 2008; Chung *et al.* 2011; Pelau, 2008). The study has shown how manufacturer/supplier can develop, maintain and achieve a successful exchange relationship by satisfying economically and socially large retailers' needs. By doing so, the retailers' commitment toward the manufacturer is likely to be enhanced, which results in mutual benefits in the context of B2B relationships.

The analysis on the relationship between marketing relationship bonds (financial, structural, social and ethical bonds) and dimensions of relationship satisfaction (economic and social) has also enhanced the literature of channel relationships. The study found that financial bonds had the most important effect on economic satisfaction, social bonds had the most important influence on social satisfaction. Taken together, these results revealed the importance of financial and social bonds in the success of exchange relationships, and provide a broader theoretical perspective concerning the psychological, emotional, financial, ethical, and physical attachments with economic and social satisfaction in a relational exchange. Furthermore, the results allow the management of manufacturing and supply organizations to justify their expense and effort in building interpersonal relationship bonds with retailers because such bonds were shown to have a strong influence on the retailer's social satisfaction.

The study also provides more evidence to the literature of the important role of the satisfaction dimensions in influencing commitment. Achieving high levels of economic and social satisfaction are essential to increase commitment of retailers to successful and continued relationship with manufacturers.

Another theoretical contribution of the present study is with regards to the moderating effect of the strength of a manufacturer's brands on the relationship between retailer's relationship satisfaction (economic and social) and its commitment, adding evidence to the existing body of relationship marketing literature (Glynn, 2010; Goaill *et al.*, 2013; Paulssen & Birk, 2007). The findings of the research strengthen the role of the manufacturer brands' strength in enhancing the relationship between manufacturer and retailer to achieve high levels of economic satisfaction and commitment which helps to stabilize the exchange relationships.

This study is one of the very few studies conducted in developing countries especially in the Arab countries' business environment (Ali, 2011; Farashahi *et al.*, 2005) to investigate the manufacturer-retailer relationships in the context of B2B. This is because very few empirical work has been conducted to examine the effect of marketing relationship bonds (MRBs) on economic and social satisfaction in the context of channel relationships. In addition to that, this study has expanded the boundary of the current literature as it investigated the role of the strength of manufacturer's brands in explaining how different economic and social satisfactions enhance commitment. In sum, this study contributes to an expanding research stream on relationship marketing currently dominated by Western research works by adding the Arab perspective.

5.4.2 Methodological Contribution

This study also contributes to the methodological perspective by measuring the independent variables, the dependent variable and its consequence, and the moderator variable in the retail industry with respect to non-durable goods (e.g. food goods), because most of the measurements of these variables were shown to have good reliability and validity in the service industry. Thus, this study contributes to the methodological part by validating these measurements in a different context.

5.4.3 Practical Contribution

The findings of this study have important implications for practitioners and policy-makers such as marketing and sales managers for national food companies. They provide insights on how marketing relationship bonds (MRBs), economic and social satisfaction, strength of brands and commitment can develop and enhance a business relationship. Several practical contributions are as follows:

Firstly, this study provides insight into how managers of national food manufacturers can ensure long-term success of their mutual business relationship with large retailers in light of the growing power of the latter. This can be achieved by understanding how to satisfy the retailers economically and socially so that they are committed to the relationship.

Secondly, as marketing relationship bonds are considered as organizational and interpersonal bonds initiatives, extensive efforts should be put forth to establish, develop and maintain a business relationship. The findings of this study revealed that, in line with social exchange theory and previous studies, marketing relationship bonds of the supply or manufacturing organization can achieve high levels of retailer's economic and social satisfaction which in turn translates into commitment toward the relationship. Therefore, marketing and sales managers of national food manufacturers can develop and maintain their business relationship with large retailers through the establishment of good organizational and interpersonal bonds to achieve high levels of retailer's economic and social satisfaction, and long term commitment.

Thirdly, this research highlights the importance of national managers of channel developing and maintaining relationship activities that achieve high levels of retailer's economic and social satisfaction, particularly with the large retailers such as malls, hypermarkets, supermarkets and large grocery stores. Specifically, national managers should be aware that employing financial, structural, social and ethical bonds is necessary to enhance the levels of retailer's economic and social satisfaction which in turn translates into commitment toward the national manufacturers. They also should keep in mind the need to increase the benefits obtained from social and financial interactions, as retailers may be aware of the benefits that other competitors offer. If they neglect to do this, then it will not be easy for them to build a successful exchange relationship with large retailers. This is of prime importance because the results of this research confirm that when retailers feel they have high levels of economic and social satisfaction with their suppliers, they are more likely to be committed.

Fourthly, the findings of this study can raise awareness among marketing and sales managers of national food manufacturers on the importance of strength of national brands in promoting retailers' economic satisfaction and their commitment to the national companies. Moreover, the results also insisted that a strong national brand is one of the main factors to enhance, survive and achieve a strategic competitive position in the Yemeni marketplace. Taking the advantages of these findings, owners and managers of Yemeni food manufacturers should put in place effective plans to enhance business relationship with large retailers and facilitate commitment.

Fifthly, the information provided by the respondents indicated that a medium level of structural bonds in their relationship with their national food suppliers. These bonds should be encouraged by national food suppliers through focusing the solution of the problems to reach mutual goals and strengthen ties relating to the structure, governance, and institutionalization of norms in their relationship in order to attain greater economic satisfaction and then great commitment relationship.

Sixthly, this work responds to the invitation of the Yemeni Industrialists Association to investigate the current relationship between the national food manufacturers and large retailers to develop and maintain the relationship between them in order to ensure national product availability for end consumers and ensure shelf-space allocation of national products facing the invasion of foreign products. The results of this work suggest that the Yemeni Industrialists Association should be aware of the importance of building good relational marketing bonds in the relationship between national food manufacturers and large retailers to achieve a successful exchange relationship. In addition, the Yemeni Industrialists Association should pay increasing attention to restructure the tertiary curriculum to be aligned with modern marketing techniques in the face of foreign competition, especially after Yemen's accession to the World Trade Organization.

Finally, this study suggests that large retailers that are looking to strategically build a link based marketing relationship bonds (MRBs) should consider actions that could assist in achieving the desired balanced portfolio. This will result in a win-win situation that can guarantee national manufacturer's resources and continuity, and retailer's relationship satisfaction and commitment.

5.5 Limitations and Future Research Directions

As it is always the case in doing research work, this study has a number of limitations that should be considered when interpreting the results. These limitations also, on the other hand, provide some opportunities for future studies to consider. The first limitation is that this study only examined the relationship between large retailers and national food manufacturers in the Yemeni market. Obviously, there is potential for further research to investigate the real relationship with large retailers that may help to explain the invasion of foreign products and shortage of national products on the large retailer's shelves. In other words, future studies should consider comparing the levels of retailer's economic and social satisfaction with national and foreign suppliers. Future work may also look into the most influential relational bonds that can facilitate the development and maintenance of the national manufacturer's relationships with their marketing channels in order to achieve a competitive advantage in the Yemeni market.

Secondly, this study relied on survey that used cross-sectional data. As it is always the case with a survey research design, the data obtained only shows the degree of association between variables. Whilst causal relationships can be inferred based on the results obtained, they cannot be strictly ascertained. In addition, a comprehensive review of the marketing relationship bonds (MRBs) revealed that they are long-term tactics in nature (Wang *et al.*, 2006). Given this fact, examining the association between MRBs and the retailer's relationship satisfaction and commitment at one point of time will lack accuracy since the results will be dependent on the time of implementation. This means that in order to be able to examine the effect of these bonds-tactics on retail organization's relationship satisfaction and commitment, this study strongly recommends that longitudinal studies should be conducted.

Thirdly, the findings of this study and consequently the conclusions drawn were based on the data collected from retailer's representatives based on their perception about the practice relationship marketing bonds, their economic and social satisfaction, and commitment at one point of time. This study did not consider the continuous changes in the psychological human aspects that could have taken place on the retailer's representatives due to the continuous exposure and growing experience. This is because the data was based on the cross-sectional approach and no follow up data was collected. On that basis, the conclusions of the study could have been different if the research design was longitudinal rather than cross-sectional study.

The fourth limitation is that because this study was conducted in one industry that is consumer goods (non-durable goods), the findings may not be generalizable to other industries. Further research on MRBs affecting economic and social satisfaction should be expanded to different types of industries/sectors in the context of B2B relationship such as durable industries (furniture, appliances, electronic equipment, cars etc.), service sector (banking, tourism, travel etc.), and the like.

Finally, the present study examined strength of manufacturer's brands as a moderator on the relationship between dimensions of relationship satisfaction and commitment based on the recommendations and the results of previous studies (Glynn, 2010; Goaill *et al.*, 2013; Paulssen & Birk, 2007). The study found that the strength of brands moderated the relationship between a retailer's economic satisfaction and its commitment while strength of brands had no moderating effect on the relationship between the retailer's social satisfaction and its commitment. The non-significant effect may be because the relationship between social satisfaction and commitment is more likely to be social than economic. Thus, this study suggests to examine other variables related to social relationships such as emotion because it is an important construct in enhancing customer relationships (Shammout, 2007).

Due to scarcity of the literature on the mediating effect of economic satisfaction on the relationship between organizational bonds (independent variables) and social satisfaction (dependent variable), it is suggested that future studies should look into this issue.

5.6 Conclusion

In conclusion, a manufacturer's relationship with retail companies will remain one of the major issues in light of strong competition and product homogeneity in many consumer categories. In this situation, many retailers have switched from one manufacturer to another, forcing many manufacturers to compete for retail business. The enhancement of the overall relational performance of manufacturers with retail companies has been the concern of all decision makers in developed and developing countries, including Yemen. It has been widely recognized that achieving a high level of retailer's relationship satisfaction is one of the most effective strategies that can help manufacturers obtain competitive advantage. In Yemen, national food manufacturers need to develop and maintain their relationship with large retailers in order to ensure the survival and success in the long run.

The present study has examined how marketing relationship bonds (financial, structural, social and ethical) affect a retailer's economic and social satisfaction, and subsequently its commitment. It has also looked into how and why the strength of manufacturer's brands is a source that strengthens the relationship with retailers (Frazier & Antia, 1995) and determines how retailers and manufacturers approach the business-to-business relationship (Glynn *et al.*, 2012).

The study showed that organizational bonds (financial and structural) were able to enhance a retailer's economic satisfaction but not interpersonal bonds (social and ethical). In contrast, while interpersonal bonds were able to increase the retailer's social satisfaction, organizational bonds could not. The study also demonstrated that the retailer's economic satisfaction could enhance its social satisfaction, an indication that perceived social satisfaction is primarily and strongly dependent on economic satisfaction. In addition, both of retailer's economic and social satisfaction had a strong positive influence on their commitment towards the supplier. Furthermore, the present study revealed that the strength of manufacturer's brands enhances the relationship between economic satisfaction and commitment but not on the relationship between social satisfaction and commitment.

Based on the findings, several inferences can be made. It can be concluded that there are different antecedents of a retailer's economic and social satisfaction. As shown by the current study, financial and structural bonds were found to be important determinants of the retailer's economic satisfaction. But in addition to these bonds, this study suggests other factors that may have an important influence on the retailer's economic satisfaction such as manufacturer support (Glynn, 2010), relational investment (Gil *et al.*, 2008) and communication (Nor Azila *et al.*, 2010). This study also suggests that future studies consider strength of the relations (Rodriguez *et al.*, 2006) and cooperation (Nor Azila *et al.*, 2010) as potential antecedents of .the retailer's social satisfaction.

In sum, this study has shown that a good relationship between retailers and manufacturers should be maintained for mutual benefits. The use of appropriate bonds to maintain and strengthen the relationship is important as bonds determine whether retailers will be satisfied and committed with the manufacturers.

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