

**When Does Relational Exchange Matters?  
Social Bond, Trust and Satisfaction**

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### Abstract

**Purpose:** The extant literature on business-to-business relationship has shown that trust, relationship duration, and social bond are the key drivers of relationship satisfaction. Notwithstanding, studies on the examination of when and why these variables translate into successful relationship are still scarce and need further exploration. This research investigates the conditions under which trust and social bonds influence satisfaction in a business-to-business relationship.

**Design/methodology/approach:** The data were collected from 159 footwear producers using a structured questionnaire. Four hypotheses were developed and tested using hierarchical multiple regression.

**Findings:** The authors found support for all hypotheses. Social bonds and longevity are crucial in enhancing supplier relationship satisfaction. Likewise, the role of social bonds in inducing supplier satisfaction heightens over time. However, the positive association between exchange partner trustworthiness and supplier satisfaction works well only in high degree of dependence situation.

**Research limitations/implications:** The study was based on the report on monadic data and cross-sectional design. Future research should adopt longitudinal design to overcome the shortcomings.

**Theoretical implications:** This study advances the social exchange theory (SET) by elucidating the condition in which social bonds and trust fail to produce relationship satisfaction. Social bonds fail to enhance relationship satisfaction at the beginning of the relationship. Moreover, trust alone cannot be good enough to boost relationship satisfaction in a loose dependence context.

**Managerial implications:** This study acclaimed a relationship-driven approach as the best choice for those firms who aspire to build a good relationship with their exchange partner. Managers should understand how and when to develop a strong social relationship with their trading partners, and recognize the situations in which to deal with honest and fair business partners in an exchange relationship.

**Originality/Contribution:** This is one of the very few studies, which have been conducted to investigate the conditions under which the relational variable influences satisfaction in a business-to-business relationships context. It expanded the boundary of the current literature as it investigated the moderating role of relationship duration and dependence in the relationship between relational constructs and relationship satisfaction.

**Key words:** Social Exchange Theory, Social Bonds, Trust, Relationship Duration,

Relationship Satisfaction

## **Introduction**

Business-to-business relationships are crucial for the success of individual firms as well as other actors who are involved in exchange relationships (Ulaga and Eggert 2006). Successful business-to-business relationships improve firms' financial performance, enhance sales and profits, expedite innovation, expand markets, and reduce costs (Palmatier, Dant, and Grewal 2007). Building a strong business relationship is the veracious avenue to exploit the benefits which emerged from the relationship with exchange partners (Palmatier et al. 2008). A plethora of research studies discern antecedents of successful exchange relationships and cited satisfaction as one of the dominant determinants (Marshall et al. 2011). The construct of relationship satisfaction is of fundamental importance in understanding exchange relationships and gained prominence both in theoretical literature and in practice (Palmatier et al. 2008).

Relationship satisfaction has been an important area of research in business-to-business marketing. Extant literatures have couched that relational behaviours appear to have a stronger influence on the satisfaction of exchange relationships (Palmatier, Dant, and Grewal 2007, Voldnes, Grønhaug, and Nilssen 2012, Mohd Noor, Perumal, and Goail 2015). Various theories have been applied to explain satisfaction in business-to-business relationships. The social exchange theory (SET) argues that a partner's commitment, relationship bonds, and trust in exchange influence relationship satisfaction (Morgan and Hunt 1994, Graca, Barry, and Doney 2015).

Social bonds are personal ties that develop exchange relationships through interpersonal interactions, friendships, and identifications boosting exchange relationships (Nath and Mukherjee 2012, Schakett et al. 2011, Liang and Chen 2009a). Similarly, the length of exchange relationship between trading partners have a decisive place in stimulating satisfied business relationships (Wulf, Odekerken-Schröder, and Iacobucci 2001). Trust is reliability, credibility, and integrity of the

partners involved in exchange relationships (Morgan and Hunt 1994). It has been confirmed as a main determinant of relationship satisfaction (Hansen 2012, Chao 2014).

Despite these results, others studies have found an insignificant influence of relational behaviours on relationship satisfaction (Xu, Cenfetelli, and Aquino 2016). This paper provides evidence that the inconsistency in prior research can arise from the length of the relationship and the degree of dependence on the exchange partner. Advancing understanding of these drivers and moderators of relationship satisfaction provides researchers with insights into ways to build more comprehensive relationship models and increases the return on firms' investment on business-to-business relationships (Palmatier et al. 2006).

This paper argues that trust and social bonds do not always significantly influence relationship satisfaction. It argues that the strength of the relationship between these variables varies due to the length of the exchange relationship and the degree of dependence between exchange partners. Social bonds have failed to boost the satisfaction of the exchange relationship at the beginning of the relationship. In addition, trust alone might not be sufficient to knock satisfaction up in low-level dependence relationships. Moreover, this paper addresses Iacobucci and Onyemah (2015) encouragement to investigate the African business-to-business marketing context.

The next section presents a theoretical framework based on the SET that connects social bonds, trust, relationship duration, and satisfaction. Then, the section provides a series of hypotheses that address the moderating effects of relationship length and dependence on the connection between relational behavior and satisfaction. Next, it discusses the procedure of data collection and tests the hypotheses, using hierarchical multiple regression. Finally, it illustrates the implications of the study for academics and practitioners.

## **Theoretical Framework**

The issue of satisfaction has attracted significant theoretical attention, with contribution from the equity theory, the confirmation/disconfirmation paradigm, and the attribution theory. Research on satisfaction in a business-to-business relationship does not tend to use a specific framework, but rather it tends to predict satisfaction using various constructs from theories such as transaction cost, relational contracting, and social exchange (Chao 2014, Chao and Andersen 2013). Thus, this study is framed based on constructs of the SET.

The SET emerged from sociological and social psychology to analyse people's social behaviour in terms of exchange of resources (Emerson 1976). It was conceived by George Homans (1958) to study the interaction that exists between individuals in the exchange of goods. The SET argues that individuals get involved in social exchange because of the scarcity of resources and the need to obtain them from other parties (Contractor and Lorange 2002). Homans (1958) claimed that relationships are established based on the use of cost-benefit analysis and comparison of alternatives by the parties involved in the exchange.

Blau (1964) defined social exchange as a voluntary action of individuals who are motivated by the reward they expect to gain from others. This means that an individual who needs resources from others voluntarily provides rewarding services and obligates the other party to return benefits. The parties continue the exchange with the expectation that it will be rewarding (Lambe, Wittmann, and Spekman 2001). Thus, social exchange becomes an ongoing reciprocal process in which socially embedded voluntary actions are dependent on rewarding reactions from the other party (Luo 2007).

The SET has been utilized to explain interactions in relationship marketing and business-to-business relationships (Lambe, Wittmann, and Spekman 2001, Hawkins, Wittmann, and Beyerlein

2008). It has been used extensively to explain the exchange governance structure of relational governance (Nevin 1995). In addition, the SET has been employed to examine interactions in business-to-business relationships using various variables. Trust, commitment, satisfaction, relationship duration, bonds, and dependence are amongst the most cited variables (Mohd Noor, Perumal, and Goail 2015, Lambe, Wittmann, and Spekman 2001). Researchers have identified and tested these variables as significant drivers of outcomes of an exchange relationship.

The SET suggests that social bonds are developed through a series of continuous personal interactions (Palmer 2002). These interactions are the cement for the exchange relationship, bring and keep the exchange partners together, and shape the relationship (Barnes et al. 2015). Moreover, social bonds reduce the risk inherent in voluntary exchange relations and provide a foundation for decent exchange relationships (Awwad and AL-Qrallah 2014). As a result, they become critical components and serve as catalysts to facilitate the relationship between exchange partners. Social bonds are recognized as an element of the SET which leads to reward in a pleasant exchange relationship (Krolikowska-Adamczyk 2013). These social bonds can help strengthen and maintain an exchange relationship, and also positively influence relational outcomes (Awwad and AL-Qrallah 2014).

The behavioural dimensions of an exchange relationship tend to change according to the length of the association between the partners. Dwyer, Schurr, and Oh (1987) argued that the length of a relationship often has a role to play and a crucial impact on relationship outcomes. The early period of an exchange relationship is typically characterized by high uncertainty, which makes the exchange partners act in a more suspicious and cautious manner (Ford 1980).

In the initial period, exchange relationships may also occur in relatively small transaction or carry low risk. As the benefits gained from transactions are realized, the partners increase the size of their transactions and offer greater benefits to exchange partners (Lambe, Wittmann, and Spekman

2001). As one party increases the reward for the other partner, in return the recipient must reciprocate, and benefit increases, too (Homans 1958). Over time, reciprocal behaviours including social bonds allow the relationship to develop (Blau 1964, Thibaut and Kelley 1959, Cropanzano and Mitchell 2005). The gradual accumulation of experience boosts personal interactions among the partners and intensifies relationship building activities (Barnes et al. 2015).

Trust is one of the key constructs which are used to explain exchange outcomes by social exchange theorists (Morgan and Hunt 1994). Trust is “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, Zaltman, and Deshpande 1992). Trust has been also defined as the conviction on an exchange partner’s reliability and integrity (Morgan and Hunt 1994), the possession credibility and benevolence (Ganesan and Hess 1997), and the confidence that an exchange partner’s word is reliable and fulfils its obligation (Blau 1964).

Relational exchange requires trusting the other partner, due to the risk involved in reciprocity (Bachmann 2001). If the trading partner discharges its obligations, then this prove its trustworthiness and initiates an exchange relationship. This gradual expansion of mutual exchange is accompanied by parallel growth of mutual trust (Blau 1964). In other words, voluntary actors need to trust each other to get involved in exchange relationships, and this trust is further promoted when the exchange becomes an ongoing relationship (Ali 2013, Blau 1964). The development of trust is crucial in the SET because it allows actors to advance discrete transactions to relational exchange (Ali 2013). Therefore, trust is considered as a superficially important construct to understand the outcomes of an exchange relationship (Palmatier, Dant, and Grewal 2007).

Table 1 Review of studies conducted on the relationship between trust, social bond, and satisfaction

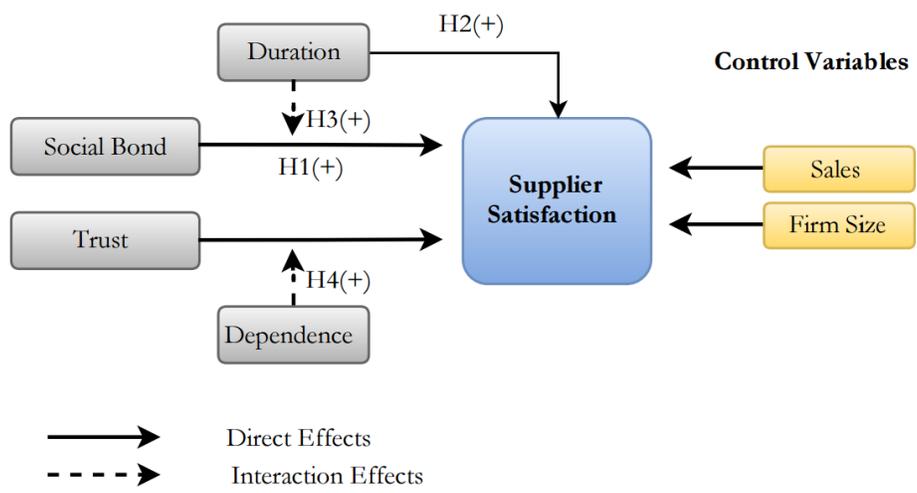
Source	Predictor	Context	Findings
Mohd Noor, Perumal, and Goail (2015)	Social Bond	Manufacturer–retailer relationship	There is a very small effect of social bonds on satisfaction.
Chao (2014)	Trust	Supplier-buyer relations	Trust has a positive influence on contractual satisfaction.
Nath and Mukherjee (2012)	Social Bond	Retail banking industry	Social bonds have significant impacts on relationship quality including relationship satisfaction.
Chao and Andersen (2013)	Trust	Manufacturing firms	The effect of trust is found to be significantly positive in both Poland and Tanzania.
Schakett et al. (2011)	Social Bond	Buyer-seller-relationship	Controlling for structural and economic bonds, social bonds significantly affected satisfaction.
Liang and Chen (2009a)	Social Bond	Internet marketing (online shoppers)	There is no a significant positive relationship between social bond and satisfaction.
Shammout (2007)	Social Bond	Hotel industry	Social was crucial in affecting relationship quality including satisfaction.
Rodríguez, Agudo, and Gutiérrez (2006)	Trust	Food sector distributors	Trust has a positive impact on satisfaction
Razzaque and Boon (2003)	Trust	Experimental design	Trust has significant positive impact on satisfaction.
Jonsson and Zineldin (2003)	Social Bonds	Supplier-dealer working relationships	Social bonds emphasized high satisfaction relationships
Sanzo et al. (2003)	Trust	Industrial firms	Trust has a positive impact on satisfaction.
Grewal, Comer, and Mehta (1999)	Trust	Retail diamond jewelers	Trust does not influence satisfaction.

Previous studies explored the relationship between trust, relationship duration, and social bond with satisfaction. As Table 1 depicts, the relationship between trust and a social bond does not always remain positive. Under certain conditions, these relational variables fail to bring the desired level of relationship satisfaction. Therefore, it is important to look into the relational variables that moderate these relationships. This study addresses this gap by investigating the situations in which those relational variables can and cannot induce relationship satisfaction.

### Conceptual Framework and Hypotheses

The authors developed a conceptual model (Fig. 1) which was theoretically anchored in the constructs of the SET to examine the role of duration and dependence on the relationships between relational variables and satisfaction within business-to-business relationships. The researchers integrated social bond and trust as drivers of relationship satisfaction, and selected the attitudinal measure of supplier satisfaction as an outcome variable.

Figure 1 Conceptual framework of the study



Social bonds are personal ties that concentrate on service dimensions to develop exchange relationships through interpersonal interactions, friendships, and identifications (Chiu et al. 2005). These bonds can be strengthened through keeping in touch with clients, learning about their needs, and maintaining a positive working relationship with them (Williams, Han, and Qualls 1998, Sata 2013). Social bonds encourage a trading partner to self-disclosure, listening, and caring behaviour, which results in a high degree of mutual understanding, openness, and intimacy (Chiu et al. 2005). These bonds link and hold the trading partners closely together and are used as a tool that facilitates the continuation of an exchange relationship (Nielson 1998).

A social bond involves affection, loyalty, intimacy, social support, and reciprocal gift giving (Price and Arnould 1999). These actions are perceived to be constructive relationship signals and important elements of the exchange relationship. Moreover, social bonds ensure the quality, continuity, and future stability of an exchange relationship (Arantola 2002). Hence, exchange partners are highly motivated to stay in the relationship, which embraces a strong personal relationship (Arantola 2002, Buttle, Ahmad, and Aldlaigan 2002).

Personal relationships that are developed between exchange partners lead to the supplier's perception of satisfaction with the relationship to the trading partner. Thus, the intimacy in the exchange relationship contributes greatly to the supplier's satisfaction in exchange relationships. Previous studies which were conducted in other business contexts confirmed the aforementioned argument (Nath and Mukherjee 2012, Schakett et al. 2011, Liang and Chen 2009a, Jonsson and Zineldin 2003, Mohd Noor, Perumal, and Goail 2015). Therefore, this study claims that social bonds, which are developed between exchange partners positively influence the suppliers' satisfaction in the relationship with their trading partner. Thus, this research hypothesizes that:

H1: A positive association occurs between social bonds and suppliers' satisfaction.

Relationship duration refers to the length of time the relationship between exchange partners has existed (Palmatier et al. 2006). It reflects the amount of time between the initial interaction and the last time it occurred (Breivik 2016). Relationship duration has been expressed in terms of the number of years that two business partners have interacted over a spectrum of their relationship time (Burki and Buvik 2010, Buvik and Hauglandb 2005). The length of relationship provides trading partners with more behavioural information that enhances confidence towards the other trading partner's behaviour (Palmatier et al. 2006). This experience, which is gained from prior interaction, provides a behavioural guideline for the current as well as the future exchange relationship with the business partner (Doney and Cannon 1997).

Repeated interactions are capable to develop a socially embedded relationship between the trading partners (Sweeney and Webb 2007). These interactions have implications on current and future exchange relationship between the trading partners (Bolton 1998). The extant literature has indicated that relationship duration has a profound influence on the nature of exchange relationships and their outcomes (Fink, Jamesb, and Hattenc 2008, Dagger, Danaher, and Gibbs 2009, Buvik and Andersen 2016, Ganesan 1994).

Wulf, Odekerken-Schröder, and Iacobucci (2001) argued that variation in the length of the duration of a relationship between trading partners would result in different levels of customer experience, commitment, satisfaction, and relationship marketing tactics. Relationships of longer duration are more likely to promote a closer relationship between exchange partners (Johnson 1999). Furthermore, as the duration of a relationship increases, customers are more likely to enjoy the benefits they achieved from the relationship (Gwinner, Gremler, and Bitner 1998, Bolton 1998). Therefore, based on the above discussions, this research claims that relationship duration enhances suppliers' satisfaction. Thus, this study hypothesizes that:

H2: A positive association occurs between relationship duration and suppliers' satisfaction.

A social bond arise between the trading partners as they interact and learn to deal with each other over time (Jonsson and Zineldin 2003). As the relationship evolves, complexity and uncertainty in the relationship decrease, and the potential for the development of bonds increases (Fink, Jamesb, and Hattenc 2008). The positive outcomes associated with social bonds are expected to vary over the duration of a relationship, since it takes time to develop the bond (Lee et al. 2015). As a result, the degree of social bonds with the partner is more important in influencing suppliers' satisfaction in later periods than at the beginning of the relationship.

Accordingly, the interaction effect involving social bonds and the duration of the relationship suggest that social bonds are more important in the later stage of the relationship than at its early stage. However, no empirical research addresses the variation in the impact of social bonds on satisfaction over time. This study expects that, over time in the relationship, the social bonds which exist between the business partners enhance suppliers' satisfaction in their relationship with their trading partners. Precisely, the study argues that suppliers who have been in a long term relationship with their distributors perceive the latter as being less satisfying, as relationship duration is expected to enhance suppliers' satisfaction. Hence, in view of the above discussion, this study suggests that:

H3: The association between social bonds and suppliers' satisfaction will significantly increase when the relationship duration increases.

Trust is an essential variable of relationship satisfaction and performance (Seppanen, Blomqvist, and Sundqvist 2007). Research studies on business-to-business relationships have consistently argued that trust is an essential factor of satisfaction (Seppanen, Blomqvist, and Sundqvist 2007). The positive association between trust and satisfaction has been empirically supported in a variety

of interorganizational relationship researches (Chao 2014, Rodríguez, Agudo, and Gutiérrez 2006, Sanzo et al. 2003, Razzaque and Boon 2003, Gorton et al. 2015, Hutchinson et al. 2011, Delbufalo 2012). Accordingly, an exchange relationship in which the trading partner is trustworthy of one another's action produces satisfaction. However, this study claims that the influence of trust on suppliers' satisfaction depends on the degree of dependence between the trading partners.

Dependence plays a critical role in determining behavioural outcomes in business-to-business relationships (Razzaque and Boon 2003). It refers to the extent to which a trading partner provides important and critical resources for which few alternatives are available (Buchanan 1992). Suppliers are forced to depend on other business partners because of the need to get access to markets for their products (Heide and John 1988). Highly dependent exchange producers may expect mischief behaviour from their trading partners (Geyskens, Jan-Benedict, and Kumar 1999). Instead, the partner may send positive signals to the supplier. In this case, the supplier would be surprised and react positively as a result of the strong positive impact on his/her satisfaction.

In a situation involving a supplier who depends on multiple trading partners as means of distribution, the supplier's satisfaction in the relationship is less likely to be affected by the extent of trust present in the relationship. In this context (low dependence), the trading partners are not expected to take advantage of their suppliers, given the number of alternative means of distribution available. In such a context, the trading partner's trustworthiness may be less important and thus have less of a positive impact on the suppliers' satisfaction. As a result, the influential power of trust in a relationship may vary, based on the level of dependence which exists between exchange partners.

H4: Under high degree dependence, the association between trust and suppliers' satisfaction is positive.

## **Methods**

### **Sampling and Data Collection**

Data were collected using a cross-sectional survey on footwear producers operating in Addis Ababa. In this study, the relevant unit of analysis is the dyadic relationship between footwear producers and their wholesalers. This research adopted stratified sampling technique to select a representative sample from the population. Footwear producers are situated in three dominant working sites. A total of 1696 footwear producers were situated in Addis Ababa city: 1500 of them were located in Merkato site (Addis Ketema sub-city), 166 were in Yeka sub-city, and the remaining 30 were in DideMascha site (Kirkos sub-city).

The sample size of this study was 165. Three strata were formed, based on the three study sites. Simple random sampling was used to select sample footwear producers from each stratum. Proportional allocation was used to select the firms from each stratum. A structured questionnaire was the main data collection instrument of this study. The instrument was initially prepared in English and then translated into Amharic for easy understanding and simplicity, using the back-translation method. The managers who have in-depth understanding of the business relationship with their counter wholesalers are the key informants. A total of 159 questionnaires were filled correctly, representing a response rate of 96%.

### **Measures**

Supplier satisfaction (RESAT) describes the overall appraisal of a firm's exchange relationship with another trading partner (Anderson and Narus 1990). A six-item statement was formulated to examine RESAT, based on Ghijssen, Semeijn, and Ernstson (2010), Benton and Maloni (2005),

Sanzo et al. (2003), Bennett, Härtel, and McColl-Kennedy (2005), and Geyskens and Steenkamp (2000) works and adapting them to the Ethiopian context.

Social bonds (SociB) are measured as the degree to which mutual personal friendship and liking are shared between the trading partners (Wilson 1995). This study used a seven-item statement, based on (Mavondo and Rodrigo 2001, Cater 2008, Doney and Cannon 1997) works and adapting them to the Ethiopian context.

Trust (TRUST) is conceptualized as the degree of confidence a firm has on an exchange partner's reliability and integrity (Morgan and Hunt 1994). A seven-item statement was formulated, based on (Morgan and Hunt 1994, Mavondo and Rodrigo 2001, Doney and Cannon 1997) works and adapting them to the Ethiopian context.

Relationship duration (DUR) refers to the amount of time (in years) during which a manufacturer has worked with a wholesaler. This construct was adapted from Buvik and Halskau (2001), and Buvik and Hauglandb (2005), and was operationalized by computing the natural logarithm of the actual duration in years of the relationship between the manufacturer and wholesaler.

Dependence (DEP) refers to the extent to which a trading partner provides important and critical resources for which few alternatives are available (Buchanan 1992). Dependence can be assessed based on the number of exchange partners (Pfeffer and Salancik 1978) and percentage of business done with a particular trading partner (El-Ansary and Stern 1972, Etgar 1976, Dickson 1983). Accordingly, this construct is measured based on a single dichotomous question that captures the number of exchange partners and percentage of business done with each partner.

Sales volume (SALES) was adapted from previous research by Heide and Miner (1992) and Sheng et al. (2010). This construct was measured as a natural logarithm of the total annual sales value which a particular footwear producer earned from selling leather shoes to his/her most important supplier.

Firm size (SIZE) was adapted based on Hult, Ketchen, and Slater (2005) and Homburg and Stock (2004) works, wherein the number of employees was used as a measure of the firm's size. SIZE was operationalized by computing the natural logarithm of the actual number of employees working in the firm.

### **Common Method Bias**

Common method biases may occur with self-reported data collected from a single respondent. In this study, ex-ante and ex-post remedies were taken to deal with this problem. First, the authors adopted measures from different constructs and from different sources (Podsakoff, MacKenzie, and Podsakoff 2012). In addition, respondents were assured of their anonymity to make sure that they answered the questions with honesty (Chang, van Witteloostuijn, and Eden 2010).

Although the researchers made precious measures before the actual data collection, common method bias may still occur in the data. Further, we used the Harman's single factor test, in which all items were loaded into one common factor. The analysis resulted in three factors with eigenvalues greater than 1.0. In addition, the first factor accounted for less than 50% of the variance, which indicated that the majority of the variance could not be attributed to a single factor (Podsakoff and Organ 1986). Thus, this result suggests that common bias is not a big concern in this study.

### **Reliability and Validity of the Constructs**

The measures which were used in the study were subjected to reliability and validity tests. They were conducted based on the result obtained from exploratory factor analysis and confirmatory factor analysis. The reliability of the measures were assessed using composite reliability scores and

Cronbach's alpha coefficients. As the appendix shows, the Cronbach's alpha coefficients ranged from 0.829 to 0.954 and the composite reliability values ranged from 0.828 to 0.955, which indicates adequate reliability of the instrument.

The Chi-Square goodness-of-fit index was significant ( $X^2 = 76.77$ ,  $p = 0.01$ ), and several other indexes confirmed satisfactory fit of the factor model. The comparative fit index (CFI) = 0.974, the Tucker-Lewis index (TLI) = 0.974, the root mean square error of approximation (RMSEA) = 0.07, and the adjusted goodness of fit index (AGFI) = 0.873 met the critical values for good model fit. The appendix shows that all the measures had factor loadings well above the minimum recommended value of 0.60, which indicates convergent validity. Moreover, the result showed evidence of discriminant validity because the variance extracted estimates were greater than the squared correlation estimate values.

## Results

Table 2 shows the descriptive statistics and correlation coefficient for the variables which were considered in this study. The result depicts that social bond, trust, relationship duration, sales revenue, and the interaction effects are significantly related to supplier satisfaction.

Table 2 Correlation matrix and descriptive statistics

Variables	1	2	3	4	5	6	7	8	9
1.RESAT	1.000								
2.SociB	.541	1.000							
3.TRUST	.398	.199	1.000						
4.DURAT	.493	.313	.394	1.000					
5.DEPENDENCE	.145	.258	.123	-.058	1.000				
6.SALES	.192	.110	.159	.164	.041	1.000			
7.SIZE	-.083	-.070	.179	-.058	.076	-.135	1.000		
8.SociBxDURAT	.290	.419	-.007	-.161	.300	.098	.015	1.000	
9.TRUST x DEPENDENCE	.533	.318	.457	.253	.229	.227	-.117	.198	1.000
Mean	4.89	0.00	0.00	0.00	0.16	1.14	0.68	0.24	0.04
Standard Deviation	0.62	1.12	0.83	0.70	0.37	0.27	0.18	0.71	0.38

Table 3 depicts the results from the hierarchical multiple regression analysis. These outcomes suggested that a significant positive association exists between social bond and supplier satisfaction ( $b_1 = 0.141, t = 3.699; p < 0.01$ ). Hence, the first hypothesis is supported. Similarly, a positive association occurs between a relationship duration and supplier satisfaction ( $b_3 = 0.290, t = 4.89; p < 0.01$ ). This indicates that supplier satisfaction improves over time. Hypothesis 3 is related to the two-way interaction term between social bond and duration. The outcome of the regression analysis depicts that the interaction terms are significant ( $b_7 = 0.165, t = 2.85; p < 0.01$ ) and shows that the positive association between social bond and supplier satisfaction significantly strengthens as the relationship between the suppliers and their wholesalers becomes mature over time. The result of the regression analysis also depicts that the interaction effect of dependence is significant ( $b_8 = 0.479, t = 4.314, p < 0.01$ ) and that in case of a high degree of dependence a significant relationship between trust and supplier satisfaction occurs, while under a low degree of dependence no significant relationship between trust and supplier satisfaction exists. Hence, the fourth hypothesis is supported.

## **Moderation Effects**

In order to examine the interaction, particular values of a moderator variable (one standard deviation below the mean and one standard deviation above the mean) were chosen at which simple slopes could be computed. Subsequently, the values of the moderator variable were inserted into the prediction equation to obtain equations for each line and then the lines were plotted. Two values were obtained based on low and high values of DUR, to anchor the lines. The medium level was obtained from the output of the regression. In order to test the significance of the slope, the slope of each line was divided by the corresponding value of its simple slope standard error value.

Table 3 Hierarchical Regression Analysis

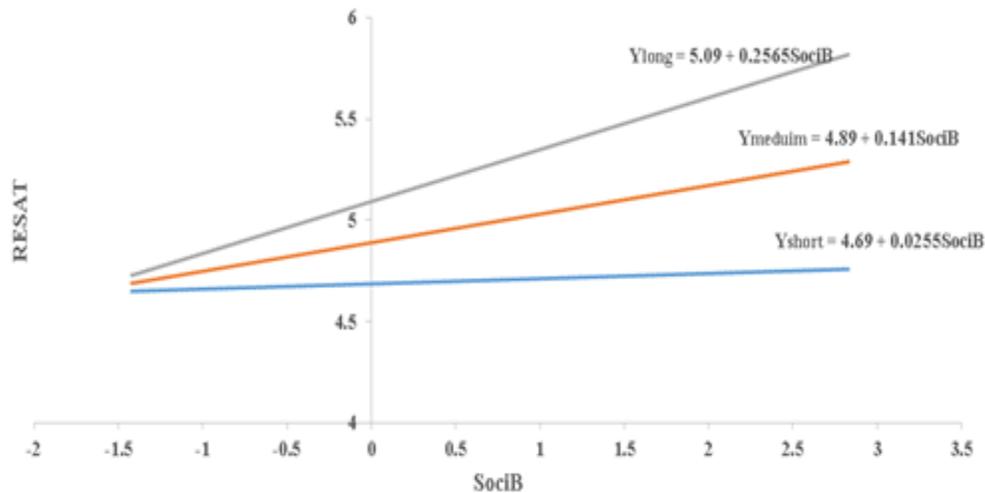
Independent Variables	Model I		Model II		Model III	
	Estimates	t	Estimates	t	Estimates	t
Intercept	4.550	15.061	4.900	20.536	4.889	22.245
Social Bond			.218	5.915**	.141	3.699**
Trust			.157	3.085**	.070	1.379
Duration			.244	3.967**	.290	4.892**
Dependence			.064	.591	-.058	-.572
Sales Revenue	0.422	2.322*	.135	.949	.018	.137
Firm Size	-0.204	-0.736	-.253	-1.154	-.099	-.482
Social Bond x Duration					.165	2.848**
Trust x Dependence					.479	4.314**
Model Summary						
Adjusted $R^2$	0.028		0.433		0.521	
$\Delta R^2$					0.091	
F	3.26		21.09		22.49	

\*. Significant at the 0.05 level

\*\*. Significant at the 0.01 level

The figure below portrays the line for each level of relationship duration (i.e., short, medium, and long term duration).

Figure 2 Social bonds on different levels of relationship duration

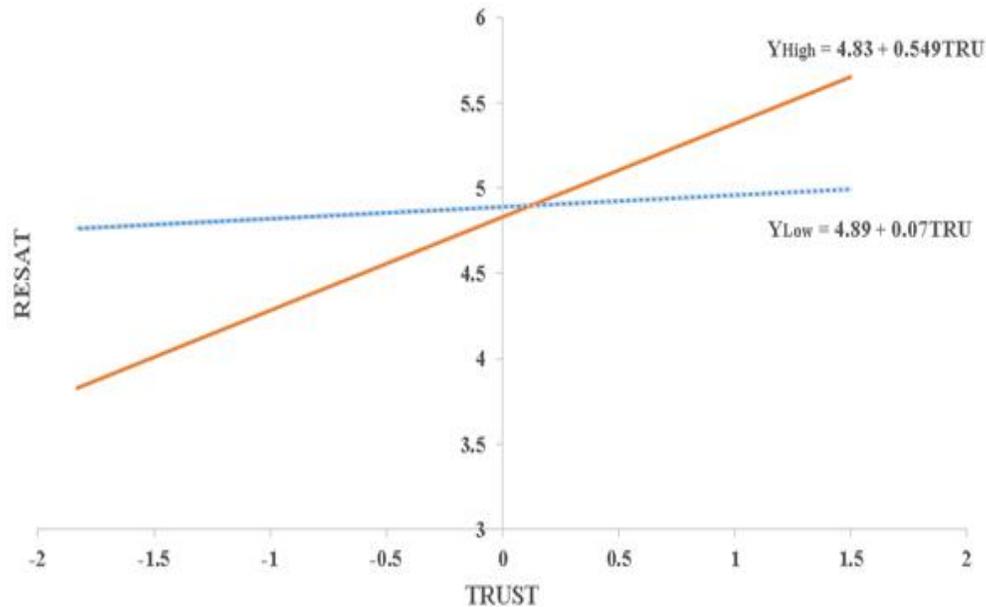


The regression coefficient for RESAT on SociB equals 0.0255, 0.141 and 0.2565 when the duration of the relationship was short, medium, and long-term respectively. Evidence showed that, as the levels of duration increase, the regression coefficient for social bond also increases. Although all the three slopes are positive, the two slopes obtained from medium and long-term duration were significant at  $p < 0.05$ , which was not for the case of short durations. These observations strengthen the assumption that social bonds enhance supplier satisfaction with significant greater effects over time in a relationship. This provides further support to the presence of interaction effects.

Figure 3 portrays a further test on the relationship between trust and supplier satisfaction under high and low degree of dependence. The regression coefficient for RESAT on TRUST equals 0.07 under low degree of dependence and 0.549 under high degree of dependence. The slopes which were obtained from a high degree of dependence were significant at  $p < 0.05$ , which was not for the case of a low degree of dependence. These observations strengthen the assumption that under higher degree of dependence the wholesaler's trustworthiness significantly influences the

supplier's satisfaction. On the contrary, under a low degree of dependence this significant association does not occur. This provides further support to the fourth hypothesis on the interaction effects of dependence.

Figure 3 Trust on different levels of dependence



## Discussion

The aim of this study was to find out the main relational drivers of supplier satisfaction and their limitations in the supplier-wholesaler relationship, and contribute to the SET from developing countries and from a highly collective cultural perspective (Baker and Campbell 2016). The results of this research indicate that social bonds have a positive and significant impact on supplier satisfaction. Suppliers who have stronger social bonds with their wholesalers are more satisfied than those who do not. This finding signposts the significant role of social interaction and personal attachment in building a satisfying relationship with a trading partner. Social bonds are realized to be beneficial in strengthening the relationship and making it more appealing.

The findings are in agreement with previous research that examined the relationship between social bonds and satisfaction. In a study in the Yemeni manufacturer–retailer relationship, Mohd Noor, Perumal, and Goail (2015) found out that social bonds are crucial in affecting retailers' satisfaction. Peltier and Scovotti (2005) sustained that social bond is the most influential factor of satisfaction in the healthcare marketing relationship. Similarly, Gremler, Gwinner, and Brown (2001) found a strong positive relationship between interpersonal bonds and satisfaction. The results of other studies (Liang and Chen 2009; Schakett et al. (2011), Shammout (2007), Wang, Liang, and Wu (2006), Liang and Chen (2009b, 2009a) are consistent with this research.

The moderating effect of the duration of the relationship suggests that producers consider social bonds to be more relevant in the later period of the relationship than at its beginning. In the short term, social bonds do not play a crucial role in affecting supplier satisfaction. However, the role of social bonds in influencing supplier satisfaction heightens over time. This result brightens the pivotal role of time in the exchange relationship. Moreover, the finding substantiates the value of maintaining a long term exchange relationship (Lagace, Dahlstrom, and Gassenheimer 1991).

This result is consistent with Fink, Jamesb, and Hattenc (2008) point: The duration of a relationship brings different outcomes over time in relational exchanges. The findings are theoretically consistent with Yen and Barnes (2011) outcomes, as these authors confirmed that the length of a relationship has a significant moderating effect on the relationship between social bonds and relational outcomes. They demonstrated that at the beginning of the relationship social bonds are lower and develop over the course of the exchange relationship. Social bonds that grow over time between exchange partners are the most critical factor which influences supplier satisfaction.

The last hypothesis aimed to test the interaction effect of dependence in the relationship between trust and supplier satisfaction. In high degrees of dependence, the supplier tries to save the continuation of the relationship, regardless of the level of the wholesaler's trustworthiness.

Therefore, a variation in the wholesaler's trustworthiness strongly reflects the supplier's contentment in the relationship. The findings indicated that a decline in the level of dependence has a diminishing effect on the relationship between these two constructs (i.e., trust and supplier satisfaction). The availability of alternative means of distribution creates a chance for the suppliers to use other contractual variables as criteria to evaluate the contentment of the relationship with the wholesaler (Van Bruggen, Kacker, and Nieuwlaat 2005).

### **Theoretical Contributions**

This study has extended the research on social bonds by investigating their influence on satisfaction in suppliers-wholesalers relationship in the African context. The African (i.e., Ethiopian) society is characterized by a collective culture that makes social interaction an integral part of any kind of relationship (Baker and Campbell 2016). In line with this, the results of this study confirmed the significant role of social bonds in business-to-business relationships in the African context. In addition, this research found out that social bonds are critical drivers that affect satisfaction, which adds evidence to the existing body of literature about exchange relationship.

This association reflects the necessity to understand the role of social bonds in enhancing supplier satisfaction. These results provide a theoretical perspective on the importance of friendship, familiarity, social interactivity, and social support in exchange relationships. Moreover, this strong influence can be used as a justification for firms' efforts in creating social and personal bonds with their exchange partners. In line with the SET, the findings of this study revealed that the social bonds between suppliers and wholesalers can produce high levels of satisfaction, which, in turn, can be translated into successful long-term relationships.

Previous studies on social bonds predominantly focused on their direct effect on relational outcomes, such as loyalty (Huang et al. 2014), satisfaction (Mohd Noor, Perumal, and Goail 2015), and commitment (Cater and Zabkar 2009). These works overlooked the potential moderator in the relationship between social bonds and supplier satisfaction. Hence, the other theoretical contribution of this research is related to the interaction effect of the duration of the relationship on the association between social bonds and supplier satisfaction. This study offers unique insights that support the assumption that social bonds become more important later in the relationship. Through investigating the influence of relationship duration on satisfaction, this study helps to understand the relationships between supplier and wholesaler, and how these relationships strengthen over time.

Also, this work investigated trust as a driver of supplier satisfaction. The outcomes demonstrated that the relationship between the two constructs is influenced by the degree of supplier's dependence on the buying firm. While trust has received significant attention in research about exchange relationship, little attention has been paid to the role of dependence in the link between trust and satisfaction in exchange relationships. The situation in which the relationship between trust and satisfaction takes place has not been explored adequately. This study addressed this gap by investigating the interaction effect of dependence in the relationship between trust and supplier satisfaction. Buyers' trustworthiness becomes important in explaining suppliers' satisfaction when a higher degree of supplier dependence on the buying firm occurs. Accordingly, dependent suppliers need to maintain the exchange relationship with trusted wholesalers to achieve satisfaction (Jonsson and Zineldin 2003).

This result suggests that trust alone may not be strong enough to enhance satisfaction under a low degree of dependence. However, the absence of a significant association between trust and supplier satisfaction under low dependence should not undermine the benefit of building trust in exchange

relationships. Trust may have other consequences, such as collaborative behaviour, information sharing, and long-term orientation, which are not mentioned in this study (Aulakh, Kotabe, and Sahay 1996). These findings contribute to the SET by showing the significance of the interaction effect of dependence on the relationship between buyers' trustworthiness and suppliers' satisfaction.

Extant literature on exchange relationships tends to focus on the Western context. Thus, this study tried to broaden this scenario by providing a framework that adds in the African context. Indeed, this research is one of the very few studies which have been conducted in developing countries, especially in the business environment of African countries, to investigate the relational drivers of satisfaction in business-to-business relationships. In addition, this study expanded the boundary of current literature as it investigated the role of duration and dependence in explaining how relational constructs enhance supplier satisfaction. In sum, by adding the African perspective, this study contributes to an expanding research stream on exchange relationship which is currently dominated by research works on the Western context.

## **Implications for Business Marketing Practice**

The results of this work offer several perspectives that can guide business and marketing managers' decision-making. The study provides insights on the benefits and limitations of relational behaviors in business-to-business relationships. The following managerial implications are important for the firms which operate in Africa. In addition, though, they are relevant for other international firms that have planned to establish a relationship with companies which are located in Africa as well as with other firms which operate in the same cultural context. Therefore, this study helps managers to address the following five critical issues:

The findings reaffirm the benefits managers obtain from their investment on social bonds. Behavioural interventions that can lead to increased social bonds are also relevant in ensuring that the relationship with exchange partners develops contentedly. Managers should be aware of the benefits of social bonds to enhance relationship satisfaction, which, in turn, can be translated into a positive relationship with the exchange partner. They should continue to invest on personal attachment, gift giving, personal information sharing, and external business socialization with exchange partners. The interaction should be based on showing concern for the partner, investing to conform to the partner's needs, understanding the partner's norms and values, and taking an active part in social activities with the partner. Therefore, managers should develop and maintain their business relationship with the exchange partners through the establishment of social bonds at firm and individual level, in order to achieve high levels of return and satisfaction. Business managers should recognize, welcome, and take advantage of the social ties in the exchange relationship. Moreover, they should continue to nurture their personal relationships and social ties to earn the benefits of business relationships.

Managers should pay attention to the value of duration in business-to-business relationships (Breivik 2016). Managers should not expect a significant return from their investment on social ties and friendship at the early stage of the relationship. In collectivist business culture, it takes time to build a steady relationship with other business partners. This investment appears to be more valuable over time, as the relationship develops (Dwyer, Schurr, and Oh 1987). Managers have to be patient until the good seed makes a good crop. The investment starts to germinate fruits as the relationship strengthens over time.

The findings of this study can raise awareness among managers on the importance of relationship duration in promoting social bonds and their satisfaction. Moreover, the results also asserted that

medium and long-term duration allow to embolden more investment on building a relationship that can help the firm survive and achieve a strategic competitive position in the marketplace. Thus, managers should put in place effective plans to strengthen social interaction and enhance business relationship. This study suggests that managers who aim to build a relationship based on social bonds consider to utilize a win-win strategy that can guarantee continuity and market access. This results in a satisfied exchange relationship.

Managers should strengthen their assurance to a honest, reliable, and credible relationship with the exchange partner. Managers should treat trust as the firm's most valuable intangible asset. They should have a flexible structure that addresses the critical need to optimize the combination of external (setting the promise), internal (enabling the promise), and interactive (delivering the promise) facets of exchange relationships (Vieira 2008). The firm contact person has to be someone who keeps his/her promises, has goodwill, and is perceived as trustworthy by the exchange partner. This induces ease of mutual understanding and effective collaborative work (Ha, Park, and Cho 2011).

Investment on trustworthiness may not always yield a significant performance outcome in exchange relationships. In presence of a single exchange partner, the tie that has been created with trusted partners helps to maintain a good exchange relationship. On the contrary, those firms that disregarded to maintain a strong tie with the trusted exchange partner experience backfire anytime in the future when they are forced to rely only on one exchange partner. In any situations, it is worthwhile to rely on trusted business partners, but most importantly it is compulsory for those firms that depend only on one exchange partner. Hence, managers need to be aware of how the variation in availability of alternative distributors affects the rate of return from their investment on trust.

Relationship behaviors are extremely vital in African business-to-business relationships. This fact is evidenced by the way these firms are established. Most businesses relationships are established based on friendship, trust, and family ties rather than economic and legal motivations. In most cases, the personal relationship sustains more than the business relationships (Ayenew and Wolfeld 2014). Therefore, it is very important to establish personal relationships with exchange partners in order to launch and maintain business-to-business relationships smoothly and successfully. The best way to create a good business relationship is to develop strong friendship, show respect, listen to what exchange partners say, and try to take into account their interest in decision making. Moving directly into business-related matters without making proper introductions and extensive talks would be considered rude in most African culture (Eshete and Gebre 2012, Ayenew and Wolfeld 2014).

International firms, with a plan to do business in Africa, should understand the value of personal ties and trust in business relationships. African economies continue to grow more quickly than mature ones. This growth is as much as 4% higher than the growth in developed economies. It has been predicted that the rate of the growth will be consistent and robust over the next 10-15 years (EY 2015). This provides stability for international firms with a plan to search partners for their products in African markets. It is quite clear that international firms should approach these markets based on their context, giving more weight to relational exchange variables. Failure to properly deal with such difference may result in economic and relationship loses. Managers should also maintain a flexible approach to local markets in order to accommodate cultural differences. Hence, firms should pay attention to cultural diversity, manage it properly to avoid cultural barriers, and build effective business relationships in African markets.

Finally, the findings of this study are beneficial for managers in understanding the nature and importance of relational drivers of relationship satisfaction. Firms' owners and managers should understand how to develop a strong social relationship with their counter trading partners and understand the situations in which they have to deal with honest, fair, and concerned business partners in a business exchange. Managers should be attentive to the condition in which they enjoy the benefits, in such investments. They also have to be aware of when they can enjoy the benefits of their personal ties with their exchange partner. It is unfair to expect return from their investment at the beginning of the relationship. However, they have to continue to invest on creating close personal ties with their exchange partner. Then, they will start to reap the benefits later in their exchange relationship. Suppliers should also understand the importance of the availability of alternative means of distribution and its implication in building trust, and improve their relationships.

### **Limitations and Directions for Future Research**

The study has left out several relational drivers, such as financial bonds, structural bonds, conflict, and communication which may have influence on supplier satisfaction. The inclusion of these constructs could have better reflected the complexities of an exchange relationship in the real world and could have enriched the research. Further, additional moderators, such as environmental uncertainty, behavioural uncertainty, buyer characteristics, and price competitiveness (Grewal, Comer, and Mehta 1999) can be added to the current two moderators in the proposed model to test the relationship between social bond, trust, and supplier satisfaction. Future studies should include at least few of these variables, to shed more light on this phenomenon, and build a contingency model of relationship satisfaction.

The sample of this study comprised footwear producers in Ethiopia. This may limit the ability to generalize findings to other industries and firms operating in other countries and cultural context. In addition, the research was conducted based on the report on monadic data, which, in turn, were based on the footwear producers' response, with no reference to the counterparts' (i.e., wholesalers) views. Moreover, the research was based on cross-sectional design, in which the data were collected at one point in time. The concept of exchange relationship in this study was largely treated as static in nature, although, in actual exchange relationships, the relational variables dynamically evolve over time (Breivik 2016). Future research can extend to integrate the viewpoints of both parties involved in the relationship, using longitudinal or quasi-longitudinal research designs. In this work, the relational constructs in the supplier-wholesaler relationship was treated from a dyadic perspective. Recent studies have emphasized the need to explore focal company relationships from a network perspective (Hakansson 1982, Mattsson 1985). Thus, future research should be carried out from a network perspective, to see how relational behaviour constructs in a network of relationships impacts the exchange relationship.

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### Appendix Measurement Items and Validity Assessment

Measures	SFL
<b>Social Bond: <math>\alpha = 0.829</math>, CR = 0.828, AVE = 0.843</b>	
I have a very strong friendship with this wholesaler.	0.613
I consider this wholesaler as one of my closest family member.	0.689
I interact and meet with this wholesaler at least once in a month at social gatherings outside the work environment.	0.782
I consider this wholesaler as a very good friend of mine.	0.861
<b>Trust: <math>\alpha = 0.829</math>, CR = 0.828, AVE = 0.782</b>	
This wholesaler has a high degree of integrity to sale the shoes our firm produce.	0.875
The wholesaler is always honest in transaction associated with shoe sales.	0.877
I always believe that the information originates from this wholesaler as dependable.	0.901
<b>Relationship Satisfaction: <math>\alpha = 0.954</math>, CR = 0.955, AVE = 0.551</b>	
I am very happy with the close personal working relationship I have with this wholesaler.	0.947
This wholesaler is my first choice to sell my shoes than other wholesalers.	0.860
I am very happy with the decision concerning the choice made to deal with this wholesaler as distribute for our shoes.	0.963
The relationship between our firm and this wholesaler is characterized by a great mutual respect.	0.899
<b>Overall model fit</b>	
CMIN/df = 1.87, p = 0.01, RMSEA = 0.07, IFI = 0.974, TLI = 0.974, CFI = 0.974, AGFI = 0.873	