The empirical study of personal value and business performance in supply chain collaboration

Prita Prasetya* and Berto Mulia Wibawa

*School of Business and Economics, Universitas Prasetiya Mulya, Indonesia
bDepartement of Business Management, Institut Teknologi Sepuluh Nopember, Indonesia

ABSTRACT

This study aims to explore the role of personal value and broaden knowledge of perceive value and performance in business-to-business markets. A sample of 189 distributors was surveyed to test the theoretical model. The study focuses on paint and coating industries. Data was analyzed with partial least squares structural equation modeling (PLS-SEM) method. The hypothesized relationship that personal value drives information sharing, logistic performance, information support, and product quality, which is based on existing literature in channel behavior and relationship marketing, did not fit well with our data. Some drivers did not have significant effect on distributors’ perceived value. Finally, the distributors’s perceived value is a determinant of business performance. The paper also systematically addresses the antecedents of customer perceived value and performance from the perspective of distributors. The results of this study suggest that manufacturers should invest more effort in personal value with their key distributors to enhance the value of the relationships with those distributors. The managerial implications of the findings are considered, and the limitations along with future research directions in B2B channel relationship are discussed.

Keywords: Personal value, Logistic performance, Perceived value, Performance, Distributors, Paint and chemical

1. Introduction

Perceived value and performance are priority goals in business-to-business (B2B) relationships. To achieve perceived value and performance, suppliers must focus their strategy on providing superior value to their customers (Ulaga & Eggert, 2006b). Research has shown that many companies move from discrete transactional exchanges to relational (Anderson & Narus, 1990; Ganesan, 1994; Nguyen & Nguyen, 2011). Manufacture certainly has a relationship with another company called collaborative relations (Ambrose et al., 2010; Ulaga, 2003). Researchers agree that the collaborative relationship between buyer and seller is a source of competitive advantage (Cannon & Homburg, 2001; Dwyer et al., 1987; Morgan & Hunt, 1994; Ulaga & Eggert, 2006a).

This paper focuses on manufacture and distributor relationships. Distributors increase their power in marketing channels and centralize their orders by selecting the number of suppliers. In this scenario, manufacturers use various specialized services to provide complete solutions to their customers (Rudawksa, 2019). Due to increasing competition and the commodification of products, distributors are looking for new ways to differentiate their offerings and provide more value to their customers (Ulaga & Eggert, 2006a). In buyer-seller relationships, the purpose of business partners (i.e., manufacture, distributor, consumer) involved in the relationship is to create higher value for all parties involved (Walter et al., 2001). Therefore, partners in a business relationship should improve the value of relationships to gain a competitive advantage (Eggert & Ulaga, 2002; Wagner & Benoit, 2015; Westerlund and Svahn, 2008). Studies conducted by Ulaga researchers (2003) address business relationships as actually being managed by individuals, and there is extensive personal value in any
business relationship. Personal value between key individual's business partners plays an important role in creating value for relationships (Ulaga, 2003) and increases a better understanding of each partner's goals (Ulaga and Eggert, 2006a). However, research on personal value in business relationships between manufacturers and distributors is still little attention, especially in the paint and coatings industry. Therefore, this study attempts to investigate the impact of personal value on perceived value and loyalty of business relationships between manufacturers and distributors in Indonesia. The rest of the study organized around four key points: literature review and hypotheses, methodology; results and discussion; and conclusion.

The relationship between perceived value and performance has been well discussed in the literature, (e.g. Abdul-Muhmin, 2002; Russell-Bennett et al., 2007; Spiteri & Dion, 2004). However, research is still limited regarding the determinants of perceived value. In addition, research on perceived value has largely done in the consumer market, while not much known about perceived value and its predecessors in the business-to-business market (Cater & Cater, 2009). To overcome the shortcomings mentioned above in the business-to-business literature regarding perceived value, we also investigate the determinants of distributor perceived value and, consequently, business performance. Research conducted by MARS Indonesia revealed that the paint and coating industry has the most significant number of companies compared to other building materials industries. The paint and coating industry is one of Indonesia's few business sectors with strong domestic companies, with local brands dominating the paint market by 75% - 80% (MARS, 2014). The main challenge for paint manufacturer in building cooperation with distributor is how to build mutually beneficial and long-term relationships. The cooperation aimed at making retailers willing to sell their paint and coatings products and establishing loyalty. The phenomenon that is happening right now is that paint manufacturers are competing to build closer relations with their distributors. In the relationship between manufacturing and distributors, the rapidly developing marketing trend has created closer relationships with distributors over the past few decades. Palmatier (2008) suggest that building long-term relationships can help companies and customers create higher value than mutually beneficial and economic-oriented relationships.

This study specifically tests the personal value model with elements of the relationship value, i.e., logistic performance, information sharing, and product quality to distributor perceived value and loyalty. Our empirical findings based on a study of customer relations in a business-to-business context at 189 distributors, paint and chemical industries. Based on empirical results, the theoretical and managerial implications are discussed. Specifically, we propose what manufacturers do in the business-to-business market to increase their customers' perceived value and loyalty by enhancing relationships with their customers.

2. Literature review and hypotheses development

We propose that personal value will improve logistic performance, information sharing, and product quality. In addition, personal values, together with these factors, in turn, underlie perceived value, which is felt by distributors. Finally, perceived value has a positive effect on business performance. Fig. 1 presents these relationships and hypotheses graphically.

2.1 Personal value

Although business relationships are built between organizations, they are actually managed by individuals (Ulaga, 2003). According to Wilson and Jantrania (1994) people make relationships or fail. Personal relationships are part of relational exchanges, and buyers regard personal relationships as an important aspect of purchasing (Dwyer et al., 1987). Personal relationships are part of relational exchanges, and buyers regard personal relationships as an important aspect of purchasing (Dwyer et al., 1987; Walter et al., 2000). In manufacturer-distributor relations, personal value refers to interactions at the individual level between the distributor and the manufacturer's main contact people (Ulaga, 2003). Interpersonal behavior theory shows that everyone wants to be treated equally with respect and the opportunity to voice opinions in relationships. Thereby increasing personal value between distributors and manufacturers will benefit both parties through better communication, better understanding each party's goals, and interdependence of each other in the relationship, leading to more effective and efficient problem solving (Cater & Cater, 2009; Ulaga, 2003). Better communication and understanding by each partner through personal value will reduce confusion about what must be done by the two partners in the relationship, such as product quality standards, appropriate information, and quantity and delivery time (Nguyen & Nguyen, 2011). Research has shown that personal value plays an essential role in distributor evaluation of supplier performance (La et al., 2009). Beyond the core offering, suppliers create value in the sourcing process. Relationship drivers identified at this level are the personal value and information sharing between both parties (Ulaga & Eggert, 2005). Therefore, we propose the following hypotheses,

H1: Personal value has a positive effect on logistic performance.
H2: Personal value has a positive effect on information sharing.
H3: Personal value has a positive effect on product quality.
H4: Personal value has a positive effect on perceived value.
2.2 Logistic performance

Logistics is considered a key factor in the supply chain process, as value-added (Stank et al., 2001). Logistic performance is the ability to consistently deliver the requested product within the requested delivery time frame with acceptable costs and it is important in achieving overall business performance (Stank et al., 2003). Logistic performance is another factor that contributes to the perceived value of the distributor-manufacturer relationship. Thus, manufacturers can add value to their relationships with distributors by meeting delivery schedules. Manufacturers also need to adjust delivery schedules to meet the requirements of their distributors, which vary according to changing market demand. Delivery accuracy is also important for manufacturers who want to add value to the relationship - the type and number of products ordered will help distributors save time and effort (Ulaga, 2003). Three aspects of shipping performance, namely on-time delivery, shipping flexibility, and delivery accuracy (Ulaga & Eggert, 2006a). Building logistic performance leads to higher levels of dependency and improve perceived value in manufacture-distributor relationship. Thus,

H5: Logistic performance has a positive effect on perceived value.

2.3 Information sharing

Information plays an essential role in business relationships, to setting priorities and coordinating activities to accomplish each party’s objectives (Cannon & Homburg, 2001). Information sharing from manufacture creates value for their relationships with distributors. An open and consistent flow of information from manufactures will help distributors anticipate the manufacturer's plans and technological changes in the industry. Three critical aspects of manufactures’ information support identified: information availability, speed, and suitability (Ulaga, 2003). Distributors require a fast response with the appropriate information from the manufacturer if needed. Information sharing is defined as the extent to which suppliers openly share information about the future that might be useful for customer relations. When suppliers openly share information, the buyer's company gets insight into the acquisition and use of supplier products. Open communication can also help identify and solve problems related to lowering costs, helps customers anticipate suppliers' plans, enabling the two companies to coordinate product development and production schedules. Therefore,

H6: Information sharing has a positive effect on perceived value.

2.4 Product quality

Product quality is an essential factor that drives relationship value in buyer-seller relationships. Product quality is degree to which a good is adapted to customer’s operations (Ulaga & Eggert, 2006), the customer’s perception about the relative superiority of a supplier’s offering along relevant product dimensions (Menon et al., 2005) In distributor-manufacturer relations, distributors maintain relationships with manufacturers to receive high-quality, consistent, and reliable products from time to time. High-quality products characterized by durability, reliability, and other product attributes felt by consumers are essential for the distributor's business. Product quality is central to what customers want to buy. In distributing products to end-users, distributors must deal with customer complaints about product quality. According to Cannon and Homburg (2001), high-quality products supplied by manufactures will reduce their costs of dealing with distributor customers, increase the value of relationships. Hence,
H*: Product quality has a positive effect on perceived value.

2.5 Perceived value

In recent years discussions of business-to-business relationships have focused explicitly on the concept of value as the primary building block of relationship marketing (Ulaga and Eggert, 2005) and relationship-based strategies in building a firm's competitive advantage (Morgan and Hunt, 1994). Lindgreen and Wynstra (2005) argue that there are two main research streams in studying value in business-to-business markets - one focusing on objects of exchange (value-based products), with the other focusing on the exchange process (value-based relationships). When operationalizing the concept of value that customers receive from relationships, researchers seem to recognize that customer value finds its origin in certain products and offerings outside of exchanged products (Lindgreen & Wynstra, 2005; Ulaga & Eggert, 2005, 2006a). Studies on perceived value in B2B contexts are still somewhat needed to develop (La et al., 2009; Lindgreen & Wynstra, 2005; Menicarelli & Rivière, 2015; Nguyen & Nguyen, 2011; Ulaga, 2001, Singh et al., 2018). Values are a core concept in marketing and have attracted academics and managers (Flint & Woodruff, 2001; Walter et al., 2001). The purpose creating superior customer value is to long-term survival and success for every business. There are some different customer value perspectives in the business market: the buyer's perspective, value creation through products and services; the seller's perspective, value creation of value through customer equity; and, buyer-seller perspective, namely value creation through networks (Ulaga, 2001).

In this research, we consider the perceived value perceived by the distributor as a trade-off between benefits and sacrifices obtained through the distributor's relationship with the manufacturer (Ritter & Walter, 2012), namely the distributor's value perspective. A higher perceived value in the relationship is expected to increase the purchase volume, positively impact distributor performance, as a perceived achievement from the manufacturer-distributor relationship. This study focuses on distributor performance in dealing with specific manufacturers, and distributor performance reflects sales growth, profit growth, and market share of manufactured products. The high distributor's relationship value leads to efficient transactions such as shortening response time, marketing programs, profits in logistics management, and that contribute to distributors' efficiency and effectiveness in serving their customers (Nguyen & Nguyen, 2011; Nguyen & Nguyen, 2014). This, in turn, can create strong market position that reflected in distributor performance. When the conditions needed for high relationship values, the manufacturer or distributor more likely to be interested in existing relationships, and such relationships can be expected to continue in the future, leading to increased mutual benefits through better understanding and service customer needs (Anderson & Weitz, 2009). Finally,

H5: Perceived value has a positive effect on distributor business performance.

3. Methodology

3.1. Data

Respondents in this study are managers and owners, paint and chemical distributors. The initial stage carried out by conducting in-depth interviews with eight distributors in paint and chemical sector, where is located in Jakarta as the primary business center in Indonesia. The aim is to examine how distributors describe their business relationships with manufacturers and their personal values and perceived value with manufacturers. Furthermore, the main survey was conducted face-to-face with 189 distributors, paint and chemical products in several provinces in Indonesia, including Jabodetabek Area, Central Java, West Java, East Java, and Bali. The purpose of the main survey is to validate the size and to test the structural model. Partial least square structural equation modeling (PLS-SEM) method is used to analyze data, test the equation model's structure, evaluate the consistency of measurements, and investigate construct relationships. The payload is evaluated to assess the outside model. The standard load indicator must be greater than or equal to 0.6. The software used to represent and test this model is Smart PLS 3.0.

3.2. Sample characteristics

The sample included 189 distributors in six provinces in Indonesia, 53 distributors in DKI Jakarta, 34 in West Java, 32 distributors in East Java, 24 distributors in Central Java, 28 distributors in Banten, and 18 distributors in Bali. In terms of relationship duration, there were 53 (28 %) distributors had less than or equal to five years of relationships with their manufacturers; 64 (33.9%) had from six to ten years of relationships with their manufacturers; and, 72 (38.1 %) had more than ten years of relationships with their manufacturers.

3.3. Measures and scale items

There are six constructs examined in this study: personal values; product quality; logistic performance; information sharing; perceived value and, business performance. Each construct measured tree items. Personal value is measured the quality of interaction between the distributor and the manufacturer's main contact persons. Product quality measures by overcoming the distributor's overall perception of the manufacturer's products' quality. Information sharing focus on openly share information about the future that might be useful for customer relations. Logistic performance is measured by asking the
distributor about the manufacturer's shipping performance, such as time and accuracy. Perceived value is measured by asking the distributor about the value of the relationship between them. Business performance measures the sales growth, profit growth and market share. Items used to measure each construct were adapted from previous research studies, scales for each construct were adapted for the context of this study, provide in Table 1. All items were measured by a five-point Likert scale, anchored by 1: strongly disagree and 5: strongly agree.

### Table 1
Summary of constructs and indicator variables

<table>
<thead>
<tr>
<th>Constructs and indicator variables</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal value</strong></td>
<td></td>
</tr>
<tr>
<td>X1 It is very easy to work with manufacturer</td>
<td>Ulaga (2003); Nguyen and Nguyen (2011)</td>
</tr>
<tr>
<td>X2 We have a good interaction with manufacturer’s people</td>
<td></td>
</tr>
<tr>
<td>X3 It is very easy to address problems with manufacturer</td>
<td></td>
</tr>
<tr>
<td><strong>Product quality</strong></td>
<td></td>
</tr>
<tr>
<td>X4 Manufacturer provides us with high quality products</td>
<td>Cannon and Homburg (2001); Čater and Čater (2009)</td>
</tr>
<tr>
<td>X5 Manufacturer always satisfies our quality standards</td>
<td></td>
</tr>
<tr>
<td>X6 Manufacturer’s products are very reliable</td>
<td></td>
</tr>
<tr>
<td><strong>Information sharing</strong></td>
<td></td>
</tr>
<tr>
<td>X7 Manufacturer always talks with us about its business strategy</td>
<td>Cannon and Homburg (2001); Čater and Čater (2009); Chu and Wang (2012)</td>
</tr>
<tr>
<td>X8 Manufacturer always frequently discusses strategic issues with us</td>
<td></td>
</tr>
<tr>
<td>X9 Manufacturer always openly shares information with us.</td>
<td></td>
</tr>
<tr>
<td><strong>Logistic performance</strong></td>
<td></td>
</tr>
<tr>
<td>X10 Manufacturer always meets our delivery schedule</td>
<td>Cannon and Homburg (2001); Čater and Čater (2009); Lai et al. (2015); Ulaga (2003)</td>
</tr>
<tr>
<td>X11 We rarely have delivery errors with manufacturer</td>
<td></td>
</tr>
<tr>
<td>X12 Deliveries from manufacturer are always accurate</td>
<td></td>
</tr>
<tr>
<td><strong>Perceived value</strong></td>
<td></td>
</tr>
<tr>
<td>X13 Overall, we are very satisfied with the relationship</td>
<td>(Nguyen and Nguyen (2011); Ulaga and Eggert (2006a))</td>
</tr>
<tr>
<td>X14 Overall, this manufacture is a good to do business with</td>
<td></td>
</tr>
<tr>
<td>X15 Overall, this manufacture treats us fairly</td>
<td></td>
</tr>
<tr>
<td><strong>Business performance</strong></td>
<td></td>
</tr>
<tr>
<td>X16 Our sales increased as expected</td>
<td>Chatain (2010); Liu et al. (2010); Nguyen and Nguyen, (2011)</td>
</tr>
<tr>
<td>X17 Our profits increased as expected</td>
<td></td>
</tr>
<tr>
<td>X18 Our market share increased as expected</td>
<td></td>
</tr>
</tbody>
</table>

The measurement model and structural models were tested using PLS-SEM due to sample size limitations Haenlein and Kaplan (2004). Table 2 presents a summary of selected descriptive statistics. Personal value and business performance have the highest mean scores, indicating a relatively high degree of relationship construct among manufacture-distributor. Estimated loadings between constructs and items are analogous to factor loadings and all were above 0.50. The results of testing the model are as shown in Fig. 2 as follows:
Fig. 2. Result of Analysis Using PLS-SEM

Source: Suggested by the Author

The PLS-SEM measurement results and inter-construct correlations were encouraging (Table 3). All constructs display appropriate internal reliability statistics (Cronbach’s alpha over 0.7). The reliabilities in the context of the theoretical model were greater than 0.85, it was acceptable for all constructs with multiple measures. Further, convergent validity was demonstrated, as the average variance extracted (AVE) in constructs by items was greater than 0.5. It was larger for all constructs in relation to the corresponding squared inter-construct correlations, thus conclude that the model has discriminant validity. The empirical findings of the structural model suggest that the tested structural model is satisfactory. All eight hypothesized relationships in the structural model shown in Table 4.

### Table 3

Squared inter-construct correlations

<table>
<thead>
<tr>
<th></th>
<th>α</th>
<th>CR</th>
<th>AVE</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistic performance (1)</td>
<td>0.788</td>
<td>0.848</td>
<td>0.655</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information sharing (2)</td>
<td>0.868</td>
<td>0.919</td>
<td>0.791</td>
<td>0.276</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal value (3)</td>
<td>0.758</td>
<td>0.861</td>
<td>0.674</td>
<td>0.150</td>
<td>0.682</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product quality (4)</td>
<td>0.790</td>
<td>0.864</td>
<td>0.679</td>
<td>0.385</td>
<td>0.35</td>
<td>0.336</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business performance (5)</td>
<td>0.740</td>
<td>0.852</td>
<td>0.657</td>
<td>0.304</td>
<td>0.495</td>
<td>0.565</td>
<td>0.48</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Perceived value (6)</td>
<td>0.740</td>
<td>0.852</td>
<td>0.658</td>
<td>0.058</td>
<td>0.583</td>
<td>0.599</td>
<td>0.28</td>
<td>0.61</td>
<td>1</td>
</tr>
</tbody>
</table>

### Table 4

Results of testing hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t-value</th>
<th>P Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal value → Logistic performance</td>
<td>1.159</td>
<td>0.247</td>
<td>Not supported</td>
</tr>
<tr>
<td>Personal value → Information sharing</td>
<td>14.204</td>
<td>0.000***</td>
<td>Supported</td>
</tr>
<tr>
<td>Personal value → Product quality</td>
<td>5.535</td>
<td>0.000***</td>
<td>Supported</td>
</tr>
<tr>
<td>Personal value → Perceived value</td>
<td>3.355</td>
<td>0.001***</td>
<td>Supported</td>
</tr>
<tr>
<td>Logistic performance → Perceived value</td>
<td>1.289</td>
<td>0.198</td>
<td>Not supported</td>
</tr>
<tr>
<td>Information sharing → Perceived value</td>
<td>3.111</td>
<td>0.002***</td>
<td>Supported</td>
</tr>
<tr>
<td>Product quality → Perceived value</td>
<td>1.107</td>
<td>0.269</td>
<td>Not supported</td>
</tr>
<tr>
<td>Perceived value → Business performance</td>
<td>14.816</td>
<td>0.000***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: *** indicates significance at the 1% level. Source: Suggested by the Author.

### 4. Result and discussion

Realizing the importance of personal value in the business relationship between manufacturers and distributors, this research explores personal value in increasing perceived value and subsequently, in distributor performance, in the rapidly growing coating and chemical market. This finding is important for manufacturers, enabling them to improve business performance by effectively developing and managing relationship values through personal values and logistic performance.

This study provides an overview of previous empirical studies on managing successful paint and chemical distributor relationships. Using 189 paint and chemical distributor samples in six provinces in Indonesia, the results of this study provide interesting results, that personal value has a positive effect on information support and product quality. Meanwhile, logistic performance was not significantly affected by personal value.
The path coefficient that is high enough for personal value and information sharing confirms that distributors value relationships where their relationship with the supplier staff is cooperative and not problematic. Perceived value is further enhanced if the distributor has access to knowledge and information about manufacturing and how to improve existing customers' products or present them with new products. Regarding the perceived value antecedents, four proposed antecedents, two of which positively affect the perceived value, i.e., personal value and information sharing. Besides, $R^2$ in the model shows that personal value can explain 35.1 percent, and information sharing can explain 68.2 percent of the perceived value variance. In particular, distributors are more likely to develop relationships with manufacturers when they are close, providing customized services or investing in relationships.

However, product quality and logistic performance is not supported empirically as a driver of relationship value. This result might be related to the specific characteristics of paint and coating products. Quality is the most fundamental of customer satisfaction and success in competition. In fact, quality is what should be for all sizes of companies and for developing quality practices and showing consumers that they can find expectations for higher quality.

On the other hand, there is no significant effect of logistic performance and product quality on perceived value. Timely and accurate delivery and product quality did not significantly affect perceived value. However, the relationship between product quality and perceived value has confirmed in previous studies (Cannon and Homburg, 2001; Nguyen and Nguyen, 2011). In the case of distributor relationships in the context of paint and chemical, product quality is not a significant factor distributor maintains relationships with manufacturers. It indicated that, in general, products considered to be of high quality, consistent and reliable from time to time. However, previous studies have provided empirical evidence of the relationship between personal values with logistical performance (e.g., Le and Lane, 2009; Nguyen and Nguyen, 2011; Ulaga, 2003; Ulaga and Eggert, 2006a). This study proves that logistic performance represents a specific investment in the relationship, that manufactures efforts to develop high-quality delivery performance in their relationships to specific investment safeguards. This relationship may be only marginally significant due to our research context. The development process of the distribution of paint and chemicals not based on experience but facets, i.e., personal value and information sharing.

The results revealed a direct positive effect of perceived value on business performance. This result is in line with the results of some previous studies, i.e., Nguyen and Nguyen (2011); Li (2010); Leuschner et al. (2014); Wolfgang Ulaga and Eggert (2006a). Distributors will be more likely to work closer to manufacturers, allowing manufactures to become a major supplier, generating multiple benefits. Therefore, manufactures must pay attention to this study's results by investing more in relations with their distributors. Personal value between the distributor and the manufacturer's primary contact personnel will increase such perceived value.

This finding shows several implications for academics and practitioners alike. The value of the relationship is very important in the relationship between manufactures and distributors. Higher relationship value in manufacture-distributor relations will improve distributor performance in sales, market share, and profit, based on manufactured products that will benefit both parties. The personal value will make the two partners work together closely. Manufacturers can serve their customers more effectively and efficiently, for example, to understand and respond faster than competitors to the market, to more easily adjust prices from time to time to offset competition, and, to be in a better position to compete business because of their initial involvement in new product development. Through better communication and understanding of the two partners’ goals also helps improve product quality, support, and delivery of performance information, which in turn, increases the value of the relationship between the two parties. Increasing personal value between distributors and manufacturers will also give manufacturers more opportunities to meet distributor quality standards, quickly provide the distributor with the right information, and meet distributor delivery schedules without errors or delays. As such, manufacture must invest more time and effort in personal value with their main distributors to increase the relationship’s value with these distributors.

Through better communication and understanding of the goals of the two partners also helps improve product quality, support, and delivery of performance information, which in turn, increases the value of the relationship between the two parties. Increasing personal value between distributors and manufacturers will also give manufacturers more opportunities to meet distributor quality standards, quickly provide the distributor with the right information, and to meet distributor delivery schedules without errors or delays. As such, manufactures must invest more time and effort in personal interactions with their main distributors to increase the value of the relationship with these distributors.

Furthermore, this study found strong relationship between perceived value and performance. Manufacture can strengthen clients’ perceived value by maximizing antecedent, i.e., personal value and information sharing of the performance perceived by the distributor. Manufactures can enhance any or all of the perceived performance antecedents to be more distributor-oriented or to demonstrate creativity or innovation compared to competitors. Therefore, management is interested in understanding key drivers of performance and creating value and - ultimately - performance. Therefore, giving value is very important to ensure distributor performance and loyalty.
To increase sales, manufacturers must build their businesses around the core factors of personal value and information sharing. Even more the case in industries sector, where the product's source is not the main reason the customer enters the relationship in the first place. Product quality may not be enough to stimulate customers to partner activities such as referrals. The supplier must focus on improving the working relationship between the customer and his staff to stimulate them. Johnston and Hausman (2006) asserted that a company consists of individuals who influence their partners' relationships. Even though the relationship in a business-to-business context is between companies, managers do not forget those individual employees doing specific activities in the relationship. The people therefore involved must be comfortable working with each other, which means that individuals with social and other skills must be chosen carefully before appointing them to manage customer relationships.

5. Conclusion

The results of this study support the previous studies (i.e., Nguyen & Nguyen, 2011; Ulaga, 2001, 2006a; Basheer et al., 2019; Alzoubi et al., 2020). In contrast, the logistic performance and product quality did not have any significant effect by personal value. The results of this study raised the suspicion that there were still other factors influencing that have not been covered in this study. Perceive value is very important in the relationship between manufacturer and distributors. High relationship value in distributor relations will improve distributor performance in terms of sales, market share, and profit, based on manufactured products. This value will benefit both parties. Distributors will be more likely to work more closely with manufacturers, allowing manufactures to become a major supplier, generating multiple benefits for both parties. Although this study reached some important findings, it also has some limitations that should addressed in future research. The study only tested the coating and chemical industry models in several provinces in Indonesia. Although the characteristics of relationships in the industry are general, the value of the relationship between perceived value and its antecedents can vary in different industrial contexts. Other industries and regions can express a variety of perspectives driving values. Finally, future empirical research can be carried out on multiple other industries and other geographical regions to compare and differentiate similarities and differences between industries and regions, improving the generalization of results.

References


