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Time Lost forever: Relational bonds of watch manufacturers with retailers in India

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Abstract

Purpose: This study identifies the critical elements of relationship management required to be studied in distribution sciences to create a relational bond of watch manufacturers with their retailers in India. The offline watch retail market is undergoing a rapid transformation due to technology intervention in the product portfolio and the advent of online retailing. The study identifies the interrelationships amongst the constructs of interdependence, trust, affective commitment, and information exchange to form long-lasting relational bonds in the watch industry. **Research design, data and methodology:** We used a path analysis to investigate the relationship between interdependence, trust, affective commitment, and information exchange. Data has been collected from 143 watch retailers using judgmental sampling method. **Results:** The data analysis suggested the establishment of measurement and structural model. The absolute and relative goodness of fit models in the causal analysis are 0.628 and 0.959 suggesting a sufficient fit index. Based on the analysis of direct and indirect effects, the results indicate that trust fully mediates the effect of interdependence and information exchange of retailers with the manufacturer. **Conclusions:** Trust plays an important role in driving commitment and information exchange between watch manufacturers and retailers. Interdependence in the manufacturer-channel relationships would lead to affective commitment only when trust exists in the relationship. [AMAWATE, Vibhas.] in Web of Science and Scopus).

Keywords: Distribution Science , Relational bonds, Emerging Markets, Information Exchange , Marketing Channels

JEL Classification Code: D3,M31, L14

1. Introduction

As per a report of Statista, the Indian watch market was US\$1,329m in 2021 and expected to grow annually by 7.60% (CAGR 2021-2025). As a few players control most of the organized retail channels (Titan has a 65% market share), it leads to a high market concentration and dependency.

In a competitive market environment firm that has relationships based on trust achieves higher business success. In distribution sciences, it has been suggested that

collaborative relationships based on a high level of trust create relational bonds which improve performance and market competitiveness (Noordewier et al. 1990, Morgan and Hunt 1994, Ganesan 1994). Dependence is critical to understand business relationships, as elucidated in resource dependency and transaction cost theory (Pfeffer and Salancik, 1978; Williamson, 1985). A need exists to change the Transaction cost economics theory to apply in different contexts and situations (Kwon & Mun, 2012).

Relational-oriented exchanges are the hybrid structure that ensures conditions that make it impossible for contracting parties to come out of the relation (Williamson 1985, 1993). Dependence in a relationship can exist with or without trust (Andaleeb, 1995). The relational orientation of business relationships is due to the channel partners' perception of dependence and trust (Ganesan, 1994; Andaleeb, 1995; Lusch & Brown, 1996). Dependence exerts a weaker influence on information sharing as opposed to trust (Sezen 2007). The existing studies have treated dependency-based governance efforts and trust-based governance efforts as acting independently in driving

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behavioral responses from channel partners. The present study suggests that the governance efforts of dependency-based trust impact the relational behavior of information sharing. Information is a vital non-economic resource exchanged in marketing channels; most of the existing academic studies have not explored the role of dependency-based trust in information exchange.

Trust has two elements sincerity-based honesty (Dwyer and Oh 1987; Anderson & Narus 1990; Scheer & Stern 1992) and partner's benevolence (Deutsch 1958; Larzele & Houston 1980; Rempel, Homes & Zanna 1985) both drive the information exchange between channel partners. Existing studies have considered information exchange leading to trust in business relationships (Anderson & Narus, 1990; Selnes et al., 1996; Kwon and Suh, 2004, 2005; Dubey et al., 2019), they have not explored the nature of trust concerning dependency. In non-relational-oriented exchange, information sharing develops mutual trust in the business relationship. Relational communication consists of the presence and frequency of information sharing and information quality (Agrawal & Narayana, 2020). In non-relational oriented exchanges, the quality of information sharing might be low due lack of contractual mechanisms. The contractual mechanisms in dependency-based relational-oriented exchange lead to trust. Based on these research streams, this paper is meaningful as it explores trust as an antecedent to information sharing.

Contracts ensure that the businesses interact to define the mechanism for implementation and evaluation of performance. The existing studies have suggested that trust leads to affective commitment in conditions of less contractual mechanism monitoring. Dependence driven by fear of incurring relationship termination costs may lead to commitment (Morgan & Hunt, 1994) and may lead to opportunistic behavior, trust may lower the same. The previous studies have not explored the role of trust as

mediating variable in interdependence and commitment relationships. Therefore this study develops an understanding of creating relational bonds based on trust-based dependence rather than contractual mechanism. A trust-based dependence would lead to collaborations and efforts so that the firm achieves a sustainable competitive advantage.

2. Literature Review

2.1. Theoretical Background

The role of channel structure, power, dependence, information sharing, trust and commitment has been explored in academic literature in distribution sciences. Channel structure and performance is determined by the way an organisation uses power (Antia, Zheng, & Frazier 2013; El-Ansary & Stern 1972). Power is derived from dependence, in case of power or dependence asymmetry a feeling of unfairness and conflict arises in channel relationships which may impact performance (Kumar, Scheer, & Steenkamp 1998; Koza & Dant 2007; Samaha, Palmatier, & Dant 2011). The Relational norms theory assumes that transactions happen in a context (Heide and John 1992), in case of channel relationship involving contract led dependence, relational norms promote cooperation and reduce environmental uncertainty (Palmatier, Dant, & Grewal 2007; Kaufmann & Rangan 1990; Kumar, Heide, & Wathne 2011). Commitment – trust theory extends the relational norms theory when power and dependence symmetry exists in channel relationships. The table 1 details the academic studies and the theoretical background.

Table 1: Theoretical Overview of Research on Channel Management

Previous Research on Behavioral approaches to Channel Management			
Details			
S.No.	Author	Theoretical Background	Summary
1.	Andaleeb, 1996	Resource Dependency Theory and Commitment- Trust theory	The buyers dependence on supplier would drive his satisfaction and commitment, high trust has a very minimal role to play
2.	Frazier, 1998	Commitment- Trust theory	Distributor dependence and trustworthiness drive the continuance commitment. However the affective commitment is driven by supplier's trustworthiness.
3.	Geyskens et al. 1999	Commitment- Trust theory	Dependence of one partners on another, reduces a need by powerful partner to use promise and threats in managing the relationships, rather the supplier uses non-coercive strategies for relationship management. On the contrary the opposite happens in case of high degree of centralization and formalization in business relationships.

4.	Kwon and Suh, 2004	TCE and Social Exchange Theory	Partner's specific asset investments and behavioral uncertainty improve the level of trust and commitment in supply chain partners. Information sharing reduces behavioral uncertainty.
5.	Gao <i>et al.</i> , 2005	Social Exchange Theory, Commitment-Trust theory	The buyers' perception of supplier trust, dependence and commitment drives his trust in the supplier. The buyers perceptions and experience reduce the uncertainty in decision making process.
6.	Yilmaz <i>et al.</i> 2005	Power Dependence and Relational Marketing Theory	Trust has a greater positive impact in highly interdependent dyadic structure
7.	Sezen and Yilmaz 2007	Power Dependence and Relational Marketing Theory	The study empirically validates that both trust and dependence drive the relational behavior-information exchange, flexibility and solidarity. The interdependence in channel relationships drives the channel member flexibility. The Information exchange happens due to trust in the relationship. Both interdependence and trust are required to develop the solidarity of channel members.
8.	Jiang <i>et al.</i> , 2012	Social Exchange theory, Resource Dependency Theory, Commitment-Trust theory	Interpersonal Trust as opposed to interorganisational power and dependence structures has greater impact on relational consequences. Buyers share confidential information with the suppliers only when trust exists in the relationship.
9.	Wu <i>et al.</i> 2014	Social Exchange Theory	Trust, commitment, reciprocity and power are important antecedents of information sharing which lead to a collaborative relationship and better supply chain performance.
10..	Jia <i>et al</i> 2021	Resource Dependency Theory	Trust in channel relationship increases when there is a mutual dependence. In case of dependence asymmetry either in manufacturer-channel relationship, the perception of support decreases impacting the level of trust in the relationship.

2.2. Interdependence

Emerson (1962) identified the dependence-power relationship, leading to emergence of dependence as a critical element in business relationship management (e.g. El-Ansary & Stern, 1972; Brown *et al.*, 1983; Andaleeb, 1995). Most of the early studied focused on power based dependency in channel relationships (Frazier & Rody; 1991; Casciaro & Piskorski 2005). Dependence in any inter-organizational relationships is defined as the degree to which the target firms needs to be in a relationship with the source firm for achievement of its goals (Frazier, 1983; Kale, 1986; Frazier *et al.*, 1989). Interdependence defines the inter-relationships between the organizations (Kumar *et al.*, 1995) which impacts the relational measures of commitment and cooperation (Scheer *et al.*, 2015; Ming *et al.*, 2014) and performance (Andaleeb, 1996; Kim, 2000). Perceptions of interdependence are formed due to importance or criticality of resources owned by source firm and choices to look for an alternative with the target firm (Andaleeb, 1995). Information is a critical resource owned by the source firm, information sharing happens in a dependence based relationship due to contractual

mechanism. In dependence relationships which have trust at the core there is stability which drives integrative behavior (Andaleeb, 1995). Previous academic studies have established that interdependence enhances relational outcomes and firm performance, as both the partners work towards achieving their mutual goals and avoid any destructive actions (Kumar *et al.*, 1995; Hibbard *et al.*, 2001).

2.3. Trust

In channel relationships, reduction of risk and minimization of uncertainty are two important aspects, trust mediates the successful relationship between buyer and seller (Morgan and Hunt 1994). Interfirm benevolence is an important competitive factor in environmentally uncertain conditions (Kim, 2019). Trust is defined as ones belief about the motives or intent of another party so that the trusting parties achieve positive outcomes as they believe in mutual honesty and benevolence (Barber, 1983; Butler & Cantrell, 1984; Luhmann, 1979; Pruitt, 1981; Rempel & Holmes, 1986; Anderson & Narus, 1990; Ring & Van De Ven 1992). Culture and nature of governance structure

(degree of centralization and formalization) impact the trust in manufacturer-channel relationship (Dwyer & Oh, 1987; Gronhaug and Haugland, 1988; Dahlstrom and Nygaard, 1995 a,b). Power Asymmetry in dependence based relationships could impact trust (Anderson & Weitz, 1989) which could be negated if the distributive and procedural fairness exists in the manufacturer-channel relationship (Kumar et al., 1995a). Trust based dependence would lead to cooperative behavior in channel relationships (Lewicki & Litterer, 1985; Anderson & Narus, 1990; Skinner, Gassenheimer, & Kelley, 1992; Ming et al. 2014).

2.4. Commitment

Relational behavior driven by dependence based relationship formulated based on contractual mechanism may lead to contractual commitment (Rese & Roemer, 2004). Contractual commitment is defined as degree to which the entities in the manufacturer-channel relationships adhere to the contract and assume responsibility of the contract (Jia et al., 2014). Contractual commitment has found to increase information sharing (Jia et al., 2014), however collaborative information exchange might not happen. One view of commitment treats it as an affective state of mind and another as a behavioral calculative relationship (Johnson et al., 2001; Gustafsson, Johnson, & Roos 2005). Calculative relationships are contractual or might involve investments and related switching costs (Gundlach, Achrol, & Mentzer, 1995; Gilliland & Bello 2002, p. 28). Dependency based relationships may involve contractual and/or calculative commitment. Affective commitment is defined as relationship based on social and psychological investments rather than financial aspects; it creates feelings of identification, loyalty, and affiliation amongst the exchange partners. Dependency based relationship leads to affective commitment if trust exists in the relationship.

2.5. Information Exchange

Knowledge management and IT systems have lead to greater information sharing in the channel relationships (Cho et al. 2012). The academic literature in the area of channel relationships has identified communication as an antecedent to trust (Anderson & Weitz, 1989; Stern & El – Ansary 1988; Anderson & Narus 1990; Morgan & Hunt 1994). Relational Communication involves information sharing, quality of information and frequency (Agrawal & Narayana 2020). If trust is absent then the target may view the information influence strategies suspiciously and message may be distorted (Jonson & Zineldin, 2003). In case of dependence based relationships, effective information exchange can happen only when trust is present in the relationship.

3. Hypothesis Development

3.1. Interdependence and Trust

Extant research denotes a central role to the notion of interdependence, i.e. joint dependence (Emerson, 1962; Kumar et al., 1995). A high and symmetric interdependence structure is critical for the emergence of trust, commitment, and relational behaviors (Kumar et al., 1995; Lusch & Brown, 1996). Interrelationships between dependence and trust are complex, intertwined and have temporal interplay (Sanner, 2005). The dependence structure in a channel relationship represents the “present or existing conditions” (Ganesan, 1994). Interdependence structure positively guides the intensity of total interdependence and trust (Kumar et al., 1995). Hence, “In summarizing we can say that the trust is formed by interdependence” (Bagdoniene & Hopeniene, 2013). Also, in organizations with a strong sense of mutual dependence and importance developed cooperative goals development of trusting relationships happens (Wong et al., 2005; Jowett & Nezelek, 2012).

Thus we propose the following hypothesis:

H1: Higher interdependence increases trust of watch retailers toward the manufacturers.

3.2. Trust and Commitment

Relational satisfaction in channel relationships leads to commitment (Yang et al., 2010). In recent times, trust and/or commitment has replaced satisfaction as the focal consequence of channel relationships (Anderson & Weitz, 1989; Anderson & Weitz, 1992; Morgan & Hunt, 1994). Trust and commitment are important constructs for relationship development (Dwyer et al., 1987). Trust based commitment defines the relational quality (Tran et al., 2020). Researchers in B2B marketing are unanimous, that trust is paramount to the sustainability of the supplier-buyer relationships and requires more in-depth research (McAllister, 1995). Trust has a positive effect on commitment (Dwyer et al., 1987; Geyskens et al., 1999; Morgan & Hunt, 1994; Lyu & Yang, 2013). The operationalizations primarily reflect affective commitment (Geyskens et al., 1996). Studies have identified affective commitment centrality in achieving positive relationship outcomes (Cater & Zabkar, 2009) and in increasing a business partner’s intention to stay in the relationship (Anderson & Weitz, 1989; Morgan & Hun, 1994; Andaleeb, 1996).

Thus we propose the following hypothesis:

H2: Retailers that trust the manufacturers show more affective commitment towards manufacturers.

3.3. Trust, Interdependence and Commitment

Higher interdependence between the partners had a positive effect on affective commitment (Anderson & Weitz, 1989; Geyskens et al., 1996; Houweling, 2011; Kumar et al., 1995; Yang & Lee, 2014). Further, this study has attempted to understand the role of trust when introduced in whole dynamics. Dependence played a role in determining long-term orientation, but it was insufficient to explain it (Ganesan, 1994). In this context, it is critical to note that out of interdependence and trust, trust has a higher effect on affective commitment, and in the absence of trust; affective commitment is unlikely to be created (Geyskens et al., 1996).

Hence, based on the concept of path analysis (mediation effect), trust may be analyzed as a construct potentially mediating the relationship between interdependence and affective commitment. The logic of temporal precedence is relevant in this context. Relationships evolve over five general phases: awareness, exploration, expansion, commitment, and dissolution (Dwyer et al., 1987). While the honesty component of trust forms during the exploration phase, the rudiments of benevolence establish themselves until the expansion phase. Commitment does not fully develop until relationships enter the fourth phase. Hence, trust positively affects commitment. Interdependence forms during the relationship while trust forms in the future indicated that interdependence precedes commitment (Sanner, 2005).

In business relations in which trust is high, the buyer's commitment is high regardless of its level of dependence on the supplier. Commitment is also significantly higher in the high-trust low-dependence than in the low-trust high-dependence relationships (Andaleeb, 1996).

Thus we propose the following hypothesis:

H3: Trust mediates the impact of the retailer's interdependence on its influential commitment to the manufacturer.

3.4. Trust and Information Exchange

Over the recent years, business marketing researchers put forth a compelling argument for buyers and sellers to develop closer relationships for more information sharing between them. The flow of information is at the heart of the supply chain concept (Thomas et al., 2010). In this integrated discussion context, the role of a construct like information exchange, which is among a workable core set of important relational behaviors (Lusch & Brown, 1996), is also very relevant.

Trust is one among six variables as potential antecedents of information exchange (Moberg et al., 2002). Trust in the partner is an important determinant of information exchange (Morgan and Hunt, 1994).

Thus we propose the following hypothesis:

H4: Trust increases the likelihood that information will be exchanged.

3.5. Trust, Interdependence and Information Exchange

Greater interdependence magnitude (mutual dependence) increases the distributor's willingness to share strategic information with the manufacturer (Va'zquez-Casielles & Iglesias, 2013). Supply chain members are often reluctant to share information, trust is a vital factor driving information exchange (Moberg et al., 2002). It suggests a potential impact of trust as a mediating variable. The amount of information exchanged between channel members impacts the strength of the relationship between the manufacturer-retailer (Moberg et al., 2002). Trust is an essential element of stronger relationships (Morgan & Hunt, 1994; Moorman et al., 1992). The influence of trust in suppliers on information exchange was more than the effect of dependence (Sezen & Yilmaz, 2007).

Thus we propose the following hypothesis:

H5: Trust mediates the effect of interdependence on the level of exchange of information between the retailer and the manufacturer

3.6. Research Model

Based on the hypothesis, the research model is described as follows. Trust plays a mediating role in the Interdependence- Affective commitment (H3) and Interdependence-information exchange relationship (H5).

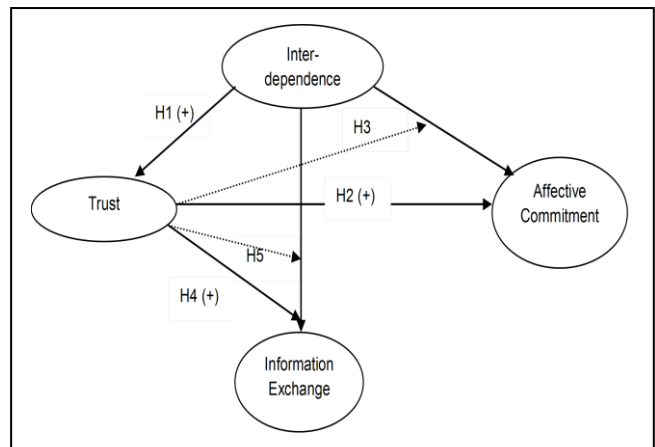


Figure 1: Proposed Model of relationship between Trust, Inter-dependence, affective commitment and Information Exchange

4. Research Methods and Materials

4.1. Research Design and Measurement

The watch retailing in India is done by traditional method (shops selling watches along with other household products) and also in modern trade (shopping malls). The survey was conducted to cover the view and opinions of all multi-brand watch retailers selling in traditional and

modern trade formats. A face to face interview was conducted with either the store owner or the key employee/manager of the store. The data for the research study was collected using judgmental sampling during the period March - July 2019 from watch stores located in the eight Indian cities. In all 163 watch retailers were contacted out of which 143 were selected due to complete survey responses provided by them.

Table 2: Sample Size and Distribution

Details	Descriptive statistics of the Respondents		
	Classification		
Details	Name	Sample Size	%age
Area of Survey	Bangalore	18	13%
	Chennai	20	14%
	Delhi	20	14%
	Hyderabad	18	13%
	Kolkatta	20	14%
	Mumbai	20	14%
	Pune	14	10%
	Ahmedabad	13	9%
Profile of Respondents	Store Owners	123	86%
	Employees of Store Owners	20	14%
Size of the retail store (sq feet)	<100	12	8%
	100-200	15	10%
	200-300	52	36%
	300-400	56	39%
	400+	8	6%
Years of Business Operations	< 3 years	37	26%
	3-5 years	53	37%
	5-10 years	35	24%
	10-15 years	11	8%
	>15 years	7	5%

4.2. Generation of Scale Items

A literature review was done of the previous research on constructs of trust, commitment, interdependence and information exchange, basis which the scale items were compiled. The total number of items produced was 18 items. Each item is given a scale of 1 to 7, where a scale of 1

shows strongly disagree, and 7 shows strongly agree. A pretest was conducted among 30 respondents, a reliability analysis was performed, any item with an item-to-total value below 0.30 was deleted, based on the suggestions received in the pilot study, the questionnaire was adapted before using it for data collection. The overall results of items that have been tested are shown in Table 3.

Table 3: Constructs, Items and Sources

Pool of Scale Item for Measurement			
Details			
S.No.	Construct	Items short form	Item explanation
1.	Information Exchange (adapted from Heide and John, 1992) Frazier, 1998 Geyskens et al. 1999)	IE-1	Exchange of information in this relationship takes place frequently and informally, and not only according to a pre-specified agreement
		IE-2	It is expected that the parties will provide proprietary information if it can help the other party
		IE-3	It is expected that we keep each other informed about events or changes that may affect the other party
2.	Interdependency (adapted from Geyskens and Steenkamp, 1992)	ID-1	The marketing policy of this organisation helps me to get my work done effectively.
		ID-2	This organisation provides me with marketing and selling support of high quality.
		ID-3	This organisation expresses criticism tactfully
		ID-4	Interactions between my firm and this organisation are characterized by mutual respect.
3.	Trust (adapted from Sezen and Yilmaz, 2007)	Trust -1	This organisation is perfectly honest and truthful
		Trust -2	This organisation can be trusted completely
		Trust -3	This organisation can be counted on to do what is right
		Trust -4	This organisation can be counted on to get the job done right
		Trust -5	This organisation is always faithful
		Trust -6	This organisation is a business partner that I have great confidence in
		Trust -7	This organisation have high integrity
4.	Commitment (adapted from Kim and Frazier 1997)	Comm-1	It is important that the relationship with my watch manufacturer benefits both parties.
		Comm-2	My watch manufacturer always keeps its promises.
		Comm-3	If my watch manufacturer cannot keep its promises, I am notified promptly and clearly.
		Comm-4	I believe our watch manufacturer is doing the right thing by us

5. Results and Discussion

The causal relationship in the assumed mediation process, the simultaneous nature of indirect and direct effects, and the dual roles played by the arbitrator on both the results and effects of the intervention are more appropriately represented using structural equation modeling (SEM).

A Partial Least Squares path modeling (PLPSM) is used as opposed to covariance-based structural equation modeling (CBSEM), as it is more beneficial for (1) testing theories and analyzing structural relationships among latent constructs (2) dealing with sample size limitations and non-normal data (3) analyzing complex models that have

'formative' and 'reflective' latent constructs and (4) analyzing models with higher-order molar and molecular constructs.

The PLPSM framework has two inter-related models a) the measurement model which describes the assignment of the observed items (or indicators) to each unobserved construct and b) the structural model which describes the relationship between the construct. In a reflective construct, the items are assumed to reflect the variation in the construct, thus a change in construct is manifested in the items, in formative construct, it is assumed that the observed items represent different dimensions of the construct so the items would not be correlated to each other.

The dataset is consisting of eighteen manifest variables observed on 143 watch retailers in India. The retailers rated

on a 7 point Likert scale ranging from Strongly Agree to Strongly Disagree. The structural model for this dataset of understanding the information exchange amongst the retailers consists of one latent endogenous variable Information Exchange and three latent exogenous variables of interdependence, trust and commitment.

5.1. Measurement Model

The item loadings were large enough and statistically significant. The composite reliability coefficients (D.G.Roh) were all above the suggested level of 0.7 indicating internal consistency. Convergent validity was exhibited as AVE value is higher than 0.5 except for trust, however as convergent reliability is more than 0.6 the construct is adequate (Fornell & Larcker 1981).

Table 4: Results of Confirmatory Factor Analysis

Constructs and Items consistency and validity				
Details				
Construct	Items	Loadings	CR	AVE
Information Exchange	IE-1	0.783	0.799	0.578
	IE-2	0.785		
	IE-3	0.711		
Interdependency	ID-1	0.514	0.842	0.578
	ID-2	0.830		
	ID-3	0.818		
	ID-4	0.831		
Trust	Trust -1	0.703	0.839	0.452
	Trust -2	0.498		
	Trust -3	0.688		
	Trust -4	0.746		
	Trust -5	0.583		
	Trust -6	0.727		
	Trust -7	0.724		
Commitment	Comm-1	0.737	0.902	0.686
	Comm-2	0.874		
	Comm-3	0.820		
	Comm-4	0.875		

Face Validity exists as all the items were selected based on previous work done to explain these construct. The item loading of a variable on its own construct is higher than that on other construct thus showing that there is some construct validity. Multicollinearity does not exist with an exception of few variables thus reflecting that the measurement model is valid..

Table 5: Factor Loadings

Item loadings and Cross Loadings				
Details				
	Information Exchange	Interdepend ency	Trust	Commit ment
IE-1	0.783	0.498	0.626	0.613
IE-2	0.785	0.676	0.759	0.689
IE-3	0.711	0.547	0.624	0.544
ID-1	0.375	0.514	0.401	0.444
ID-2	0.657	0.830	0.732	0.648
ID-3	0.525	0.818	0.598	0.423
ID-4	0.661	0.831	0.748	0.679
Trust-1	0.575	0.628	0.703	0.494
Trust-2	0.453	0.375	0.498	0.330
Trust-3	0.591	0.577	0.688	0.590
Trust-4	0.690	0.679	0.746	0.637
Trust-5	0.479	0.440	0.583	0.462
Trust-6	0.634	0.552	0.727	0.675
Trust-7	0.651	0.618	0.724	0.632
Comm-1	0.613	0.531	0.601	0.737
Comm-2	0.669	0.657	0.720	0.874
Comm-3	0.671	0.615	0.691	0.820
Comm-4	0.716	0.564	0.673	0.875

5.2. Structural Model

The partial correlation between the variables is less than 0.5 and R² for the endogenous variable is more than 0.1. Thus the structural model is also valid for interpretation and analysis. The absolute and relative goodness of fit models are 0.628 and 0.959 indicating an adequate model

Table 6: Mediation Analysis Hypothesis Testing

Direct and Indirect Effects			
Details			
Path	Direct	Indirect	Total
Interdependence to Trust	0.828		0.828
Interdependence to Commitment	0.142	0.575	0.717
Trust to Commitment	0.695		0.695
Trust to Information Exchange	0.627	0.195	0.821
Interdependence to Information Exchange	0.019	0.720	0.739

Table 7: Results of Partial Least Square Structural Equation Modeling

Testing Significance of relationship					
Details					
Path	Beta Estimate	Standard Error	Critical Ratio	P Value	Comment
Interdependence to Trust	0.828	0.047	35.415	0.000	Significant
Interdependence to Commitment	0.142	0.087	1.836	0.105	Not Significant
Trust to Commitment	0.695	0.075	13.880	0.000	Significant
Trust to Information Exchange	0.019	0.071	0.245	0.794	Not Significant
Interdependence to Information Exchange	0.627	0.085	8.177	0.000	Significant

Table 8: Results of Hypothesis Testing

Summary of Hypothesis Testing	
Details	
Hypothesis	Comment
H1: Higher interdependence increases trust among retailers toward the manufacturers	This hypothesis is established as the path coefficient is 0.828 and the relationship is significant
H2: Retailers that trust the manufacturers show more affective commitment towards manufacturers	This hypothesis is established as the path coefficient is 0.695 and the relationship is significant
H3: Trust mediates the effect of interdependence on the affective commitment of retailer towards the manufacturer	The hypothesis 1 and 2 detailed earlier are clearly established additionally the direct effect coefficient (0.142) is lower than the indirect effect (0.575), however the relationship between interdependence and commitment is not significant indicating the full mediation of trust, hence the hypothesis is supported
H4: Trust increase the likelihood that information will be exchanged	This hypothesis is established as the path coefficient is 0.627 and the relationship is significant
Hypothesis 5: Trust mediates the effect of interdependence on the level of exchange of information between the retailer and the manufacturer	The hypothesis 3A and 3B detailed earlier are clearly established additionally the direct effect coefficient (0.019) is lower than the indirect effect (0.720), however the relationship between interdependence and information is not significant, indicating the full mediation of trust, hence the hypothesis is supported

5.3. Discussion

The study addresses the research gap by empirically validating and theoretical developing on the role of trust in manufacturer-retailer relationships. The dependence of channel members on the manufacturer leads to a reciprocal exchange of information only when trust exists in the relationship. The study expands the academic knowledge of the relationship between trust and commitment; it also expands and validates the findings of the study done by Morgan and Hunt that the presence of trust and relationship commitment was central to successful relationship

marketing. Higher dependence in manufacturer-retailer relationships leads to greater trust, leads to affective commitment, and stronger social relationship bonds.

6. Conclusions

This study has high relevance in the present market situation. The study looks at the concerned channel relationships in a not so frequently studied watch category (where the practice of reciprocal exchange exists) and in an

emerging market context like India. As the category complexity is rising due to increased usage of technology and greater consumer exhibitionism, a need exists to look at the elements of social exchange theory to build long-lasting relationships. The findings of the study enhance the understanding of the role played by trust in business relationships. The presence of trust makes the dependence between both manufacturer and retailer beneficial to both, it leads to a relationship based on reciprocity. The study also empirically proves that trust-based dependence is critical for sharing information between the manufacturer and retailer. A better sharing of information between the manufacturer and retailer can lead to a strategic competitive advantage for the manufacturer as they can cater to consumer demands in a more time-cost effective manner. It leads to a reduction in time to market of product and services.

7. Managerial Implications and Future Research Directions

The watch manufacturers enjoy positive perception amongst the retailers on the analyzed four constructs. From the analysis of these ratings, watch manufacturers can devise strategies to enhance scores on items (of constructs) where the scores are marginally lower. Marketers specifically need to ensure that the exchange of information in the relationship takes place frequently. Marketers need to put more effort, to transform the interactions from transactional level to more relationship-based (mutual respect based) interaction. The changing market and consumer dynamics would require a trust-based interdependence in the relationship to drive the exchange process. Marketers need to focus on co-creation with channel partners. The watch manufacturers also need to focus on picking the right set of people with similar value systems as channel partners. They need to provide quality training opportunities and reward and recognition opportunities to the staff of channel partners.

High trust and affective commitment scores of watch manufacturers are due to greater transparency and quality of products. Marketers are developing connections with the retailers to keep them loyal and engaged. The manufacturers need to provide retailers with information on new products and services besides rewarding them for loyalty.

The study focuses only on watch retailers, future research can look at retailers of different product categories. Future studies can explore the role of adaption on the constructs relating to dependence and information sharing. Future studies can also look to cover retailers located in smaller towns and cities of India.

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