

## The Effect of Supplier-Dealer Relationship on Dealer Performance: The Example of a Leading Firm in the Construction Materials Industry in Turkey

### Tedarikçi-Bayi İlişkisinin Bayi Performansına Etkisi: Türkiye'de İnşaat Malzemeleri Sektöründe Lider Firma Örneği<sup>1</sup>

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#### Abstract

One way to create cost leadership and customer value in businesses is with the effective management of the supply chain. Supply chain management, which creates a sustainable competitive advantage for all partners in business processes, is an essential activity for each member for long-term goals and cooperation in the business environment. As one of these members and an important industrial agent, dealers have a significant impact on the performance of suppliers. Studies have revealed the positive effect of supplier-dealer relations in buyer-supplier relationships. The aim of this study is to reveal how and to what extent the relationship between the company and the dealer is effective on dealer performance. In this study, the effect of the relationship dimensions of a foreign-owned company operating in the construction sector in Turkey on both dealer and supplier performance was examined through the dimensions of power, loyalty, trust and legal agreements. The research is carried out on primary data collected through questionnaires from 106 dealers of different sizes operating in Turkey's priority industrial cities. While dealer performance is measured by customer satisfaction, sales increase, market share and profitability, supplier performance is determined by success in business processes, lean production, quality and satisfaction indicators. As a result of the research, it has been determined that the non-coercive power between the supplier and the dealer has a positive and significant effect on the performance of the supplier. Essentially, non-coercive power seems to affect performance more than coercive power. On the other hand, it has been observed that it does not have a significant effect on the performance of both the supplier and the dealer, apart from the trust, commitment and legal agreements between the supplier and the dealer.

**Keywords:** Supplier-Dealer Relationships, Supplier Power, Commitment, Legal Agreements

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#### Özet

İşletmelerde maliyet liderliği ve müşteri değeri yaratmanın yollarından biri, etkin tedarik zinciri yönetimidir. İş süreçlerinde tüm ortaklar için sürdürülebilir rekabet avantajı yaratan tedarik zinciri yönetimi, iş ortamında uzun vadeli hedefler ve iş birliği için her bir üye için vazgeçilmez bir faaliyettir. Bu üyelerden biri ve önemli bir endüstriyel aracı olarak bayiler, tedarikçi performansı üzerinde önemli bir etkiye sahiptir. Alıcı-tedarikçi ilişkileri kapsamında, tedarikçi-bayi ilişkilerinin özellik ve niteliklerinin performans üzerindeki olumlu etkileri yapılan çalışmalarla ortaya konulmuştur. Bu çalışmanın amacı, firma ile bayi arasındaki ilişkinin bayi performansı üzerinde nasıl ve ne ölçüde etkili olduğunu ortaya koymaktır. Bu çalışmada, Türkiye'de inşaat sektöründe faaliyet gösteren yabancı sermayeli bir şirketin ilişki boyutlarının hem bayi hem de tedarikçi performansı üzerindeki etkisi güç, sadakat, güven ve yasal anlaşmalar boyutları üzerinden incelenmiştir. Araştırma, Türkiye'nin öncelikli sanayi şehirlerinde faaliyet gösteren farklı büyüklükteki 106 bayiden anket yoluyla toplanan birincil veriler üzerinden gerçekleştirilmiştir. Bayi performansı müşteri memnuniyeti, satış artışı, pazar payı ve karlılık ile ölçülürken, tedarikçi performansını iş süreçlerindeki başarı, yalın üretim, kalite ve memnuniyet göstergeleri ile belirlenmiştir. Araştırma sonucunda tedarikçi ile bayi arasındaki zorlayıcı olmayan gücün tedarikçi performansı üzerinde pozitif ve anlamlı bir etkiye sahip olduğu tespit edilmiştir.

Esasen, zorlayıcı olmayan güç, performansı zorlayıcı güçten daha fazla etkiliyor gibi görünmektedir. Öte yandan tedarikçi ile bayi arasındaki güven, bağlılık ve yasal anlaşmalar dışında hem tedarikçinin hem de bayinin performansı üzerinde anlamlı bir etkisinin olmadığı gözlemlenmiştir.

**Anahtar kelimeler:** *Tedarikçi-Bayi İlişkileri, Tedarikçi Gücü, Güven, Bağlılık, Yasal Anlaşmalar*

**Atıf için (how to cite):** Bal, S., Uslu, T., (2023). The Effect of Supplier-Dealer Relationship on Dealer Performance: The Example of a Leading Firm in the Construction Materials Industry in Turkey *Fenerbahçe Üniversitesi Sosyal Bilimler Dergisi* 2023;3(1), 128-145

DOI: 10.58620/fbuioss.1210960

## Introduction

Supply chain (SC) consists of business suppliers and business partners. In the flow of goods from the producer to the consumer, SC requires specialization among the channel members, division of labour, covering the deficits in the supply chain and contact effectiveness (Lu, 2011). Organisations design SC structures in order to sort out the models, members/partners and processes of their logistic support structure in a complete and understandable way. It is a known fact that organisations provide logistic support for every detail in cyclic production processes with the help of SC to turn raw materials or semi-finished materials into products (Keskin, 2011).

Goods or service production organisations willing to meet the demands and requirements of consumers have to establish a very serious supplier network for the distribution of products to consumers even before the preparation stage of goods and services. This must-process for organisations has always been an important factor that affects competitive advantage concept in the market (Lewis et al., 2010; Brem et al., 2016).

SC channels is the dealer. Dealers play an important role in organisational success and provide many advantages for the manufacturer such as facilitating product entry to the market, increasing brand awareness, creating demand, etc. Thus, it could be inferred that the relationship between supplier and dealer affects performance (Golara et al., 2018).

Dealership has an important role in Turkey as dealers undertake all risks from the manufacturer in accordance with the laws and regulations. For example, the most important reason for the rapid growth in the textile sector is that dealers take a big role in sales (Altunışık et al., 2006).

There are various relationships between the dealer and the supplier. For example, there is the flow of products from the producer towards the consumer and the flow of money gained in return is from the consumer to the producer. The flow of information about the product is towards both the manufacturer and the consumer. These flows are important both for the producer's gain and for the feedback received from the market. There are also some other benefits of distribution in SC like the flow of ownership taken by independent agents to the consumer. In addition to trade relations between dealers and suppliers, there are also cooperation, loyalty, competition and leadership relations (Allard et al., 2011).

The aim of this study is to examine the impact of trust, coercive power, non-coercive power, commitment and legal agreements on dealer-supplier relationships in German Based Multinational companies operating in the building materials sector in Turkey in terms of dealer performance. The nature and form of relationships between distribution channels can vary in different contexts such as industry, culture and country. The impact of dealer-supplier relationship on performance is still a hot research issue. Therefore, measuring the impact of some related factors in buyer-supplier relations on performance will contribute to the literature. It is believed that this study, which examines the effect of trust, power, commitment and legal agreements on supplier-dealer relationships in the Building Materials Sector, an emerging sector in Turkey, will shed light on organisations and decision makers. Especially in the construction sector, the probability of accessing external information is higher than in many other sectors (Özarallı and Uslu, 2009a: 1537). Even the sector with the highest horizontal communication is construction. Especially in the construction sector, horizontal communication is much more than production (Özarallı and Uslu, 2009a: 1538). There are differences between enterprises in terms of communication level, horizontal formal communication for cooperation and coordination is higher in the private sector (Özarallı and Uslu, 2009b). In this study, the impact of trust, coercive and non-coercive power of the supplier, commitment in the relationship, and the legal agreements between the dealer and the supplier on financial performance of dealers is examined. The study consists of a literature review, methodology, conclusion and discussions parts.

## **1. Literature Review**

### **1.1. Dealer Concept**

Suppliers and sellers have an active role in SC. In SC, the short, wrong or late product delivery will hinder manufacturers' production planning, increase inventory costs or lead to late delivery of end products (Mello et al., 2015).

One of the most important members of the distribution channel is the dealer. Manufacturers just focusing on production transfer their products to independent companies, which facilitates the entry of products into the market. Producers give the right to distribute their products to independent companies in a certain region within a certain period of time. Thus, intermediary organisations could get the goods or services from these agencies to which manufacturers delegate the distribution business. In other words, real persons and legal entities that are engaged in commercial activities in a certain region within the contract and act on behalf of the producer and act as an intermediary are called agents or dealers (Golara, and Dooley, 2018).

### **1.2. Power between Buyer-Supplier**

In buyer-supplier relationships, power can be defined as the ability of one party to make another party do what it does not want to do, to resolve the conflict, and to influence or change the decisions of channel members. Each member/party in this channel has a different kind of power gained from legal and financial sources and leadership qualifications. Powerful organisations can make the intermediary agree to run some services when they have a competitive advantage in some products. As power balance can shift over time and it could be said that sometimes the intermediary gains power due to

some economic reasons. Power is an important factor in regulating business relationships and unity between the buyer and the supplier (Hingley, 2015).

The power factor in buyer-supplier relations is grouped into two; coercive and non-coercive (Akgünlü, 2015; Pai, 2015). The main difference between coercive power and non-coercive power in supplier-seller relationships lies in the nature of the effect and the means by which it is exerted. Coercive power, also known as coercive influence, defines the force exerted by the supplier on the buyer through pressure. While it is often desirable to develop positive and collaborative relationships, there are situations where coercive power can be important in supplier-dealer relationships. Coercive power refers to the ability to influence others through threats, punishments or negative consequences. Coercive power also means the power to control and punish. The supplier uses the punishment method here. The supplier uses coercive power to make sure that the legal regulations and necessary legislations are followed, in other words the coercive power includes "government regulations" (Minister and Büyükbeşe, 2012; Pai, 2015). Non-coercive power, also known as referent power, is a supplier's maintaining a business relationship with the buyer without any regulatory and enforcement power. It is the power used to increase the focus of each member in the chain to attain mutual goals of the supplier and the buyer (Akgünlü, 2015; Pai, 2015). Non-coercive power plays a significant role in supplier-dealer relationships. It refers to the power derived from admiration, respect, and trust that one party has for the other.

A study on the use of power in channel relationships revealed the following results: There is a positive relationship between trust and non-coercive power and a negative relationship with coercive power. The results also show that the negative effect of coercive power on trust is reduced when there is a strong bond between retailers and suppliers, and the positive effect of non-coercive power on trust is similarly affected when retailers regularly show loyalty to their suppliers (Jain et al., 2014). The effect of coercive power on dealer performance in supplier-dealer relationships can have both positive and negative consequences.

The hypotheses which are developed based on relevant literature are as follows:

**H1A:** The coercive power of suppliers has a significant effect on the performance of dealers.

**H1B:** The non-coercive power of suppliers has a significant effect on the performance of dealers.

### **1.3. Trust between Buyer-Supplier**

The key to success in a business relationship between the buyer and the supplier is based on mutual trust in SC. Sharing information with suppliers and consumers bring sales advantages for both parties (Blanchard, 2010).

Trust represents information exchange, reliability, competence and cooperation between buyer and supplier. One of the most important elements is information sharing because the sharing of financial and strategic information provides both confidence and success to both parties. This sometimes may lead to competition as well. Trust is known as the most important abstract asset to improve buyers' performance, minimize co-operation costs, manage complex transactions in the market and clarify uncertain market environment. Trust also brings a competitive advantage thanks to organizational

relations. Trust between buyer and supplier significantly increases and affects performance (Başkol, 2014; Akrou, 2015).

Nevins and Money (2008) focused on how distributors can add value to channel relationships and examined the international distribution channels' view of industrial dealers. They showed trust has an important role in intercultural relations and is a significant source of added value. Their study contributes to the existing literature on the effects of the trust factor on buyer and seller relationships in terms of performance.

Goodman and colleagues (2001) worked on high-tech dealers to develop a dealer commitment model. In their research model, they examined product saleability and ease of sale variables, which are marketing determinants in addition to the variable studies carried out before such as reliability, loyalty, communication, power, specific investments and continuity. The results of their research indicated that trust and trust-based expectations would increase the long-term interests of the partnership.

Cengiz and Aksoy (2017) stated that trust positively affects information sharing. The information sharing creates a parallel to the studies which states that trust-based relationships bring advantages to organisations such as openness in communication and timely and accurate sharing of information.

The hypothesis developed based on relevant literature is:

**H2:** The trust relationship between the supplier and the dealer has a significant effect on the performance of dealers.

#### **1.4. Legal Agreements in Buyer-Supplier Relationships**

Buyers can find the appropriate supplier by conducting market research. After identifying the suppliers who can respond to their demands, they begin to collect data about these suppliers, mostly on whether they are compatible with their organisational culture. Including important decisions and processes legal agreements cover important requirements with which both parties are obliged to comply. The principles in these agreements have an important role in the overall success of the organisation. The agreement between the buyer and the supplier includes the type of service, the duration of the service and payment conditions (Bakan et al., 2012; Eckerd, 2017)

During the agreement process, it is important that the contract terms and conditions are determined by legal counsellors in order to protect the rights of both sides and to provide long-term benefits. It is only possible for the buyer to achieve the targeted success by having effective communication with the supplier. Being open and clear to each other brings confidence and sincerity, which enables problems to be solved quickly (Bakan et al., 2012; Eckerd, 2017).

The hypothesis developed based on relevant literature is as follows:

**H3:** Legal agreements between suppliers and dealers have a significant effect on the performance of dealers.

### 1.5. Commitment in Buyer-Supplier Relationships

In a general sense, commitment can be defined as the expression of an instant emotional feeling in a relationship, which could be differentiated by nature. Both parties in the relationship should have a desire to have this relationship, make sacrifices, make the necessary investments and build trust (İlban and Kaşlı, 2013; Patrucco et al., 2020).

The concept of commitment between buyer and supplier is defined as the relationship between positive attitudes towards a product, service, brand, store and seller and attitudes and behaviours related to being a loyal customer. Commitment is considered a key factor in long-term cooperation between both buyer and supplier, and includes the continuity and intimacy of inter-organisational relationships. Commitment, in other words, aims to meet the demands of the consumer and aims to improve the quality of their performance in line with this purpose and is the basis of establishing a business partnership between the suppliers (Yılmaz et al., 2009; Jokela, & Söderman, 2017; Patrucco et al., 2020).

Nevins and Money (2008) underlined the importance of emotional commitment in channel relations between supplier and dealer and the critical role of strategic performance on trust-based performance.

The hypothesis developed based on relevant literature is as follows:

**H4:** The commitment between the supplier and the dealer has a significant effect on the performance of the dealers.

In the research model, the supplier's coercive power, non-coercive power, trust relationship, commitment and legal agreements are the independent variables, whereas dealer performance is the dependent variable. The study consists of five main hypotheses based on related literature. Figure 1 depicts the proposed research model.

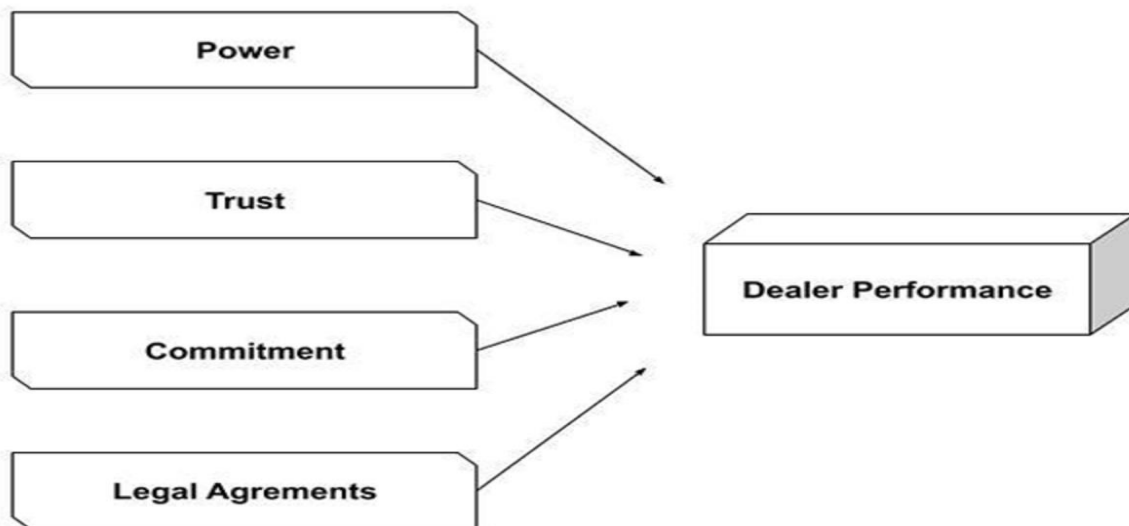


Figure 1: Model of the Study

## **2. Methodology**

### **2.1. Sample and Data Collection**

The data was gathered from the administrators of 106 dealers out of 180 in total of German Based companies (*Turkey branch*) via questionnaires. One administrator from each dealer participated in the survey. Data gathering started in February 2019 and was completed in March 2019. Hard copies of questionnaires were used to collect data and then the data was transferred to digital data using the SPSS system. There was no missing data; thus, no data was excluded.

The survey consists of three parts. The first part is about the demographic information of the organizations such as the year of establishment, location, size of the dealers as a company, and consists of demographic information such as age, gender, education level, position and work experience of the survey participants.

In the second part of the survey, the 5-point Likert scale for independent variables was used. The power scale of the supplier was gathered from Leonidou and Leonidou (2008), trust scale from Doney and Cannon (1997), legal agreements scale from Jap and Ganesan (2000), and finally commitment scale is taken from the study of Gounaris (2005). The items were translated and adapted into Turkish under the supervision of language experts.

The last part of the questionnaire consists of items measuring the dependent variable of the study. The dealer performance scale was taken from Kotabe and Murray (1990) study and adapted into Turkish.

### **2.2. Analysis**

In the analysis and findings part of the study, two types of statistical methods, descriptive statistics and inferential statistics, were used for data analysis. These analyzes were made with the help of the SPSS package program.

### **2.3. Sample Profile**

This study is based on the data gathered via questionnaires with the participation of the administrators from 106 dealers out of 180 of a German-based Building Materials Company operating in the field of construction and building materials in Turkey. The German company collects window and door accessories from the manufacturing facilities owned by itself (in Europe, America, Asia and other regions) and stores them in its largest inventory in Germany/Frankfurt to export to its own supplier in Turkey. The Turkey Office company distributes these window and door supplies to the dealers operating in the building materials sector in Turkey. One manager from each dealer participated in the survey. The sample profile of the dealers participating in this research is shown in Table 1.

**Table 1:** Sampling Profile

<b>Specification</b>		<b>Frequency</b>	<b>%</b>
<b>Number of Employees</b>	1-49	20	18,9%
	50-250	62	58,5%
	250 and above	24	22,6%
<b>Age of Dealer Firm</b>	1-10	26	24,5%
	11-20	45	42,5%
	21-30	28	26,4%
	30 and above	7	6,65
<b>Dealer Location</b>	İstanbul	53	50%
	Ankara	5	4,7%
	İzmir	6	5,7%
	Gaziantep	3	2,8%
	Other Cities	39	36,8%
<b>Participant Age</b>	25-34	5	4,7%
	35-44	23	21,7%
	45-54	52	49,1%
	55 and above	26	24,5%
<b>Participant Position</b>	Sales Department	37	34,9%
	Employer	60	56,6%



	Manager	9	8,5%
<b>Participant Education</b>	Primary education	21	19,8%
	High school	43	40,6%
	University	42	39,6%
<b>Participant Gender</b>	Male	105	99,1%
	Female	1	0,9%
<b>Participant Experience</b>	0-5	6	5,7%
	6-10	15	14,2%
	11-15	39	36,8%
	16-20	11	10,4%
	20 and above	35	33%

#### 2.4. Factor Analysis

Cronbach's Alpha consistency test was used to test the reliability of the scale. The scale is considered reliable in case Cronbach's Alpha is above 0.70. The Cronbach's Alpha value of the study is = .953, which shows high reliability. The Barlett Sphericity test used for the validity of the scale showed validity (MSA = .985,  $p < .000$ ). The factor loads are shown in Table 2.

**Table 2:** Factor Loading

Survey Questions	Factors				
	1	2	3	4	5
The supplier uses their unique competence to make our company accept their recommendations	,969				
When we are reluctant to cooperate, the supplier offers specific incentives.	,934				
The supplier demands our compliance because they know that we appreciate and admire them.	,933				
Due to the power granted to them by the contract, the supplier	,873				

has the upper hand in the relationship					
The supplier withholds critical information concerning the relationship, to better control our company	,873				
In order to make us submit to their demands, the supplier threatens to deal with another distributor				,968	
If we do not comply with the supplier's requests, they threaten to take legal action				,931	
If we don't comply with the supplier's demand, they withhold important support from our firm				,903	
If we fail to comply with the supplier's requests, they threaten to withdraw from what they originally promised.				,859	
If we fail to comply with the supplier's requests, it results in financial and other penalties against our company.				,702	
We believe the information that this supplier provides to us.		,977			
Representatives from this supplier are trustworthy.		,961			
This supplier considers our welfare when making decisions regarding this market.		,928			
This supplier keeps promises it makes to our firm.		,916			
Representatives from this supplier are honest with us.		,875			
We are committed to our supplier.			,956		
Since we think our relationship is efficient, we want to continue with our supplier.			,927		
We want to continue our relationship because we think positively about our supplier.			,909		
We would like to continue as we enjoy working with our supplier.			,905		
Our relationship with this supplier is governed primarily by written contracts.					,771
We state in an agreement with this supplier the level and type of information to be shared between the parties.					,722
Our relationship with this supplier is covered by a contract that specifies the rights, obligations and consequences of					,639

terminating our relationship.					
Extraction Method: Principal Component Analysis					
Rotation Method: Varimax with Kaiser Normalization					

## 2.5. Regression Analysis

Regression analysis was used to measure the effect of supplier power, trust relationship, commitment and legal agreements on dealer performance. The correlations between the variables are as in Table 3.

**Table 3:** Correlations among Variables

	Mean	St.	Coercive Power	Non-coercive Power	Trust	Legal Agreements	Commitment	Supplier Performance	Dealer Performance
<b>Coercive Power</b>	3,6472	1,03004	1						
<b>Non-coercive Power</b>	3,7792	,98713	,951**	1					
<b>Trust</b>	3,5925	1,20283	,288**	,302**	1				
<b>Legal Agreements</b>	3,8899	,88098	,004	,041	,051	1			
<b>Commitment</b>	3,6792	,74203	,030	,072	,027	,195*	1		
<b>Supplier Performance</b>	3,9377	1,12271	,918**	,947**	,296**	,032	,016	1	
<b>Dealer Performance</b>	3,87	1,147	,919**	,939**	,290**	-,002	,017	,979**	1

\*\*Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

**Table 4:** The Results of Dealer Performance Regression Analysis

<b>The dependent variable: Dealer Performance</b>			
<b>Independent variables</b>	<b>Beta</b>	<b>t value</b>	<b>p value</b>
Coercive Power 1	,265	2,478	0,015
Non Coercive Power 1	,687	6,438	0,000
Trust	,015	,336	,737
Legal Agreements	,017	-,524	,601
Commitment	-,036	-,815	,417
<b>R= ,944</b>	<b>R2= ,892</b>	<b>F value=207,939</b>	<b>p value=0,000</b>

\*\*Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

As shown in Table 4, the supplier's coercive power has a significant effect on dealer performance ( $\beta = ,265$ ;  $p < 0,000$ ). The non-coercive power of the supplier has a significant effect on dealer performance ( $\beta = ,687$ ;  $p = 0,000$ ). Trust ( $\beta = ,015$ ;  $p > 0,05$ ), legal agreements ( $\beta = ,017$ ;  $p > 0,05$ ) and commitment ( $\beta = -,036$ ;  $p > 0,05$ ) variables have no significant effect on dealer performance. According to the results, H1 is supported; but H2, H3 and H4 are not.

### 3. Conclusion and Recommendation

The power dynamics in supplier-dealer relationships play a crucial role in shaping the overall dynamics and outcomes of the relationship. Power and risk are the basis of leadership in the supply chain, and power in this chain indicates the business that will take the leading role, and risk indicates who will most affect the loss and gain in this chain. This study was conducted on the dealers of a foreign company operating in the building materials sector in Turkey to examine the impacts of coercive power, non-coercive power, trust, commitment and legal agreements on dealer-supplier relationships. The suppliers of the enterprise are those who provide the enterprise with raw materials, semi-finished products, information, innovation, finance and the data necessary to manufacture the goods or services. According to the findings obtained using inferential statistics, it has been determined that coercive and non-coercive power has a positive and significant effect on dealer and supplier performance.

In the research, the effect of the supplier's coercive power, non-coercive power, commitment to the relationship and the legal agreements signed between the dealer and the supplier on the financial performance of the dealers were investigated. Again, the effects of these factors, which exist between the supplier and the dealer, on the operational performance of the supplier were evaluated and tested by the dealer. It is hoped that the two-way performance evaluation of the research will contribute to the literature.

The study revealed that the coercive power of the supplier has a positive and significant effect on dealer performance. Many studies have shown that coercive power reduces dealers' satisfaction and has a negative impact in terms of economy (Gaski and Nevin 1985; Frazier and Summers 1986; Geyskens and Steenkamp 2000; Kim et al., 2017). However, in the study, the positive effect of the supplier's use of coercive power with various sanctions or penalties on the dealer's performance could be explained with cultural factors. It is expected that different cultures will exhibit behavioural differences against coercive power. Dealers may have improved their performance by working hard and carefully under stress caused by the supplier's sanction and penalty force. The use of coercive force in buyer-supplier relations may ultimately mean the risk of loss for the dealer; so, it could be possible to say that dealers are more careful with coercive power to minimize the risks associated with loss. The sample size shows that the majority of the dealer managers have more than 5 years of work experience, so it could be inferred that dealer managers could make decisions based on their past experience when they face coercive power.

Non-coercive power contributes to a cooperative, collaborative, and mutually beneficial supplier-dealer relationship, fostering stability, loyalty, and long-term success. The study reveals that non-coercive power of the supplier has a significant and high-level effect on dealer performance. Non-coercive power has the potential to transform supplier-buyer relationships into a long-term, profitable, and targeted partnership. In particular, intense emotional and relational orientations based on intimacy in Turkish business culture might explain this result. The significant effect of non-coercive power on dealer performance in this study is parallel to previous studies (Ramaseshan et al., 2006; Jain et al., 2014). In general, coercive power relies on control and pressure to influence behaviour, while non-coercive power emphasizes cooperation, trust, and voluntary cooperation. Non-coercive power tends to promote more positive relationship dynamics and long-term success in supplier-dealer relationships. When the effect of coercive power and non-coercive power is compared, a higher effect of non-coercive power is a remarkable result of the study. Although dealer managers are sensitive to penalties, sanctions and inspections, relational and collaborative supplier power affects dealer performance more and this shows that dealer management may be beneficial to maintain a softer relationship with the supplier.

The study shows that commitment in buyer-supplier relations has no significant effect on dealer performance. This could be explained with Pelton and his colleagues' (2002: 431) study. According to them, commitment is the last link in channel relations. In order to develop commitment, there must be a strong basis of cooperation and trust between the supplier and the buyer. Therefore, the lack of commitment between the supplier and the dealer in this study could be explained with this. Another

explanation could be based on the case that the industrial company of this study is a foreign subsidiary and the production is abroad, which might be considered as a factor that deactivates the commitment and performance of the dealers.

In this study, it is concluded that trust in buyer-supplier relations did not have a significant effect on the performance of the dealer. This result is parallel with the study Cengiz and Aksoy (2017) on dealers in the industrial zone of Gaziantep measuring the relationship between trust and performance. The authors explain this result with the length of time in buyer-supplier relations. Moreover, another study emphasizes that trust factor is not a necessary element of supplier-buyer relation and that the commercial relations are maintained even if the parties do not trust each other (Söderlund and Julander, 2003).

In this study, it has been concluded that legal agreements do not have a significant effect on the performance of dealers in buyer-supplier relations. Legal agreements are important as written documents to protect the rights of the parties and to standardize their business processes, but the point of view against legal agreements could also vary from culture to culture. The fact that Turkish business culture is based on relations rather than a prescriptive structure may explain the ineffectiveness of legal agreements. Legal agreements could be seen as a simple procedure by the dealers, especially in buyer-supplier relations with intensive communication.

There are some methodological limitations in the study. Firstly, the data was collected according to the observations and perceptions of the dealers on sales performance, profitability etc. Therefore, the use of observable performance data or indices for further research will contribute to the research. In addition, the data was collected only from the dealers. As a result, the research presents a partial finding of the supplier-buyer relationship angle. Collecting data from both suppliers and buyers for future research will increase the strength of the findings. Another limitation of the study is that the sample size is not large enough, and further studies may work with a larger sample size in order to increase the generalizability. In addition, since data were collected from only one company and its suppliers to analyze the relationships in this study, the generalizability of the research should be questioned by working with more companies in future research.

Conducting the study in a single sector and with only one industrial supplier could be considered another important limitation of the research. It is important that further studies should be carried out with suppliers and dealers from heterogeneous sectors. Finally, new conceptual models could be structured by adding mediators and moderators to the model of this study. The results of this study provide remarkable contributions to managers. The fact that legal agreements, trust and commitment factors do not have an effect on dealer performance in this study may result from intercultural working design. The contradictory structures of German business culture with Turkish business culture might negatively affect the commitment and trust between the supplier and the dealer. Therefore, localization is essential for Multinational Companies (MNCs) when operating in international markets. MNCs could achieve more successful performance when they develop a culture and communication-based relationship using a localization strategy. In particular, the values such as trust and commitment improved with relationships by focusing on relational marketing could bring significant outputs in

dealer-supplier relationships in the future. Therefore, it might be useful for managers to design their marketing activities according to the local business culture. Turkish business culture attaches importance to oral agreements and cooperation rather than legal agreements. The supplier's good and appropriate dialogue with the dealer may prevent future disputes. Therefore, it is important to orient and motivate supplier representatives in this direction.

There is a common need at the center of many issues such as organizational structures, human resource management, strategic management and change management: communication. Uncertainties faced by companies such as globalization, rapid and continuous change, technological developments, increasing competition and the obligation to share limited resources are only possible with the sharing of information, which has become the most important resource of our time. In today's companies, communication is seen as the key point in terms of the functionality of the organization and the only key to change and development (Özarallı and Uslu, 2009a: 1528). As a result of competition, cooperation and conflict in distribution channels, businesses learn their own positions and roles in the market. In the event of a conflict, the business that gains a competitive advantage has also taken the channel leadership and often uses this situation as a competitive advantage against small businesses and suppliers. However, in order for leaders to maintain their position in the market, they must be able to manage the tools that provide the product, cash or news flow in the supply or value chain and be open to more energy and information inputs.

The production and supply processes of enterprises are quite complex. The building materials industry is Turkey's most dynamic and one of the most intense sectors. Particularly for dealers with high price sensitivity, following the right strategy is a guarantee of sustainable performance. For this reason, it is important to support and motivate organizations in all business processes (before and after sales) with dealers. In this context, businesses that do not have an "effective and powerful but softly controlled and harmonious" supply chain are likely to experience losses in the long run and lag behind in competitiveness. Innovations in the field of supply chain and in the literature allow all business processes to be looked at and evaluated as a whole. Since each of the actors in the supply network has an important role in the success of the supply chain, correct supplier relationship management has become one of the most important processes for the effective use of the supply chain. Inventory management, storage and transportation activities take place at every stage of supply chain processes. Businesses manage all or certain stages of these processes, depending on their connected power. It is understood that even if you are a monopoly or leader in today's complex market systems, it is necessary to act adaptively with the actions of all agents in the system. For this coordination, even large companies must first regulate their relations with non-coercive management tools and soft supervision.

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