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Partner Relationship Management (PRM) Index: An Innovative Approach For Enhancing Channel Partner Relationships

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Abstract

The purpose of this research article is to develop a valid partner relationship management (PRM) index for enhancing the effectiveness and overall efficiency of channel partner relationships by taking Indian automobile sector as a unit of study. The result of the exhaustive literature review done by authors clearly indicates paucity of such type of standard and valid measure for evaluating PRM effectiveness, which leads this research work with an aim of filling aforementioned gap. A standard and valid methodology for scale development was adopted which resulted in five factor model namely trust, satisfaction, relational communication, collaboration and environmental factors contributing towards PRM. Confirmatory factor analysis was used for validation of proposed structure followed by case-based methodology for development of PRM index. Strategic implication indicates how the effective implementation of PRM practices can create win-win situation for all the parties involved and how PRM index can help in successful implementation of PRM practices. Academically this research is an attempt to propose a PRM index and side by side serve as a tool for enhancing the overall profitability and productivity of Indian automobile sector in most effective and efficient format.

Keywords: Partner relationship management (PRM) index, Business to Business (B2B), Exploratory factor analysis, Confirmatory factor analysis, Indian automobile sector

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INTRODUCTION

Distribution channel is one of the most important aspects under marketing concept. It is a network not only for distributing goods but also for services, people and information. In broad perspective, this system is popularly known as a service network. As its basic objective is to make the product available on the right place and at the right time which is like providing services. Due to its service nature, channel partners need to build relationship among them so as to enhance the efficiency and effectiveness of the distribution channel. Each member of the distribution channel has an impact on the smooth functioning of the distribution channel. A manufacturer needs to have sound relationship with distributors and retailers, as they will provide information regarding changing customer attitudes, buying behavior, consumption pattern etc. Producers may have the choice of utilizing a direct channel to approach the ultimate customers but indirect channel of distribution has its own importance.

Various challenges exists for organizations in current competitive business scenario namely, globalization, technological advancement, diversity in market trends, change in customers' behavior pattern, demand uncertainty etc. (Vlachopoulou *et al.*, 2005). These challenges have made the companies to focus on their core competencies and core processes and on the other hand outsourcing the sub-processes. Due to this, partner relationship management (PRM) as a relationship building and maintaining concept between manufacturer and its channel partners has emerged.

The importance for building long-term sustainable relationships between manufacturer and its channel partners has increased over the years (Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995; Payen *et al.*, 2010). PRM works as a business process integrator while supporting seamless real-time information flow to all the business partners, scheduling business processes, ease collaboration among partners etc.

LITERATURE REVIEW

The relationship between a manufacturer and its channel partners is popularly known as channel relationships that are based on interactions and connections among the parties involved. The basic aim of building and maintaining such relationships is to create value and enhance the level of benefits for all the parties involved (Agariya and Singh, 2011). There are many ways to create value in relationship between manufacturer and channel partners like cost reduction, lead time improvements etc. (Cannon and Homburg, 2001; Ulaga and Eggert, 2006; Wagner and Lindemann, 2008). Efficient and appropriate utilization of distribution channels can result in reduction in cost of maintaining inventories and improvement in lead-time. But to utilize distribution channels efficiently one must keep and maintain a sound system of information exchange and proper coordination of all the business processes.

There are few things that explain the importance of building and maintaining channel relationships. Firstly, it is important that each of the channel partners of the distribution channel must play their role in the most appropriate manner because it has got some benefits for the channel partner itself and for others as well. But to make the channel partners to perform their roles, there is a strong need for building sound channel relationships. Wang and Kess (2006) have explored the role of the distributor which is not just limited to selling the product but also to provide services against the product to customers, to provide information about the current customer needs and market trends, etc. (Lin and Chen, 2008; Mudambi and Aggarwal, 2003; Paun, 1997).

On the other hand the manufacturer must seriously and accurately incorporate all the information provided by the distributors. Secondly, the channel partners must focus on removing asymmetry existing in the distribution channel that creates irregularity in distribution process. As explained by Anderson and Weitz (1989), asymmetry brings instability and low profitability atleast for one channel member in the relationship. This can only happen if strong channel relationship exists. Thirdly, due to the change in market trends and customer expectations, a manufacturer needs to offer a broad range of products, specialized products etc. But to make this broad range of products available to customers, a manufacturer needs to have strong channel relationship with increased number of distributors which can regulate the sales process (Vlachopoulou *et al.*, 2005).

Literature revealed a strong need for building sound channel relationships in Indian context. Dabas (2012) has explained about a comparison study showing data of ten countries, where India stood in last position. This comparison study has evaluated ten countries in three measures i.e. product quality, design and on-time delivery. Some significant reasons behind are transportation difficulties, delayed deliveries, uncontrollable factors and these reasons can be resolved by business processes focused strategies and strong channel relationships.

Various academicians and practitioners have considered a shift towards establishing, building and maintaining successful relationship among the channel members. This is basically a shift from vertical marketing system (VMS) and authoritative control to evaluation of relationship among the channel members that involve contractual and normative controls (Kalafatis, 2000; Weitz and Jap, 1995).

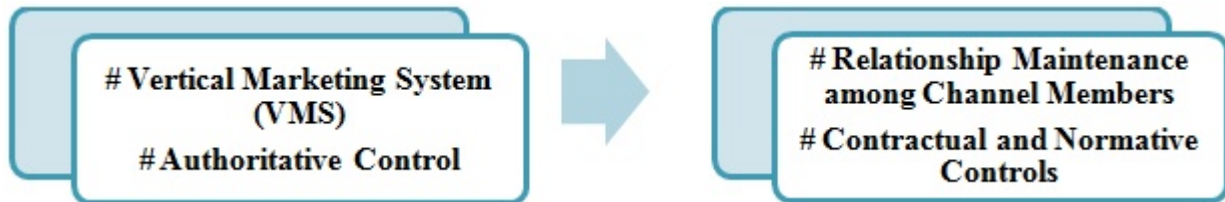


Figure 1: Shift in Focus of Channel Management (Weitz and Jap, 1995)

A contractual and normative control refers to the set of shared implicit values; principles or norms that helps channel members in coordinating activities and governing their relationship.

Channel relationships are based on smooth information exchange and high level of commitment between the manufacturer and the channel partner.

Channel relationship building process

Such relationship building process generally carries three stages namely, select & explore, expand & maintain and evaluate as indicated in figure-2 (Pelton *et al.*, 2002).

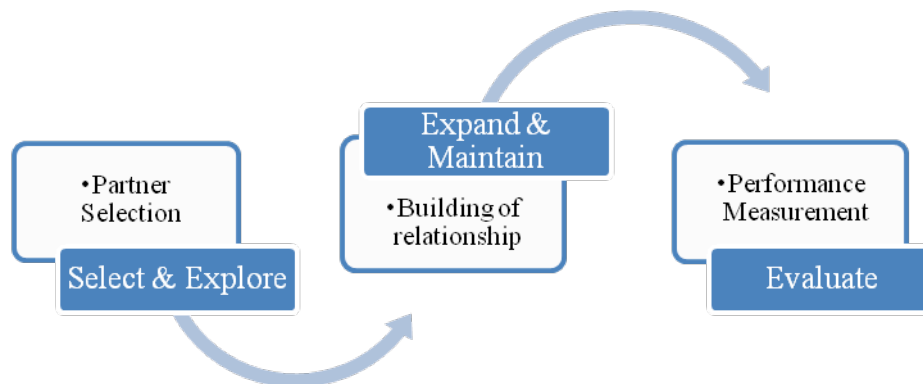


Figure 2: Process of Developing Channel Relationships

Select and Explore

Before initiating a relationship, the manufacturer must have internal commitment and support with team building orientation. This stage is the pre-relationship stage, where the manufacturer looks for potential channel partner who can perform successfully and profitably. But to select a prospective channel partner there has to be some specified criteria.

Therefore in this concern various researchers have considered logistic capabilities, marketing capabilities, relationship intensity and firm infrastructure as major dimensions for channel partner selection (Cavusgil *et al.*, 1995; Fram, 1992; Lin and Chen, 2008; Mummalaneni *et al.*, 1996).

Expand and Maintain

After proper selection and exploration of channel partners next is to build and maintain the relationship. For proper relationship development, involved parties need to get into partnership where the idea is to work for each other's benefits. This also includes provision for encouraging each other for team building and collaborating for better outcomes.

Evaluate

Next is to evaluate the relationship status from time to time, which is popularly known as performance measurement (Hu, 2011). This includes outcomes of relationship i.e. profitability, reputation, timely delivery, quality product, complete coverage of markets etc.

Some others researchers have talked about a slightly different process of developing partner relationship. Like, Wilson (1995) has proposed a five-stage partner relationship development process that includes partner selection, defining purpose, setting relationship boundaries, creating relationship value and relationship maintenance.

In general, PRM can be understood in three contexts i.e. business to business (B2B), business to customer (B2C) and strategic alliance. This paper focuses on PRM in B2B context specific to Indian automobile sector.

An overview of Partner Relationship Management (PRM) in B2B Context

Rackham, Friedman and Richard (1995) has defined PRM as the partner relationship between two or more firms which takes place, when the firms agree to integrate, to jointly control their respective parts of operations, and to share mutual benefits. Various researchers have talked about the basic aim of PRM i.e. to build and manage long-lasting harmonious and productive relationship between the manufacturer and the distributor/retailer with the ultimate goal of enhancing the level of customer satisfaction (Marchetti, 1999; Mirani *et al.*, 2001; Shoemaker, 2001). Hayes and Ref (2003) have indicated that PRM improves the efficiency of business processes which results in high valued customer service and seamless partnering experience to all the channel partners. PRM has revolutionized and improvised inefficient communication tools and other ineffective techniques used in early days.

According to a research report, uninterrupted use of PRM practices for a little longer duration can reduce the distributor cost by 32% and enhance the sales level by 17% based on the survey of 50 executives from large manufacturing organizations (Hayes and Ref, 2003).

Zablah *et al.*, (2005) have considered PRM as a combination of channel relationships and information technology as its proper implementation depends on reseller commitment towards technological advancement.

PRM has been considered important for the organizations producing such goods which require considerable level of consulting activities and service to facilitate sales. The major aims behind implementation of PRM includes sound communication mechanism, profit maximization, channel partner related data obtained from partner touch-points (Murtaza & Shah, 2004), reduce order cycle time, tracking actual product performance, partner retention, cost reduction (Lemmink *et al.*, 1996), adequate growth of all the companies involved in the relationship (Mirani *et al.*, 2001; Murtaza and Shah, 2004; Rabin, 2002; Vlachopoulou *et al.*, 2005), etc.

Various organizations have reviewed upon implementing CRM successfully and explained the need for integration of partner organizations in value chain which will positively help in delivering high quality products and services to customers (Chakravorti, 2009; Day *et al.*, 2008; Myers & Cheung, 2008). PRM has been considered important for the supply side of the value chain, just as like CRM is important for the demand side.

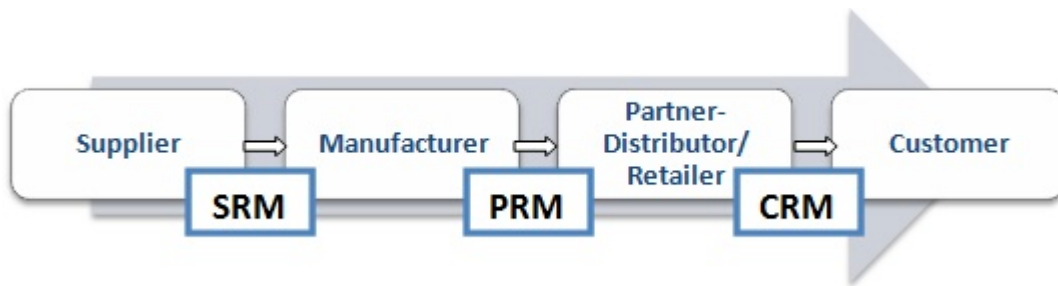


Figure 3: Existence of PRM in Value Chain

There are two channels of distribution for delivering products to the end customer i.e. direct channel and indirect channel. Direct channel exists when the manufacturer directly contacts the customer then CRM exists between the manufacturer and the customer. Indirect channel exists when distributors and retailers exist in between the process of making products available to end customer. Figure-3 above shows the existence of PRM between the manufacturer and the retailer and CRM between the retailer and customer in indirect channel of distribution. Basically PRM addresses this indirect channel i.e. the extended organization.

Agarwal and Singh (2013) have mentioned an indicative list of definitions of PRM given by renowned researchers. On this basis a summarized definition of PRM is as follows, PRM is being considered as a business strategy, as a technology, as a value-creating strategy and as a system, with the main focus on building and maintaining value-laden relationships between the manufacturer and its channel partners and its ultimate goal is to enhance customer satisfaction level and increase profitability (Galbreath, 2002; Geyskens *et al.*, 1998; Murtaza and Shah, 2004; Suh *et al.*, 2005; Tribunella and Baroody, 2008).

Following is the indicative list (Table-1) of PRM studies in B2B context.

Table 1: A Select List of PRM Studies in B2B context (2003-2011)

S. No	Author Name	About the study	Methodology Used
1	Jonsson and Zineldin (2003)	The researchers have proposed a conceptual model for supplier-dealer relationships including behavioral dimensions and proposed how to achieve satisfaction in inter-organizational relationships in context of Swedish lumber industry.	Factor Analysis
2	Holden and O'toole (2004)	The researchers have examined the relationship between IOR governance and communication in context of luxury goods in Ireland. The analysis is carried out on manufacturer and retailer relationship where only retailer's perspective is considered.	Donaldson and O'Toole's relationship strength framework and discriminant analysis
3	Suh et al., (2005)	The researchers have proposed a rule-based PRM solution for performing collaborative activities among the channel partners.	Based on literature review
4	Zablah et al., (2005)	The researchers have proposed a conceptual model based on literature review and case-based examples for determining why downstream channel partners are expected to accept or reject the implementation of emerging PRM technologies in USA.	Based on organizational innovation theory. Some case examples were used.
5	Rodriguez et al., (2006)	The researchers have proposed a conceptual model indicating dimensions of satisfaction in manufacturer-distributor relationships, from the perspective of distributors' belonging to food industry of Spain.	Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA)
6	Wang and Kess (2006)	The researchers have explored the motives behind partnering between the manufacturer and the distributor by analyzing perspectives of Finnish manufacturers and Chinese distributors.	Depth-interview and case development
7	Li et al., (2007)	The researchers have identified bonds between B2B relationships and used them to categorize the	Based on literature review

		partner relationship and differentiate the degree of integration between the partners in context of IT industry of Taiwan.	
8	Lin and Chen (2008)	The researchers have proposed some evaluating factors which can be used by manufactures when selecting distributors using the sample data collected from Taiwanese information technology (IT) manufacturers.	Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). Hypothesis tested through ordinary least square regression.
9	Wong and Johansen (2008)	The researchers have developed a framework of coordination process in manufacturer-retailer relationship in context of a toy manufacturer and its three European retailers.	Three longitudinal and in-depth case studies were carried out to explore the existence of different coordination processes.
10	Chakravorti (2009)	The researcher has developed a theoretical framework on the basis of literature review, showing how CRM practices can be extended to the partners in value chain.	Based on literature review
11	Hua <i>et al.</i> , (2009)	The researchers have explored the role of flexibility in distribution channel and its relation with trust and distributors' performance in context of mobile industry of China.	Factor analysis. Hypothesis testing through three regression equations.
12	Wu <i>et al.</i> , (2011)	The researchers have investigated how high-tech companies overcome their weakness through PRM for improving supply chain performance in context of high-tech industry of Taiwan.	Confirmatory factor analysis (CFA) and Structural equation modeling (SEM)

Some of the business strategies that a company need to follow for receiving maximum benefit of PRM practices includes streamlining of channel functions which drives out extra cost, advantageous utilization of growth opportunities and market share extension (Mirani *et al.*, 2001). Recruitment management, contract management, campaign management, lead management, referral management, partner order management, service management, inquiry and complaint management are some the major components of PRM (Mirani *et al.*, 2001; Shoemaker, 2001; Vlachopoulou *et al.*, 2005)

An overview of Indian Automobile sector

In Indian automobile sector, vehicle manufacturers or popularly known as automakers are the key elements of the value chain and majorly responsible for the products' quality and its innovativeness. Dealers, parts and accessory sellers, service providers are the major intermediaries existing in between the automakers and the customers. In majority of the cases an Indian automaker follows indirect channel of distribution and therefore there is an urgent need to build strong channel relationships in such cases.

Proper implementation of PRM practices with a measuring tool to assess the effectiveness of PRM will enhance the success level of the companies involved.

This sector is growing both in production and sales levels at a higher rate year after year in India contributing almost 7% to the GDP of the country. This industry has become a major regulator of the economic growth of the country. Some major players in Indian automobile market include Maruti Suzuki India, Tata Motors, Hyundai Motors India, Ford India, Skoda Auto India, Toyota Kirloskar Motor, Bajaj Auto etc. These all companies are involved in manufacturing commercial vehicles, passenger vehicles, three-wheelers and two-wheelers.

OBJECTIVE OF THE STUDY

The objective of the study is to develop PRM index specific to Indian automobile sector. It is being observed through literature review that PRM has been able to successfully create value-laden channel relationships at various ends but there is non-availability of a measuring tool for evaluating the effectiveness of PRM. Also this tool will help in determining the correct set of factors contributing towards PRM. Then formulation of appropriate strategies by manufacturers and channel partners can be done to receive best outcome out of PRM practices. PRM implementation and its effectiveness evaluation in Indian automobile sector will have various benefits for the sector as well as for the country. Therefore to cater this research scope, this study aims at developing a PRM index in B2B context specific to Indian automobile sector.

METHODOLOGY

Exhaustive literature review in PRM context has resulted into identification of 47 items (a list containing these items has been attached at the end of this paper in Table-A.1). These items were further reduced to 38 items on the basis of applicability and relevance to manufacturing sector. Then a rough questionnaire has been prepared using these 38 items for carrying out depth interviews with a total of 13 manufacturers and channel partners of different automobile organizations in northern and north-central region (NCR) of India. The duration of depth interview varied anywhere between 30 to 45 minutes. The purpose behind carrying out depth interviews is to identify major issues that exist while maintaining relational aspects by manufacturers with their partner organizations and vice-versa. The result of this exercise resulted in refinement of the items which were further reduced to 33 based on the responses from depth interview. Further to this, a pilot survey was carried out using these 33 items in the form of a questionnaire. Final questionnaire was made using 30 items as 3 items were further eliminated as the result of pilot survey.

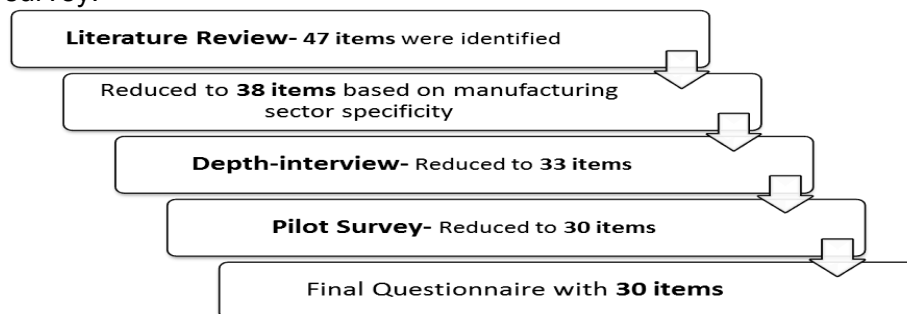


Figure 4: Process of Final Questionnaire preparation

Data Collection

The final questionnaire comprised of two sections:

Section-1: Demographic information of the respondents

Section-2: Items measuring partners' perceptions on specific relational characteristics of their respective partnering organization.

The respondents were requested to select that response which best indicates their experiences or perceptions on each statement, using a five point Likert-type scale (From 1= strongly disagree to 5= strongly agree). Both online and offline modes were used for data collection from the respondents belonging to NCR and northern region of India. The respondents of this study were the partners of different Indian automobile organizations. A potential list of respondents was made containing 813 participants of automobile industry belonging to NCR and northern region. Out of this, a total of 346 complete and usable responses were received indicating response rate of 42.56% (which is quite appropriate in Indian scenario). These responses are subjected to statistical analysis for identifying major factors by applying reliability analysis, sampling adequacy analysis and exploratory factor analysis (with the first half of the data with sample size 173). SPSS-15 software was used for carrying out statistical analysis mentioned above. In subsequent phase, confirmatory factor analysis was carried out (with the second half of the data with sample size 173) to confirm the factor structure and to provide evidence of scale reliability, dimensionality and validity. AMOS-7 software was used for carrying out statistical analysis mentioned above. Next, case based method was used for the development of index.

MAJOR FINDINGS

Cronbach- α value is calculated for evaluating the reliability of the data, which is 0.817. The quite acceptable range is (> 0.7) as indicated by Nunnally (1978). Next, sampling adequacy is checked by calculating Kaiser Mayer Oklin statistics (acceptable range is >0.5) (Agariya and Singh, 2013) and the calculated value is 0.593. Both the values were considered suitable for carrying out exploratory factor analysis. The demographic information of the respondents is given in Table-2.

Table 2: Demographic Information of the Respondents

Gender		Age			Marital Status		Educational Level			Duration of partnership with the automobile organization		
Male	Female	Between 18 -30 years	Between 30-45 years	Above 45 years	Single	Married	Undergraduate	Graduate	Post Graduate and above	Less than 3 Years	Between 3-5 Years	More than 5 Years
93.64%	6.36%	22.54%	36.99%	40.47%	34.68%	65.32%	26.83%	51.3%	21.87%	23.12%	34.1%	42.78%

After carrying out exploratory factor analysis, a total of 5 factors were extracted with 27 indicators contributing towards 65.7% of variance. Based on these five factors a conceptual framework for PRM in B2B context was being proposed. The extracted factors along with their indicators are shown in Table-3.

Table 3: Exploratory Factor Analysis (Rotated Component Matrix)

COMPONENTS	FACTORS				
	TRU	SAT	REC	COL	ENF
TRU1: Reliability	.697				
TRU2: Honesty	.561				
TRU3: Benevolence	.619				
TRU4: Credibility	.534				
TRU5: Integrity	.541				
TRU6: Empathy	.797				
SAT1: No opportunism		.778			
SAT2: Customer orientation		.671			
SAT3: Channel productivity		.723			
SAT4: Ethical behavior		.523			
SAT5: Social responsibility		.746			
REC1: Culture			.519		
REC2: Information exchange			.702		
REC3: Grievance handling			.630		
REC4: Negotiation			.513		
REC5: Social exchange			.603		
COL1: Flexibility				.616	
COL2: Interdependence				.527	
COL3: Resource sharing				.508	
COL4: Co-opetition				.622	
COL5: Inter-firm adaptation				.688	
COL6: Goal congruence				.589	
ENF1: Market dynamism					.749
ENF2: Environmental volatility					.514
ENF3: Market diversity					.706
ENF4: Environmental munificence					.563
ENF5: Wastage disposal					.651
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 11 iterations.					

TRU: Trust, SAT: Satisfaction, REC: Relational Communication, COL: Collaboration, ENF: Environmental Factors

The findings from exploratory factor analysis show PRM as a multi-dimensional construct explained by the five factors as mentioned above. The proposed framework was validated through confirmatory factor analysis by using the rest half of the data (Sample size: 173). Confirmatory factor analysis leads to elimination of 8 indicators namely TRU2, TRU5, SAT4, REC1, COL2, COL3, ENF2 and ENF4 in the model (Figure-5) because of poor loadings (<0.5).

By following the specifications given by Anderson & Gerbing (1988), the measurement model has indicated an acceptable model fit of the data. In addition to this all the indicators loaded significantly on the corresponding latent constructs. A reasonable fit of the measurement model with the sample data was indicated through the values of the fit indices (Byrne, 2001). The calculated statistics of all measures are shown in Table-4.

Table 4: Comparison of the calculated statistics of the models

S.No.	Model Fit		Absolute Measures			Incremental fit Measures		Parsimonious fit Measures	RMSE A
	χ^2	χ^2/df	RMR	GFI	AGFI	CFI	TLI	PCFI	
Model 1	399.09	2.81	0.04	0.89	0.85	0.92	0.78	0.71	0.06
Model 2	406.07	2.76	0.03	0.91	0.88	0.94	0.83	0.74	0.05

Table 5: Composite reliability of the constructs

Construct	Composite Reliability
TRU	0.71
SAT	0.73
REC	0.67
COL	0.69
ENF	0.72

Reliability and Validity of PRM Scale

The fairly acceptable range of composite reliability is more than 0.6; therefore the calculated values of composite reliability for the identified constructs were acceptable as indicated above in Table-5 (Carmines and Zeller, 1988). Construct validity was identified in this study through content validity, convergent validity and discriminant validity. Exhaustive literature review and interaction with experts in the area of PRM has verified content validity. Through examination of average variance extracted (AVE) and factor loadings, convergent validity was evaluated (Fornell and Larcker, 1981). All the indicators in the model have shown the loadings on their respective latent construct with values varying between 0.50-0.83 and the AVE for each construct was greater than or equal to 0.50, which supports convergent validity of the constructs. According to Fornell and Larcker (1981), a comparison of AVE with corresponding inter-construct squared correlation estimates can evaluate discriminant validity.

The result of the comparison indicated that the AVE values were more than the square of the inter-construct correlations for all the constructs of measurement model. Therefore, good construct validity and suitable psychometric properties were reflected in the measurement model (Agariya and Singh, 2013).

In the second model (Figure-6) the structural PRM model is validated. The calculated statistics of absolute measures, incremental fit measures and parsimonious fit measures are shown in Table-4. The structural model indicated an acceptable model fit of the data (Anderson and Gerbing, 1988). In addition to this all the indicators loaded significantly on the corresponding latent constructs. The values of the fit indices indicate a reasonable fit of the structural model with the sample data (Byrne, 2001). In short, the structural model confirms the five-factor structure of PRM.

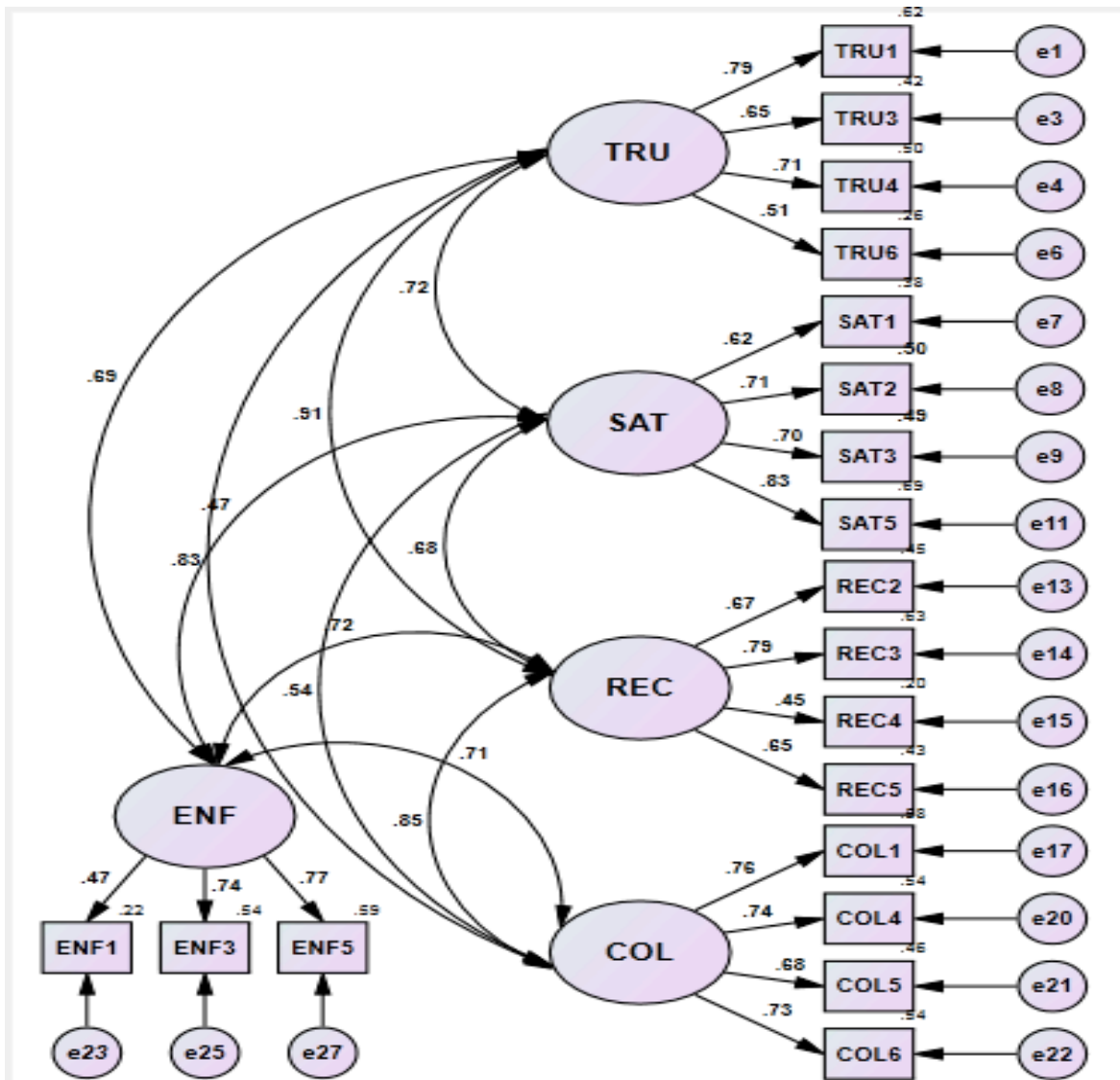


Figure 5: Model 1-Measurement Model

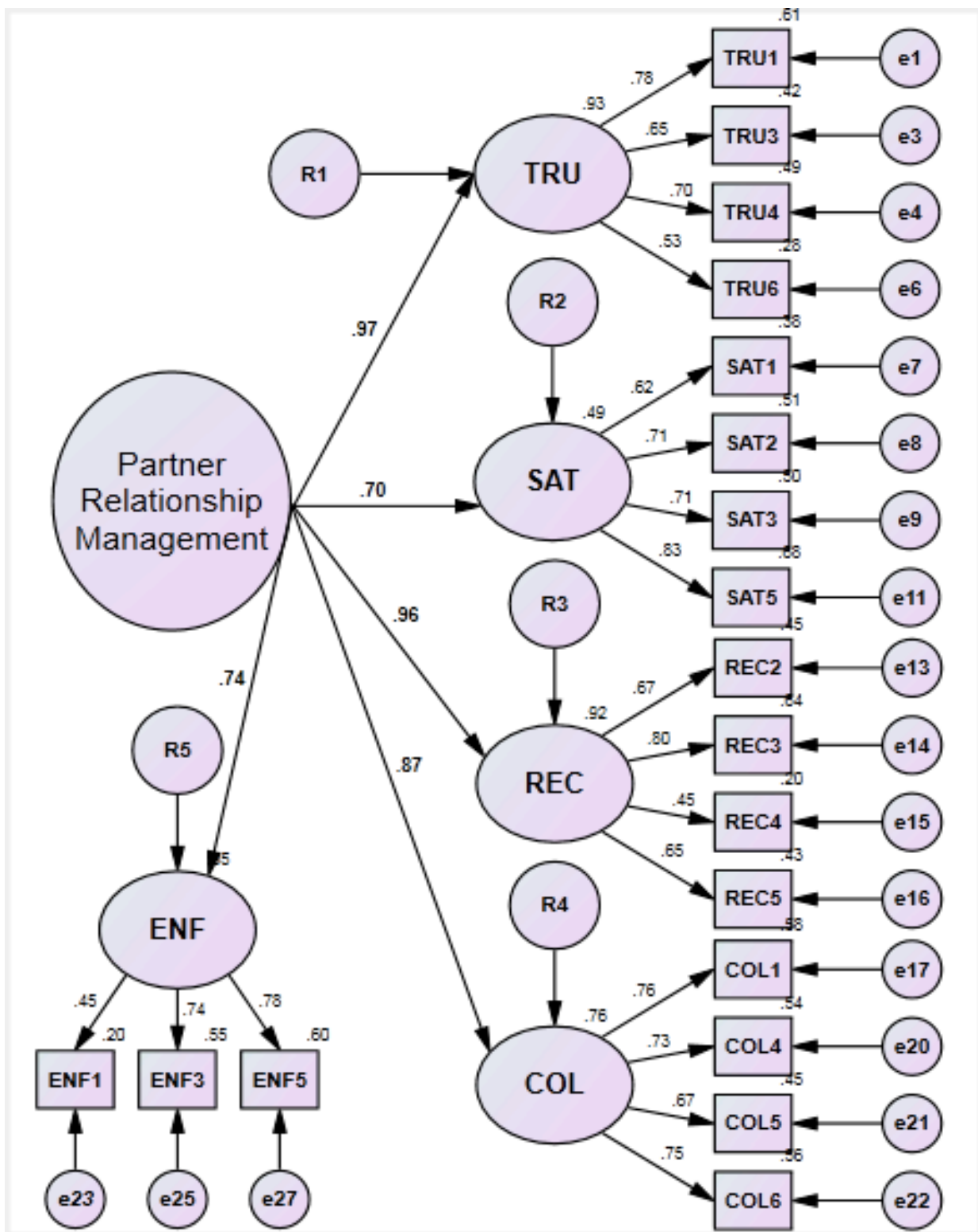


Figure 6: Model 2- Structural Model

PRM INDEX DEVELOPMENT (USING CASE BASED METHOD)

The validation of PRM scale in B2B context specific to Indian automobile sector was carried out through case based method and development of PRM Index along with the manufacturers and channel partners weights with the help of survey method using questionnaire.

PRM Index derivation**Steps**

- Identification of factors leading to PRM in B2B context (empirically validated factors along with their indicators)
- 19 indicators
- Development of questionnaire
- Data collection
- Respondents score
- Calculation of weights (Manufacturers as well as Channel partners perspective)
- Development of PRM Index (Manufacturers as well as Channel partners perspective)
- Gap analysis

The initial two steps of index derivation have already being completed as indicated in the previous section of this study.

Development of questionnaire

The questionnaire structure comprises of:

Section-1: Demographic information of the respondents

Section-2: 19 items measuring the respondents' perceptions on specific characteristics of PRM in B2B context

The respondents were requested to select the response that best indicates their experiences or perceptions on each statement, using a five point Likert-type scale (From 1= strongly disagree to 5= strongly agree).

Collection of sample

For generation of weights for PRM Index in B2B context, judgment sampling was used under non-probability sampling method. Sample was selected on the basis of the judgment of the researcher (Deming, 1960). Final number of responses received was 35 and 23 from the production, marketing, purchasing, store managers and top management officials of manufacturing and channel partner organizations respectively. Table-6 shows the demographic profile of the respondents.

**Table 6: Demographic information of the respondents
(Manufacturing Organizations & Channel Partner Organizations)**

Demographic Criteria	Gender		Age			Educational Level			Duration of association with the partner organization		
	Male	Female	Between 18 -30 years	Between 30-45 years	Above 45 years	Undergraduate	Graduate	Post Graduate and above	Less than 3 Years	Between 3-5 Years	More than 5 Years
Manufacturing Organizations %	92.48%	7.52%	20.23%	35.83%	43.94%	21.14%	49.09%	29.77%	21.96%	34.69%	43.35%
Channel Partner Organizations %	94.79%	5.21%	24.85%	39.32%	35.83%	28.07%	46.25%	25.68%	26.02%	39.3%	34.68%

Mathematical model used for ranking

PRM Index was evaluated with the help of the following mathematical model:

$$\text{PRM Index}_{\text{Score}} = (W_{A1} * S_{A1} + \dots + W_{A6} * S_{A6})$$

Where:

W_{A1} - W_{A5} : were the calculated weights for the PRM constructs.

S_{A1} - S_{A5} : were the scores corresponding to the PRM constructs.

ANALYSIS OF THE DATA

A sample size of 35 and 23 responses with 19 questions in the questionnaire led to a total of 665 and 437 data points which were actually the preferences of the organizations under investigation.

Table 7: Weights Calculation

S. No.	PRM sub-element	Manufacturers' point of view			Channel Partners' point of view		
		Average Score	Average Score (S_{Ai})	Weights (W_{Ai})	Average Score	Average Score (S_{Ai})	Weights (W_{Ai})
1.	TRU1: Reliability	4.52	4.29	0.21	4.58	4.17	0.21
2.	TRU3: Benevolence	4.33			4.09		
3.	TRU4: Credibility	4.17			4.14		
4.	TRU6: Empathy	4.15			3.86		
5.	SAT1: No opportunism	4.02	4.17	0.20	4.16	4.11	0.20
6.	SAT2: Customer orientation	4.44			4.46		
7.	SAT3: Channel	4.31			3.83		

	productivity						
8.	SAT5: Social responsibility	3.92			3.98		
9.	REC2: Information exchange	4.37	4.10	0.19	4.49	4.32	0.22
10	REC3: Grievance handling	3.94			4.43		
11	REC4: Negotiation	3.89			4.32		
12	REC5: Social exchange	4.23			4.03		
13	COL1: Flexibility	4.48	4.41	0.21	4.13	3.94	0.19
14	COL4: Co-opetition	4.34			3.84		
15	COL5: Inter-firm adaptation	4.29			3.96		
16	COL6: Goal congruence	4.53			3.82		
17	ENF1: Market dynamism	4.18	4.02	0.19	3.88	3.70	0.18
18	ENF3: Market diversity	4.02			3.59		
19	ENF5: Wastage disposal	3.88			3.65		

Table 8: Comparison Matrix

S. No.	Factors of PRM	Manufacturers' Perspective	Channel Partners' Perspective
		Weights (W_{Ai})	Weights (W_{Ai})
1.	TRU	0.21	0.21
2.	SAT	0.20	0.20
3.	REC	0.19	0.22
4.	COL	0.21	0.19
5.	ENF	0.19	0.18

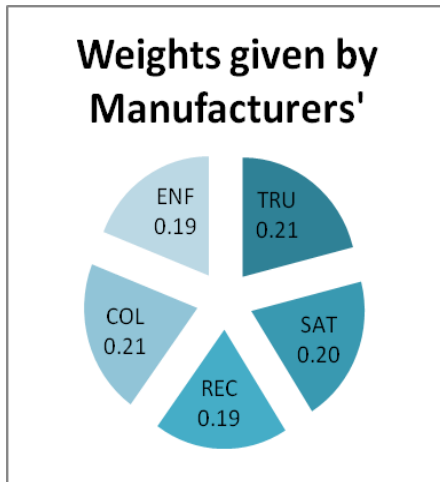


Figure 7: Weights given by Manufacturers'

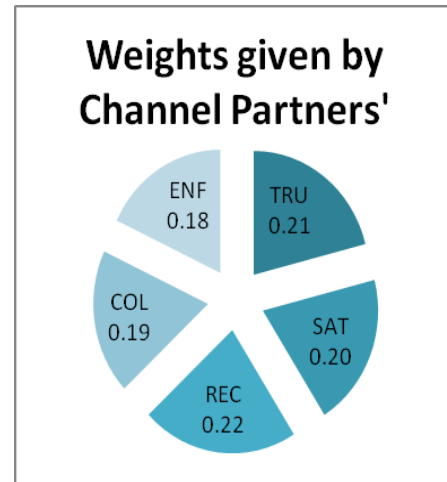


Figure 8: Weights given by Channel Partners

Some gaps between the preferences of manufacturers' and channel partners are indicated in comparison matrix in terms of weights given to the factors by manufacturers and channel partners (Table-8) and the same has been depicted in figure 7 and 8. According to the manufacturer's point of view, collaboration is the most important factor but not of that much of importance from the viewpoint of channel partners. Manufacturers consider relational communication highly important by channel partners and moderately important. Trust and satisfaction is equally important for both the parties involved. Environmental factor is considered moderately important by both.

Both the parties involved must formulate adequate and appropriate PRM strategies in order to do justice with the gap of preferences and receive maximum benefit out of PRM implementation in B2B context. Manufacturers must duly take care of the channel partners' preferences and vice-versa. The proposed index can be used by manufactures to get the feedback of channel partners and vice-versa, to evaluate the level of effectiveness of the formulated and implemented PRM strategies in B2B context.

STRATEGIC IMPLICATIONS

Five factors were extracted contributing towards PRM in B2B context specific to Indian Automobile sector after carrying out exploratory factor analysis and confirmatory factor analysis. These five factors include satisfaction, trust, relational communication, collaboration and environmental factors. Each extracted factor is a combination of important dimensions contributing towards PRM in B2B context.

Trust

In simple words, trust is the extent to which channel partners believes and have confidence that its partner is reliable and honest. Trust has three main moves in context of channel relationships: Expression of confidence, belief on partner acts and willingness to rely. Trust is being defined and considered important by many a researcher in channel relationship context. Presence of trust among the channel partners makes them to become responsible and accountable towards their practices of distribution, which is somehow very important for the smooth functioning of the distribution channel.

This study has extracted trust as an important factor mainly comprising of reliability, benevolence, credibility and integrity contributing towards PRM. Reliability is about the ability of the channel partner to rely on other partners' acts and decisions and vice-versa. Benevolence is another important dimension of trust where the channel partner is considered as genuinely interested in the welfare of other partners'. Credibility refers to the ability and quality of the channel partner to be believed as trustworthy by his partners. Integrity refers to the wholeness or totality in terms of building and sustaining the relationship between the channel partners. All these dimensions in combination, results in strong relationship building with optimum level of trust among the distribution channel partners.

Satisfaction

Many-a-researchers have considered satisfaction as an important factor as it plays a vital role in long-term relationship maintenance between the manufacturer and its channel partners who all are responsible for making manufacturer's product available to customers. This factor is the resulting positive state due to appraisal of all aspects of a firm's working relationship with another firm. Two major type of satisfaction in context of channel relationships are economic satisfaction and social satisfaction. Economic satisfaction refers to the economic benefits derived out of the relationship with the channel partner. Social satisfaction refers to psychological aspects resulted from interactive experiences such as shared values.

This study has extracted this factor with four major sub-factors namely, no opportunism, customer orientation, channel productivity and social responsibility. Opportunism refers to taking advantage of opportunities without keeping in mind that it may cause some problems to others. It mainly includes disclosing incomplete or distorted information especially for the purpose of misleading. Therefore no opportunism practices must be followed by all parties involved which lead to higher satisfaction. Customer orientation is important for every organization to succeed. Each channel partners' orientation towards customer satisfaction, results in sound level of profitability. Channel productivity is about the performance of the whole chain of distribution channel which depends on the performance of each channel partner. Involvement of manufacturers and channel partners in social responsibility results in better satisfaction level and socially acceptable services to all involved in the relationship.

Relational Communication

Communication is known to be a medium through which a partner transfers a message to its channel partners and make sure that the message is clear and understandable. In general, optimum level of communication results in proper flow of information, elimination of conflicts, no scope for misunderstandings etc. Relational communication refers to the communication which is directed at building and sustaining relationships between the manufacturer and its channel partners.

This study has revealed relational communication as an important factor with sub-factors like, information exchange, grievance handling, negotiation and social exchange. Information exchange is the centralized information sharing system which helps in creating cooperative network and reduces the possibilities of conflict. It also aims at timely collection and circulation of information to concerned people. A grievance can commonly be understood in B2B context as a dispute between the parties involved and

also as a complaint made by any of the partner due to the differences in goals, perceived poor efficiency and perceived unfairness. Companies must have formal as well as informal mechanisms to handle grievances. Negotiation is the situation when the distribution channel partners seek to do better through joint actions with some level of conflict then it is known as negotiation. Social exchange is an informal act of relationship maintenance where the manufacturer and its channel partners share an intensive and familiar contact.

Collaboration

Manufacturers and channel partners must consider collaboration as an important factor as it focuses on creating joint values and processes, which requires high level of cooperation, determination and substantial investments in co-specialized assets. Working jointly in a cooperative environment makes the manufacturer and channel partners to achieve success in satisfying customer needs effectively, in successfully handling demand uncertainties and in reduction of costs, which is not easily possible while working alone in isolated environment.

This study has considered it as an important factor with sub-factors namely, flexibility, co-opetition, inter-firm adaptation and goal congruence. Flexibility is important for manufacturers and channel partners, as it must exist in practices and roles played by the parties involved. Co-opetition is a business strategy, which is a combination of cooperation and competition, derived from an understanding that business competitors can benefit when they work together. Inter-firm adaptation is about the policies and practices followed by the parties involved and these must be adaptable by all through proper collaboration. Goal congruence is the perception that the goals of both the parties in an exchange relationship can be achieved simultaneously. It also promotes investment in coordination efforts.

Environmental factors

Such factors can affect channel partner's expectations about the certainty of task environment and this creates a doubt about the favorable market conditions. It ultimately affects the predictability of future customer demand and creates uncertainty in decision-making. The existence of sound relationships among the channel partners has become helpful in effectively adapting such environmental conditions.

In this study, influencing environmental factors is considered as an important factor with sub-factors namely, market dynamism, wastage disposal and market diversity. Market dynamism is about the rapid changes and uncertainty in market and customer demand. This affects the smooth functioning of the manufacturer and its channel partners. Wastage disposal is an important aspect as the organizations must need to dispose the wastage adequately and without harming the environment. Apart from wastage disposal, organizations must take care that the distribution process must not harm the natural environment. Market diversity refers to the diversity in population having diversified set of needs and wants, due to different demographic profile, taste and preferences, attitudes, culture, psychological factors etc.

CONCLUSION

Distribution channel is as important as the other processes of an organization because if a product is not reaching to the end customer then there is no use of other business processes. Various researchers and practitioners have highlighted the important role played by the distributor (Lin and Chen, 2008; Mudambi and Aggarwal, 2003; Paun, 1997). Relational participation has its own benefits like a retailer can assist manufacturer in planning activities and a manufacturer can suggest some effective ways of offering the products (Wang and Kess, 2006). Therefore, building and maintaining strong relationships with channel partners is necessary for the smooth flow of a product from manufacturer to the final customer and also to effectively achieve firm's goals and objectives (Morgan and Hunt, 1994; Payen *et al.*, 2010; Sheth and Parvatiyar, 1995).

With the effective implementation of PRM practices one can build and maintain strong relationships with their channel partners and ease the process of making the products available to customers for manufacturers as well as for the distributors. It works in the direction of improving satisfaction level of ultimate customers and also the growth of all companies involved (Mirani *et al.*, 2001; Murtaza and Shah, 2004; Rabin, 2002; Vlachopoulou *et al.*, 2005).

The objective of this study includes enhancement and empowerment of channel partner relationships by providing a set of factors in terms of an index for efficient and effective use of PRM practices. This research work revealed PRM as a multi-dimensional construct comprising factors namely trust, satisfaction, relational communication, collaboration and environmental factors. The proposed measurement tool known as PRM index can be used by the manufacturers as well as the channel partners for evaluating the effectiveness of PRM implementation from time to time. After evaluation one can understand where the lacking element is and formulate strategies accordingly to enhance the level of benefits out of PRM practices.

LIMITATIONS AND FUTURE SCOPE

The limitation of this research work includes small sample size. If large and diversified sample size is used then one can expect a different set of results. The generalizability and robustness of the proposed PRM index can be tested by applying it in different industry and national context. Also this study can be replicated in different business segments across different countries for identifying the generalizability of the index.

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ANNEXURE**Table A.1- List of Dimensions**

S. No.	Dimensions	No. of Citations	S. No.	Dimensions	No. of Citations
1.	Trust	151	25.	Relationship quality	13
2.	Satisfaction	112	26.	Market diversity	13
3.	Commitment	71	27.	Market dynamism	12
4.	Communication	58	28.	Honesty	11
5.	Grievance handling	57	29.	Resource sharing	11
6.	Information exchange	53	30.	Profitability	11
7.	Power-based control mechanisms	45	31.	Social responsibility	09
8.	Collaboration	41	32.	Relationalism	09
9.	Cooperation	36	33.	Wastage disposal	09
10.	Environmental volatility	26	34.	Market orientation	09
11.	Goal congruence	24	35.	Social exchange	09
12.	Coordination	22	36.	Benevolence	08
13.	Interdependence	20	37.	Joint Actions	08
14.	Ethical behavior	19	38.	Empathy	08
15.	Channel productivity	19	39.	Co-opetition	08
16.	Flexibility	19	40.	Negotiation	07
17.	Credibility	18	41.	Culture	06
18.	Reciprocity	17	42.	Environmental munificence	05
19.	Reliability	16	43.	Relationship history	04
20.	Inter-firm Adaptation	15	44.	Interpersonal integration	03
21.	No Opportunism	15	45.	Channel Integration	03
22.	Integrity	14	46.	Partner Compatibility	02
23.	Customer orientation	13	47.	Working style	01
24.	Service recovery	13			