

# THE EFFECT OF HANDLED RISK, DOMAIN EXPERTISE AND BUYER-SELLER SIMILARITIES ON DYADIC RELATIONSHIP QUALITY IN INDONESIA COFFEE MARKET

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## Abstract

A previous study examined the effects of interpersonal variables, i.e. handled risk, domain expertise and buyer-seller similarities on quality relationships based on buyer perceptions. This study aims to examine the interpersonal factors of two parties, i.e. coffee buyers and sellers (dyadic) that involved in the relationship quality in Indonesia coffee market. The goal is to determine which factors have the greatest influence on quality and which have the least with a complete test result from both sides with a dyadic methodology. To address the research objectives, usable sample data were collected from 507 respondents drawn from 138 samples of coffee roasters, 112 samples of Indonesian coffee exporters, and 257 samples of coffee collectors on the buyer side. Non-probability sampling was performed using the Stratified Sampling Technique by Structural Equation Modelling Analysis, with the SEM-LISREL 8.80 tool. The findings show that handled-risk and domain expertise as interpersonal variables have the greatest influence on the quality of coffee buyers and sellers' relationships, whereas buyer-seller similarities have no positive effect due to national philosophy, unity in diversity. The managerial and theoretical contributions will be discussed in greater depth.

**Keywords:** Interpersonal Factors.

**JEL Classification:** M21

## INTRODUCTION

In empires, the recent Indonesian coffee industry and exporters face problems of insufficient coffee supply to meet the demand of the local coffee industry and exporters. This situation leads to unhealthy competition among local coffee roasters and exporters for coffee beans to meet their industry and export demands. Local coffee suppliers take advantage of the tight supply situation to make short-term profits by ignoring their sale contracts with their buyers; as a result, contract breaches have become a recent phenomenon in the coffee market, destroying their relationship quality

Relationship quality has emerged as a paradigm that shows the extent to which customers trust and have confidence in service providers under the umbrella of relationship marketing (Tajvidi et al., 2021). There is a future performance of a service provider because the provider's past performance consistently meets it (Palmatier et al., 2007). Relationship quality is defined by (Rajaobelina & Bergeron, 2009) as any assessment of a relationship's strength

(Garbarino & Johnson, 1999), which includes the essence of relationship marketing (Jap et al., 1999; Ural, 2009) with the formation of partnerships between service providers and consumers,

thereby creating value for sellers and buyers. Indonesia Coffee buyers and sellers have to understand the concept relationship marketing and relationship quality to achieve the mutual goals and relationship benefits for long term marketing relationship in coffee market.

The literature on salesperson effectiveness (Bettman, 1973; Busch & Wilson, 1976; Crosby et al., 1990) served as the foundation for earlier studies by Parsons (2002) that developed the idea of interpersonal variables, which include handled risk, domain expertise, relational selling behaviors, and customer similarity. Domain knowledge and communication were determined to have the strongest effects by Parsons (2002). This previous research, however, only examined the variables that affect relationship quality from the standpoint of the consumer or buyer and did not examine how sellers perceive these same variables.

This study is still measuring interpersonal marketing elements from the customers and sellers of coffee, the two parties involved in the whole connection. In order to obtain a more thorough test result, this study will examine the perceptions of two participants utilizing the dyads measurement method

## LITERATURE REVIEW

### Relationship Quality

According to Zeithaml et al. (1996), relationship marketing is an effort to attract, maintain, and enhance customer relationships in multi-service organizations. Relationship quality, on the other hand, refers to a relationship's general strength and the degree to which it meets the expectations and needs of the parties involved (Hennig-Thurau et al., 2002; Moliner et al., 2007), Morgan & Hunt (1994) claim is based on. Relationship quality is a part of relationship marketing, according to Tajvidi et al. (2021). According to Boulding et al. (2005) and Gummesson (1987, 1994), the basic objective of relationship marketing is to create alliances between service providers and customers in order to benefit both sellers and purchasers.

Relationship quality has arisen as a paradigm that demonstrates the level of consumer confidence and trust in service providers, as claimed by Palmatier et al. (2007). Because a service provider's past performance has consistently met expectations, there will be performance in the future. Smith (1998) further defines relationship quality as the degree to which it satisfies the expectations and needs of the parties involved as well as the relationship's overall strength.

Roberts et al. (2003) claim that the foundation of relationship marketing, which may be summed up as the creation of relationships between businesses and consumers, and five factors can be used to assess the quality of a relationship: satisfaction, affective commitment, affective conflict, and faith in the partner's honesty and goodness.

### Relationship Quality Factors

Interpersonal and connection characteristics, as well as organization and marketing environment, are two factors that affect the caliber of interactions between buyers and sellers, according to Parsons (2002). Interpersonal elements are those that take into account the

customer's impression of how marketers or sellers might affect the caliber of seller and buyer interactions. The four impersonal components are handling risk, three relational selling behaviors (mutual disclosure, communication, and customer orientation), domain knowledge, and buyer-seller similarity or shared values. This study examines the relationship between quality and criteria such as handled risk, domain expertise, and buyer-seller similarities.

#### **a. Handled Risk**

As a result of the product classes that marketers provide to customers for selection, a conflict known as handled risk may arise (Parsons, 2002). In order to reduce irrationality in thinking, Bauer (1960) outlined the primary actions and calculated the correlations of various risk-taking circumstances. This helped introduce the concept of risk as viewed by customers in a marketing environment.

Bettman (1973) and Parsons (2002) claim that the danger of conflict might be brought on by customers who feel that their purchasing decisions were incorrect. There are many ways to lessen this risk, one of which is by giving the customer more details about the brand of the product before they decide whether or not to buy it. By informing the consumer and addressing the danger forcefully enough for the client to feel at peace with the seller, the seller could be able to reduce this risk.

Parson (2002) found that customer familiarity, which is a smaller component of risk management, has a bigger impact on relationship quality, and that this has a negative impact on the quality of buyer connections. The study's conclusions show that the quality of the relationship, but not risk management, is influenced by the marketing company's name and reputation as well as attempts to maintain ties with customers. (Gemünden & Hauschildt, 1985) found that the desire for information is not greatly influenced by perceived risk.

However, Dowling & Staelin (1994) found that perceived risk significantly affects information-seeking behavior. Even if a risk has little effect on the intended behavior, it might have a large impact on the intensity with which a modification method is likely to be adopted. The foregoing results confirm the category findings of Beatty et al. (1996) and Smith (1998) that there is increased search activity in high-risk categories to identify the selection settings within categories to aid decision-making in risky scenarios.

According to research by Tuu et al. (2011), consumer perceived risk acts as a barrier to the development of loyalty and has a detrimental moderating influence on the link between satisfaction and loyalty. However, as objective knowledge and certainty rise, the relationship between loyalty and satisfaction becomes stronger. Because the quality of the relationship is positively correlated with how clients perceive their risk handling,

Sweeney et al. (1999) found that variables other than product and service quality connected to value for money have an impact on the effect of risk moderation on relationship quality. Because it has a large moderating impact on product value and service quality, risk perception is crucial. Perceived quality, price risk, and purchase intention are all significantly moderated by the customer's perceived value for money.

Fan et al. (2020) observed that risk management behaviors or supplier-initiated risk management behaviors had a favorable impact on marketing interactions, beginning from the supply side and the supply resilience side. In their investigation of the moderating effects of dependency asymmetry, Fan et al. (2020) discovered that risk management was positively correlated with supply-side resilience and that this correlation was mediated by a positive relationship between span and supply-side resilience. The strength of this correlation increased with decreasing dependency asymmetry.

*As per Douglas (2009) Identification, assessment, and prioritization of risks is the first step in risk management. The next step is the coordinated and cost-effective use of resources with the goal of reducing the likelihood or impact of unfavorable occurrences or maximizing the realization of opportunities. Human Resources, Diversity, and Inclusion (HRDI) (2022) lists five fundamental risk management strategies:*

- *Avoidance: The goal of this strategy is to entirely eliminate the danger. For instance, physical plants might decide not to release vehicles for travel in the middle of a thunderstorm to reduce the danger of car accidents.*
- *Retention: This method, which accepts the inevitable nature of some hazards, entails keeping all or part of the risk even though there are more cost-effective ways to handle it. The institution, for instance, continues to assume the risk of damage to fences, signage, etc.*
- *Spreading: This strategy distributes the risk across several parties. For instance, employer-based benefits are frequently less expensive than purchasing one's own health insurance.*
- *Loss Prevention and Reduction: This strategy seeks to stop or lessen the possibility that the risk may materialize. For instance, there have been recurring water issues in specific regions of some campus buildings. Some water damage claims might be prevented by forbidding the storage of documents or supplies in those locations.*
- *Transfer: In this strategy, the risk is transferred to a different entity, like an insurance provider or through contracts.*

It is important to note that risk management is a continuing process that involves identifying, analyzing, evaluating, and treating loss exposures and monitoring risk control and financial resources to mitigate the adverse effects of loss. It is common that trading coffee beans contains several risk in the matter of quality standard consistency, delivery process, and assurance to receive the cargo in time as per agreement. Risk management in coffee business transaction should cover this assurance for relationship quality.

## **b. Domain Expertise**

Marketers' level of product and market understanding is referred to as domain expertise (DE). Expertise is typically a marketing trait that has a favorable association with the effectiveness of persuading organizations to accomplish anticipated marketing targets (Busch & Wilson ,

1976). Stanton and Buskirk (1987) defined domain expertise as the marketer's capacity to communicate information pertaining to transactions involving goods or services (for example, product/market knowledge, logistics).

According to Crosby et al. (1990), marketing communicators or salespeople who possessed domain expertise were more likely to succeed in influencing their target clients. The relationship quality (satisfaction and trust in marketers) is always strengthened by the view of marketers' competence. The belief that marketers are competent always strengthens consumers' contentment and faith in them.

Knowledgeable salespeople are more likely to win their customers' trust and, as a result, are more successful in addressing their demands, according to prior studies. Because of this, the quality of relationships is influenced by marketers' subject domain enterprise (Busch & Wilson, 1976; Parsons, 2002; Sujjan & Bettman, 1988).

### **c. Buyer-Seller Similarities**

The degree of resemblance felt by customers and marketers is known as buyer-seller similarities (Parsons, 2002). Buyer and seller perceptions of similarity, according to Crosby et al. (1990), have an impact on the success of transactions. A clue to expect other parties or customers to facilitate the salesperson's goals to attract more customers can be found in the similarity of buyers and sellers, particularly the similarity of attitudes. As a result, the perception of marketers' similarity affects the quality of the relationship. (Crosby et al., 1990; Johnson & Johnson, 1972) While Lichtenthal & Tellefsen (2001) utilize a similarity index that covers similarities in appearance, lifestyle, and status, Crosby et al. (1990) separate the buyer-seller similarities index into similarities in behavior, personality, and appearance.

In contrast to the conventional belief that sellers who are viewed as being similar to consumers are more likely to succeed, all other things being equal. The impact of buyer and vendor similarities on mixed effectiveness (Wiener & Mowen, 1986).

A study conducted by Abdalla et al. (2021) investigated the influence of buyer-seller personality similarities on compulsive buying behavior in a dyadic setting. There is limited research that relates buyer-seller similarity measures to the success of salespeople dealing with professional purchasing agents. In summary, buyer-seller similarity is a concept that suggests that shared traits between buyers and sellers can influence the success of transactions and buyer-seller relationships. However, the specific impact and significance of buyer-seller similarity may vary depending on various factors and contexts.

From buyer's perspective, Parsons (2002) discovered that while buyers may be dealing with numerous members of marketing organizations and have used telephone and email as communication means without having personal encounters, the influence of buyer and seller similarity on relationship quality is not substantial. However, Barnes et al. (2007) observed that similarity has a beneficial impact on performance. They also discovered that suppliers can clearly notice discrepancies in views when they arise in short-term partnerships. Relationship similarities might not always progress in a straight line over time.

In context of Indonesian coffee market, the marketers deal with diversity groups of people. This study accessed the effect of buyer-seller similarities from two group perceptions.

### **Hypothesis**

The following is a hypothesis developed based on previous research findings and theories of interpersonal variables of quality relationships (handled risk, domain expertise, and buyers-sellers similarities) as follow:

#### **The Effect of Handled Risk on Dyadic Relationship Quality**

Handled-risk, according to Bettman (2014) and Parsons (2002), is a risk reduction in the brand or product type that is chosen within a certain product category as well as the context of the transaction. Relationship and interpersonal aspects affect risk management. Parsons (2002) found having a good relationship lowers the amount of risk that the buyer perceives. As a result, the quality of the relationship is inversely correlated with the amount of risk that was managed.

Gemunden (1985) found that the desire for information is mostly unaffected by perceived risk. According to Parsons' (2002) research, risk management has a detrimental impact on the quality of relationships because familiarity or increased familiarity with consumers, which constitutes a smaller portion of risk management, affects relationship quality more strongly.

Perceived risk, Dowling & Staelin (1994) found, significantly affects information-seeking behavior. According to Beatty et al. (1996) and Smith (1998), there is a higher volume of search activity in high-risk categories to ascertain the selection settings inside categories to support decision-making in risky scenarios.

While Sweeney et al. (1999) found that the effect of risk moderation on relationship quality value is influenced by the customer's perceived value for money when conducting a service encounter, Huy Tuu, H. et al. (2011) found that customer-perceived risk is a barrier to loyalty formation with a negative moderating effect on the satisfaction-loyalty relationship. Fan et al. (2020) discovered that supplier-initiated risk management behaviors or risk management behavior, starting from the supply side and supply resilience side, had a favorable impact on marketing connections.

Risk management is used in the coffee company from the beginning to the end of each transaction based on the ideas of Douglas (2009) and HRDI (2022). Risk management involves more than just choosing the right coffee; it also affects the delivery process's quality and the consistency of the coffee's quality when it arrives.

#### **The Effect of Domain Expertise on Dyadic Relationship Quality**

Parsons (2002) defined domain expertise as understanding of the products and markets. Busch & Wilson (1976) found that informed and skilled salespeople are more successful than less knowledgeable salespeople at winning their customers' trust. Expertise should improve the quality of the connection based on how the client perceives the seller's familiarity with the product and the market.



According to other study (Sujan, and Betman 1988), knowledgeable salespeople are more likely to generate trust in their clients because they are more adept at addressing their demands. This illustrates how relationship quality is influenced by skill. According to Crosby et al. (1990), domain knowledge is a quality that marketing communicators and salespeople possess that is positively associated to their ability to successfully persuade customers (Busch and Wilson, 1976; Taylor and Woodside, 1981).

Customers' perceptions of salesperson expertise indicate knowledge of the products or services offered, and organizationally, the seller's domain expertise is a critical determinant of effectiveness (Staton and Buskir; 1987). Parsons' research (2002) found the strength of a salesperson's relationships is positively correlated with their main talent.

### **The Effect of Buyer-Seller Similarities on Dyadic Relationship Quality**

The importance of buyer-seller similarities has been found in earlier research (Busch & Wilson, 1976; Evans, 1963; Woodside & Davenport, 1974), but the similarities are only shown to be significant in the context of short-term customer-seller interactions.

According to other studies (Busch & Wilson, 1976; Evans, 1963), the degree to which buyers and sellers share comparable values throughout exchanges affects the strength of their connection.

According to Crosby et al. (1990), it can be an indication to anticipate other parties (customers) to support the salesperson's objectives in order for them to draw in additional consumers). This is especially true when it comes to similarity of attitudes between buyers and sellers, however he found short-term and one-time transactions do not impair relationship quality when it comes to long-term exchanges in the insurance business. Even while it was discovered that the similarities affected selling efficacy right away, only the marketer's subject knowledge impacted long-term selling relationships and relational quality.

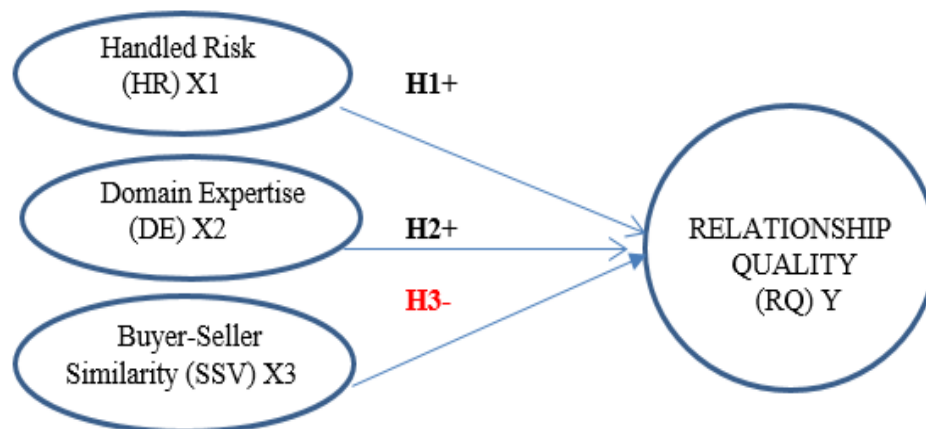
Because customers are accustomed to doing business with a variety of organizations, Parsons' research (2002) indicated that buyer-seller similarity does not have a significant link. Buyers and sellers rely more on communication methods when there are no in-person encounters. This shows that differences between buyers and sellers don't matter in business dealings.

H1: Handled risk has a positive impact on the buyer-seller relationship quality.

H2: Domain expertise has a positive impact on the buyer-seller relationship quality.

H3: The perceived similarity between buyers and sellers has a negative impact on the buyer-seller relationship quality.

All hypotheses can be drawn in below Research Model



**Figure 1: Research Model**

## METHOD

The research method used was quantitative. The population of this study consists of all coffee enterprises and roasters registered with the Ministry of Industry, all GAEKI members, and all IDH, the Sustainable Trade Initiative-Enveritas-identified coffee collectors. A total of 250 customers (Coffee Factory and Exporter) and 257 sellers of coffee bean collectors participated in the survey, in accordance with the proportionate stratified random sampling approach. According to Hair et al. (2019), the sample size in this study should be 5 to 10 times the observed variables.

The instruments for the variables use Likert scales and adhere to those developed by prior research, passing the requirements of validity and reliability assessments. On a Likert scale of 1 to 5, with 1 representing a low score (strongly disagree), and 5 (five), very strongly agree, each indicator item of the variables' instruments is scored. Each indicator passed the SEM analysis using Lisrel 8.80's Convergent Validity and Reliability test. The results of the hypothesis testing were obtained using SEM analysis in two stages. The structural model comes after the model fits.

Implementation of handled risk used three indicators from Crosby et al. (1990) and Bettman (1973) as a measurement: providing enough information about the product's benefits and drawbacks, providing more information to prevent future conflicts, and assisting the client in making an easy choice. The buyer-seller value similarity instrument used the Crosby et al. (1990) measurement and asked the following questions: preference for relative connections; interests, hobbies, and values; and preference for the same education, income, and social class for buyers and sellers. The Relationship Quality Instrument incorporated the Roberts et al. (2003) measurement with the following indicators: satisfaction, affective commitment, affective conflict, and trust in a partner's honesty and goodness. Each indicator item is rated on a Likert scale from 1 to 5, with 1 denoting a very low score (strongly disagree to very strongly agree).



The 507 valid data points were analyzed by SEM using Lisrel 8.80. Convergent validity and reliability tests must be used in SEM analysis to make sure the data is reliable and valid. There are two stages to getting the findings of the hypothesis testing. It first measures how well the model fits, and then it makes use of the output from the structural model.

## RESULTS

Both consumers and sellers of coffee in Indonesia provided approximately equal numbers of respondents (employees). In the initial sample of the analytic unit of coffee customers from Coffee Factory, there were 138 respondents, including 107 men and 31 women. Four age groups of respondents were identified: 14 between the ages of 17 and 27; 79 between the ages of 28 and 38; 25 between the ages of 29 and 49; and 20 over the age of 50. There were no respondents with doctorates, 37 respondents with bachelor's degrees, 89 respondents in junior high or high school, and 4 respondents with master's degrees. Only four responses from cooperatives, 93 from trading enterprises and cooperatives, up to 24 from limited partnerships (CV), and up to 18 from company limited (PT) were present. 4 people responded to the survey in the district area, 89 in the sub-district area, and 41 in the sub-district area. A total of 94 responses represented small businesses, followed by 36 for medium-sized businesses, and 8 for large businesses. There were 35 answers from the functional director, 72 from the purchasing/sales manager, and 31 from the CEO/principal director.

There were 112 respondents in the second sample of the Coffee Buyers are Exporters study unit, 105 of them were men and 7 of whom were women. 34 respondents were over the age of 50, 33 were in the 29 to 49 age range, and 17 were between the ages of 17 and 27. None of the respondents were in elementary school, 27 were in junior high or high school, 48 had bachelor's degrees, 29 had master's degrees, and 8 had doctoral degrees, making up the respondents' educational backgrounds. Limited partnerships (CV), which had up to 24 respondents, corporations limited (PT), which had up to 84 respondents, and trade firms, which had up to two respondents, were among the business sectors from which the cooperative received responses. 94 respondents were from the district area, 8 from the sub-district, and 0 from the sub-district. For micro- and small-sized enterprises (0 respondents), medium-sized businesses (93 respondents), and large businesses (19 respondents), businesses were scaled depending on turnover. There were 28 replies from the functional director, 52 from the purchasing/sales manager, and 32 from the CEO/principal director.

The seller analysis unit houses the coffee bean collectors. There were 258 replies, of which 239 were from men and 18 were from women. The respondents were broken down into groups according to their ages: 14 between the ages of 17 and 27, 61 between the ages of 28 and 38, 119 between the ages of 29 and 49, and 63 over the age of 50. The respondents' educational levels were as follows: 59 were in elementary school, 154 were in junior high or high school, 37 had a bachelor's degree, and 7 had a master's degree. Up to 162 respondents, 44 respondents in the cooperative, 36 respondents in limited partnerships (CV), and 15 respondents in businesses limited (PT) are all engaged in the trade business.

### Validity and Reliability Evaluation

Convergent validity, as determined by average variance extracted (AVE), was employed to test the reliability of the variable measurements. The AVE value must be above the required threshold and not below 0.50. The reliability test employed Cronbach's alpha reliability, or C.R. value, and it satisfied the requirement of at least 0.70. The validity and reliability test results reveal valid and reliable measurements, as can be shown in Table 1.

Psychological contracts' dimension variables were subjected to validity and reliability testing using second-order confirmatory factor analysis, followed by first-order confirmatory analysis if they constitute a single dimension.

**Table 1: Validity and Reliability Test Results**

Variables	Est. SLF > 0.5	Error	CR > 0,7	VE > 0.5	Conclusion
<b>Handled Risk (HR)</b>			0.72	0.5	Good Reliability
HR1	0.81	0.34			Good Validity
HR2	0.61	0.63			Good Validity
HR3	0.6	0.64			Good Validity
<b>Domain Expertise (DE)</b>			0.72	0.51	Good Reliability
DE1	0.82	0.32			Good Validity
DE2	0.67	0.55			Good Validity
DE3	0.53	0.72			Good Validity
<b>Similarity/Share Values (SSV)</b>			0.84	0.63	Good Reliability
SSV1	0.84	0.29			Good Validity
SSV2	0.76	0.43			Good Validity
SSV3	0.78	0.39			Good Validity
<b>Relationship Quality (RQ)</b>			0.85	0.53	Good Reliability
RQ1	0.62	0.61			Good Validity
RQ2	0.54	0.7			Good Validity
RQ3	0.93	0.14			Good Validity
RQ4	0.74	0.45			Good Validity
RQ5	0.76	0.43			Good Validity

### Dyadic Relationship Quality Testing

In order to ascertain whether there is a dyadic relationship quality between buyers and sellers, Mann-Whitney U analysis with SPSS statistical tool was utilized, according to Vandeleene et al. (2018). The findings demonstrate a substantial difference between the actors representing the buyers and sellers, as indicated by the significant value of two-tailed less than 0.05.

According to R. Ho (2006), in order to ascertain if two actors (buyers and sellers) have a significant dyadic interaction, Chi-Square analysis was performed to compare the observed frequency category to the expected frequency, assuming that hypothesis Nul is true. A substantial value of Chi-Square less than 0.05 (0.000) indicates that there is a significant dyadic link between buyers and sellers, and sellers can be considered to have been the primary players in forging this relationship.

The differences between the two samples were then analyzed using a one-way ANOVA to see if they had a dyadic connection quality. The results of the one-way ANOVA show that the two samples have a meaningful dyadic relationship quality when the significant value is less than 0.05 (0.007). Buyer and seller have a substantial dyadic relationship, as indicated by the descriptive post-hoc test results, as shown in Table 5, where seller's mean value is higher (67.48) than buyer's mean value (65.32). Coffee dealers must come first in order to develop a dynamic engagement with clients.

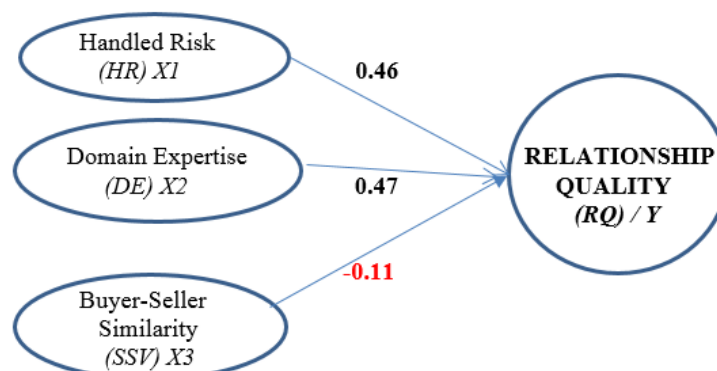
### Hypothesis Testing Results

**Structural Equation Model (SEM)** analysis was used to test the hypothesis by using two *group* samples through Lisrel 8.80 program. The fit model measurement result as the first phase shows that the model is suitable, based on the opinion by Hair et al, (2010). The fit model predicts the observed values has met the requirements which can be seen in the Summary of Fit Test Results (GOFI) in Table 2 as follow:

**Table 2: The Measurement of Overall Model**

Goodness of Index	Cut Off Value	Estimation Result	Model Evaluation
<i>Absolute Fit Measures</i>			
p-value	p-value $\geq$ 0.05	0.073	Good
RMSEA	RMSEA $\leq$ 0.08	0.06	Good
GFI	GFI $\geq$ 0.90	0.933	Good
<i>Incremental/Relative Fit Measures</i>			
NFI	NFI $\geq$ 0.90	0.964	Good
NNFI	NNFI $\geq$ 0.90	0.995	Good
AGFI	AGFI $\geq$ 0.90	0.907	Good
<i>Parsimonious Fit Measure</i>			
PGFI	Estimated High	0.670	Good
PNFI	Estimated High	0.723	Good
<i>Other Goodness of Fit Index</i>			
Critical N(CN)	Critical N(CN) $\geq$ 200	513.824	Good

Then, the structural model shows that all hypotheses are supported by empirical data. This can be seen in Figures 2 below



**Figure 2: Coefficient Result of Overall Structural Model (Coffee Buyer and Seller)**

The research hypothesis testing result is shown at Table 3, 4, and 5, as follow:

**Table 3: The Research Hypothesis Testing Results, Based on Two Samples**

	<b>Hypothesis</b>	<b>Direct Effects</b>	<b>t - Value</b>	<b>Indirect Effects</b>	<b>t - Value</b>	<b>Total Effects</b>	<b>t - Value</b>	<b>Conclusion</b>
<b>H<sub>1</sub></b>	Handled risk (HR) has a positive effect on buyer and seller quality relationship (RQ)	0.458	6.327	-	-	0.458	6.327	Unsupported
<b>H<sub>2</sub></b>	Domain expertise (DE) has positive effect on the buyer-seler quality relationship ( RQ)	0.468	7.046	-	-	0.468	7.046	Supported
<b>H<sub>3</sub></b>	Perceptions of perceived similarity between buyers and sellers (SSV) has a negative effect on relationship quality (RQ).	-0.116	- 2.047	-	-	-0.116	-2.047	Supported

**Table 4: The Research Hypothesis Testing Results, Based on Buyer Response**

	<b>Hypothesis</b>	<b>Direct Effects</b>	<b>t - Value</b>	<b>Indirect Effects</b>	<b>t - Value</b>	<b>Total Effects</b>	<b>t - Value</b>	<b>Conclusion</b>
<b>H<sub>1</sub></b>	Handled risk (HR) has a positive effect on buyer and seller quality relationship (RQ)	0.458	6.327	-	-	0.458	6.327	Unsupported
<b>H<sub>2</sub></b>	Domain expertise (DE) has positive effect on the buyer-seler quality relationship ( RQ)	0.468	7.046	-	-	0.468	7.046	Supported
<b>H<sub>3</sub></b>	Perceptions of perceived similarity between buyers and sellers (SSV) has a negative effect on relationship quality (RQ).	- 0.116	- 2.047	-	-	- 0.116	-2.047	Supported

**Table 5: The Research Hypothesis Testing Results, Based on Seller Response**

	<b>Hypothesis</b>	<b>Direct Effects</b>	<b>t - Value</b>	<b>Indirect Effects</b>	<b>t - Value</b>	<b>Total Effects</b>	<b>t - Value</b>	<b>Conclusion</b>
<b>H<sub>1</sub></b>	Handled risk (HR) has a positive effect on buyer and seller quality relationship (RQ)	0.458	6.327	-	-	0.458	6.327	Unsupported
<b>H<sub>2</sub></b>	Domain expertise (DE) has positive effect on the buyer-seller quality relationship (RQ)	0.468	7.046	-	-	0.468	7.046	Supported
<b>H<sub>3</sub></b>	Perceptions of perceived similarity between buyers and sellers (SSV) has a negative effect on relationship quality (RQ).	-0.116	-2.047	-	-	-0.116	-2.047	Supported

The hypothesis testing, direct effects, and total effects described above can be explained using the structural equation model of coffee buyers-sellers shown in Figures 2 and Table 6:

Handled risk has a positive direct effect value of 0.458 and a t-Value of 6327 on relationship quality. This means that coffee buyer-seller handled risk has a positive and significant impact on the relationship's quality. (H1 isn't supported).

The domain expertise variable has a positive direct effect value of 0.464 and a t-Value of 7.046 on relationship quality. This means that domain expertise has a positive and significant effect on the quality of the relationship between coffee bean buyers and sellers (H2 is supported).

Buyer and seller similarities have a negative direct effect value of -0.116 and a t-Value of -2.047 on relationship quality. This implies that coffee buyer-seller value similarities have a negative and insignificant effect on relationship quality (H3 is supported).

## DISCUSSION

From two sides' perception, handled risk and domain expertise were significant majority predictors of relationship quality.

In this study, handled risk was examined and found to have a favorable impact on the link between quality and cost. Given that risk exists in all continuing transactions, the questionnaire's high agreement rate of 49–55% among the sample of 507 coffee buyers and sellers indicates that risk management must be a continuous effort on the part of both parties. The effect of handled risk has been replaced by the effect of communication and efforts to preserve strong relationships, which is contrary to Parsons' (2002) result that risk handling characteristics have a detrimental impact on the quality of buyer relationships.

Even though the findings of Tuu et al. (2011), which revealed that customer-perceived risk is a barrier to loyalty formation with a negative moderating influence on the satisfaction-loyalty connection, are in direct conflict with the findings of this study which backs up Fan et al. (2020) research, which indicated that supplier-initiated risk management activities have a favorable impact on marketing partnerships.

Managerially, sellers can implement the recommendations of Bettman (2014) by offering a variety of products, Beatty et al. (1996), and Smith (1998) with high-risk categories to compare selection to the value of money spent (Sweeney et al., 1999), and implement the recommendations of Gemuden (1995) to provide sufficient information and improve client familiarity in order to respect the clients' information-seeking behaviors (Dowlin and Staelin, 1994).

Applying the concept of risk management by Douglas (2009) and HRDI (2002), coffee buyers and sellers will gain from having accurate and thorough knowledge of risk management. In order to foster a sense of comfort and trust among clients as well as to support one another in making decisions, it is imperative to make an effort to openly disclose information about any potential issues.

Due to the fact that the coffee industry works with agricultural products, every transaction may run into problems with the quality of the parcels offered, the weighing procedure, delivery, and payment terms. Marketers must demonstrate their capacity to create understanding and agreement on the caliber of the goods and other potential concerns before sealing a contract.

The test results in this study show that domain expertise has a direct positive effect on the quality of the relationship which supports the findings of Evans and Laskin (1994), who discovered that domain expertise has a positive impact on relationship quality. The marketer's domain expertise in product and service knowledge is important in developing, maintaining relationships, and achieving cooperation.

The widely agreed-upon answers in the questions were that coffee buyers and sellers, as respondents, had true and correct knowledge about quality standards and applicable and correct and honest weighing methods (64%). This figure is higher than the percentages for financial knowledge and skills (57%) and tax and insurance (48.7%).

This study lends support to Crosby et al.'s (1990) theory that in buyer and seller's perceptions of the interpersonal domain, the expertise of the marketer has become a characteristic of marketing communicators and salespeople who are positively related through the success of their efforts to influence their clients.

This study backs up previous studies that found knowledgeable salespeople or marketers were more likely to generate the trust of coffee buyers and sellers and meet their needs more effectively. Coffee buyers and sellers' perception of marketer domain expertise demonstrates his competence towards the goods or services offered, and thus relationship quality (satisfaction and trust in marketers) is always enhanced by the perceived competence of marketers.



Managerially, these findings suggest that the marketer's expertise over the organization and the marketer's environment are the most important investments in relationship marketing success with relationship quality.

Marketing organizations or companies must retain marketers who are dependable, knowledgeable, and risk management experts as an important asset to their marketing success. Because of the strong bond with the marketing staff, the client has a strong desire for the party's preference to make a relationship (buy or sell) coffee.

Although the marketer may leave the company, the client will continue to communicate with the marketer of his choice. Losing a reliable marketer will be the biggest asset loss in human resource investment and market in a marketing organization which will certainly have an impact on losing their loyal customers.

According to the results of the overall hypothesis test, the similarities between the buyer and seller in the coffee industry have a negative direct effect on the link between quality and price (12%).

Similar to Parsons' (2002) study, coffee purchasers and sellers of coffee have engaged in trade transactions with a variety of diverse groups, and majority of business communication takes place by WhatsApp, phone, or e-mail. However, face-to-face or physical meeting at the beginning of the transaction still takes an important roles at the beginning of business, or when a problem happens and email, phone, and WhatsApp won't provide the relationship a sense of familiarity and security.

Even though, the coffee industry in Indonesia starts with commonality in order to foster mutual understanding and foster a partnership. On the other side, the coffee industry demands client business professionalism, which comprises expertise, business ethics or honesty, and a high dedication to upholding contracts in order to safeguard shared objectives.

Differences in philosophy, economy, social standing, education, and lifestyle play less of a role in commercial contexts than do common aims, interpersonal benefits, and aiding each other for the welfare of both parties. National philosophy of Unity in Diversity already impact to accept living in diversity with harmony.

## CONCLUSION

Testing two groups perception with dyadic method becomes a novelty for this study. After testing the perceptions of two groups: coffee buyers and sellers, this study discovered that the most influential factors for the success of the relationship quality in the coffee bean market are the marketers' ability to handle risk and demonstrate their domain expertise and buyer-seller similarities will have no impact on long-term relationships, as clients will continue to work with cable and knowledge marketers who can manage risk.

Aside from this study testing two parties to get a better result on the effects of the quality relationship, the dyadic method used in this research is also a novelty in methodology.

This study makes the managerial recommendation that in order to strengthen the coffee buyers and sellers relationship quality, they have to maintain and strengthen the greatest interpersonal factors and minimize the weaknesses.

In coffee business, marketing organizations are expected to provide their marketers with risk management and domain expertise capabilities because they have the greatest impact on the success of marketing relationships.

These skilled and knowledgeable marketers are valuable assets to marketing firms. Loss of capable marketers will result in significant losses for the company's investment as well as market penetration and expansion.

This study provides a conceptual implication that the similarity of coffee buyers and sellers do not have a significant effect on the quality of their partners' relationships because the philosophy of unity in diversity has been accepted for a long time and is not considered a barrier to developing any relationship quality.

The similarity of goals and benefits of the relationship has made them able to work together to achieve their goals in trade relations, i.e mutual prosperity.

## RESEARCH LIMITATIONS

This study still has limitations in examining the effect of other marketing organizational factors, such as cultural values, transaction costs, and government policies, on the quality of relationships between coffee buyers and sellers...

The findings of this study on the quality of the dyadic relationship in the Indonesian coffee bean market should be applied to other sectors of research in Indonesia and other countries, such as agriculture, fisheries, animal husbandry, mining, and education.

The findings also need a further research for testing three parties (triadic) parties involving in the coffee market chain i.e. : coffee farmers or producers, dealers or local dealers, and exporters-roasters as industry to obtain more generalized results.

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