

# Power, buyer trustworthiness and supplier performance: evidence from the Armenian dairy sector

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ABSTRACT of presentation to be held on **23 January 2014, room C83, 12.30 – 13.30 hrs., Leeuwenborch, Wageningen**

The paper presents a Multiple Indicators and Multiple Causes (MIMIC) model for explaining the relationships between buyer – seller power, buyer trustworthiness and supplier satisfaction / performance. The model draws on social exchange theories of power and is verified using data relating to dairy farmers' relationships with their main buyer in Armenia. The analysis indicates that buyers are more trustworthy where there is greater competition for supplies. Buyer trustworthiness is also positively correlated with both the size of a supplier, as well as a supplier being a member of a marketing cooperative. Buyer trustworthiness has a positive impact on suppliers' satisfaction (with their relationship with their main buyer) and enhances the quality and quantity of suppliers' output.



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