PERCEIVED CHANNEL DEPENDENCY AND CONFLICT RESOLUTION: METHODS EMPLOYED BY RETAILERS

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The manner in which a channel member attempts to manage conflict with its partners is empirically examined. Conceptually and empirically distinct response modes are considered that parsimoniously capture the behavioral mechanisms of conflict resolution. It is argued that the formulation and use of these methods of conflict resolution will vary with perceptions of the channel relationship. Specifically, a retailer's perception of self and other firm dependency upon a given exchange arrangement (i.e., perceived symmetry of dependency) will interact at different levels of relative dependence to affect the nature of conflict resolution employed.

INTRODUCTION

In recent years, management of the marketing channel relationship between suppliers and retailers has been the focus of increased research interest within both the business and academic communities. With the growth of preferred supplier programs and system contracts, channel members have placed increasing emphasis on fewer, but more meaningful and lasting working partnerships. Given the long-term consequences of the channel decision and the need to better coordinate channel activities, considerable research attention has been given to an examination of the exchange relationship (e.g., Stern and Reve 1980; Schurr and Oh 1987; Anderson and Narus 1990; Dwyer and Walker 1981; Heide 1994).

Central to this interorganizational exchange process is conflict resolution (e.g.,Cadotte and Stern 1979; Frazier 1983b), which may be viewed as the primary mechanism for reducing manifest conflict in distribution channels (Stern and Gorman 1969; Frazier 1983b). Although conceptual frameworks for addressing channel conflict have been proposed (Stern and Gorman 1969; Stern and Heskett 1969), empirical research has largely ignored the handling of conflict among channel members (Dant and Schul 1992). Conflict management methods and influence strategies have been examined in simulated settings (e.g., Stern, Sternthal and Craig 1973; Hunger and Stern 1976; Dwyer and Walker 1981; Gundlach and Cadotte 1994); however, only a few studies have analyzed conflict response behavior under actual channel conditions (Brown 1979; Dant and Schuyl 1992; Ganesan 1993).

While these studies represent a major contribution, they may be limited by their focus on channel structure, as in Brown's (1979) study (an asymmetrical franchise arrangement), and the nature of the measurement of the power-dependency relationship. Although the structural properties associated with a particular type of channel arrangement may affect the typical or average response observed, it is perception of the task environment that is likely to guide an individual channel member's actions. This is consistent with enactment theory (e.g., Weick 1969) and the informational view of environments, in which managers selectively emphasize or ignore elements of their task environment (Pfeffer and Salancik 1978) and act on those perceptions (Anderson and Paine 1978). According to Firat, Tybout and Stern (1974), the manner in which a channel member responds to conflict may be shaped by its perception of the power-dependency relationship. And the use of relative, rather than simple perceived dependence

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may more fully capture the interdependency that exists in a given channel relationship and its effect on channel behavior (Anderson and Narus 1990).

This paper attempts to contribute to a better understanding of this exchange process by exploring the relationship between perceived relative dependency and conflict resolution. Firat, Tybout and Stern (1974) argue that the manner in which channel members respond to conflict may vary with the relative perception of the power-dependency relationship. Necessary to a better conceptual understanding of the nature of the exchange process is the construct of relative dependence (Robicheaux and El-Ansary 1976; Cadotte and Stern 1979; Anderson and Narus 1990; Buchanan 1992; Gundlach and Cadotte 1994; Lusch and Brown 1996). That is, a channel member's behavior may be influenced by its perception of dependence upon a partner relative to its partner's dependence upon the channel relationship. Building on this concept, this paper examines how a retailer's perception of self and other firm's dependency upon a given channel arrangement may interact at different levels of relative dependence to affect the nature of conflict resolution employed by the retailer.

CONFLICT RESOLUTION

Channel members may respond to conflict in a variety of ways in an attempt to resolve disagreements (Stern and Gorman 1969; Firat, Tybout and Stern 1974; Dant and Schul 1992). Based on the channel literature, three conceptually distinct response modes are considered that parsimoniously capture the behavioral mechanisms of conflict resolution. They include cooperative bargaining, competitive bargaining and acquiescence.

Regardless of the means employed, resolution is felt to be the result of bargaining (Stern and Gorman 1969; Stern 1971). Bargaining is a pervasive mode of buyer-seller interaction (Dwyer, Schurr and Oh 1987) that underlies channel conflict resolution (Stern and Gorman 1969; Stern 1971; Walker 1971) within both conventional and integrated marketing channel systems (Angelmar and Stern 1978). Angelmar and Stern (1978) state:

> ...for "no matter what conflict management mechanism is adopted by policymakers within a channel, resolution is always the result of bargaining---the making of commitments, offering of rewards, or threatening of punishments of deprivation--between and among members" (p. 93).

Bargaining involves a bilateral process whereby interdependent channel members, with divergent interests, interact by employing verbal (Angelmar and Stern 1978; Dwyer and Walker 1981) and non-verbal behaviors (Pruitt 1972) in an attempt to resolve conflict. Mixed sentiments, consisting of both cooperation and self-interest, are involved in this process (Stern 1971; Dwyer and Walker 1981) and respectively reflect the interdependencies that exist between firms and the individual firm's desire to maintain its autonomy.

Both the use of power and accommodation will be employed in the conflict resolution process (Walker 1971; Dwyer and Walker 1981). In the belief that a mutually beneficial agreement within an acceptable range of possible solutions may enhance the relationship, channel participants may be motivated to cooperate by making concessions. Yet, at the same time, a channel member may exercise its power to attain competing interests regarding the specific terms of that agreement.

Depending on its orientation, bargaining may be classified into two forms, those involving cooperative (integrative) and those involving competitive (manipulative) behaviors (Walton and McKersie 1965; Pondy 1967; Stern 1971; Roering 1977; Angelmar and Stern 1978). Separate from bargaining behavior is acquiescence (Brown 1979), the third type of response mechanism. These separate modes of conflict resolution are considered next.

Competitive Bargaining Behavior

Competitive behavior tends to be individualistic in nature, focusing more upon the satisfaction of one's own interests (Pruitt and Lewis 1975). Employing this mode of response, a channel member would attempt to elicit concessions from another through the use of various pressure tactics, including threats, commands, and positional commitments (Pruitt 1972; Angelmar and Stern 1978).

Attempts to secure the backing of relevant third parties would also characterize this behavior (Walton and McKersie 1965; Pondy 1967). In response to channel disputes, retailers may look to dealers or trade associations, or even the courts to bring pressure on suppliers to yield (Assael 1969; Brown 1979). Competitive bargaining behavior tends to be inflexible, reflecting preconceived ideas or commitments to specific positions (Pruitt 1972). For instance, multiple brand dealers may jealously safeguard their autonomy by arguing that they are unable to satisfy the expectations of a supplier without earning the displeasure of others (Stern 1971). Such a tactic would place greater pressure on the supplier to modify its behavior if the situation is to be resolved. Given this orientation, competitive bargaining behavior is clearly different from cooperative bargaining behavior.

Cooperative Bargaining Behavior

Cooperative behavior is characterized by a joint-problem solving approach (Walton and McKersie 1965; Pondy 1967), in which attempts are made to find mutually satisfactory solutions to conflict (Stern 1971). Issues are usually viewed as problems to be solved, rather than as solutions that must be accepted by another. Such views lend themselves to more flexible behavior, in which threatening-demanding actions are avoided (Pruitt 1972).

Dialogue tends to be more open and focuses upon the issues and an exploration of possible options. In fact, a number of issues may be considered simultaneously, allowing tradeoffs in which one firm's concessions on an issue are exchanged for another's concession on another issue (Pruitt and Lewis 1975). Information tends to be more freely and accurately exchanged so that the preferences and needs of the parties may be considered and integrated into a solution that is mutually beneficial (Stern 1971; Pruitt 1972).

Acquiescence

Separate from bargaining behavior is acquiescence. Instead of attempting to modify the behavior of another, a channel member may resolve the conflict situation by yielding to the wishes of the frustrating party, without the expectation of a concession being given in return (Chertkoff and Esser 1976). Unlike bargaining, acquiescence is a form of intrafirm change in which accommodation is complete and unilateral (Stern and Gorman 1969; Brown 1979).

CHANNEL DEPENDENCY & CONFLICT RESOLUTION

The power-dependency relationship that characterizes a given channel arrangement between a supplier and retailer may define the potential for response behavior (Stern and Reve 1980). Dependency reflects a channel member's commitment to and stake in a given business relationship and the difficulty of switching to an alternative exchange relationship (Beier and Stern 1969; El-Ansary 1971; El-Ansary and Stern 1972). The level of dependency should vary directly with the importance of the exchange relationship in contributing to a channel member's profitability and the cost of replacing the present relationship, and inversely with the availability of attractive alternative channel arrangements (El-Ansary 1971; El-Ansary and Stern 1972).

Perceived Dependency Influence

Although the structural properties associated with a particular type of channel arrangement (e.g., the asymmetrical power-dependency relationship found in a franchise channel) may affect the typical or average response observed (e.g., Brown 1979), it is perception of the relationship that is more likely to guide a specific channel member's actions. According to Firat, Tybout and Stern (1974), a channel member's choice of conflict-handling strategies may be influenced by their perceptions of the power-dependency relationship. Evidence found in the channel and literature to support this notion (Stern and Reve 1980; Dant and Schul 1992).

A channel member with alternative sources of meaningful exchange is likely to bargain more competitively and disruptively than another with fewer options (Roering 1977). Consequently, the level of competitive behavior should be observed as varying inversely with the level of perceived dependency; with the level of cooperative behavior varying directly. Given few perceived alternatives and the desire to maintain desired resources, a channel member's use of acquiescence should also vary directly with the level of dependency (Brown 1979). The relationship between **simple** dependency and conflict resolution is examined in hypothesis one.

H1: A channel member's response to intrachannel conflict should vary with the level of perceived dependency.

Perceived Relative Dependence

Perception of self and other firm power may interact at different levels of relative dependence to affect the specific nature of response (Firat, Tybout and Stern 1974). Since dependency may serve as an index of power (El-Ansary 1975; Gaski 1984), the specific nature of a channel member's (e.g., retailer's) response is likely to be influenced by the degree to which it perceives itself to be dependent upon another (e.g., supplier), as well as by the degree to which the supplier is perceived by the retailer to be dependent upon it for valued resources (Firat, Tybout and Stern 1974).

This idea builds on the construct of relative dependence or interdependency, which has been supported by previous channel research (Stern 1979; Anderson and Narus 1990; Buchanan 1992; Cadotte and Gundlach and Cadotte 1994; Lusch and Brown 1996). Interdependency defines the boundaries of the exchange process (Buchanan 1992), affecting each member's motivations, perceptions and behaviors (Gundlach and Cadotte 1994). According to Anderson and Narus (1990, p.54), relative rather than simple dependence "...seems to capture more fully the interdependent nature of channel working partnerships." This also appears to be consistent with Dickson's (1983) conceptualization of power, where power is defined in terms of the relative dependency or interdependency that may exist in a given channel arrangement. Below, these perceived power-dependency conditions are formally stated and summarized in Figure 1.

FIGURE 1
Hypothesized Impact of Perceived Channel Interdependency on Conflict Resolution

Perceived Self (Reseller) Dependency on Channel Relationships

LOW	HIGH
Low Symmetrical Dependence **Hypotheses #5** Moderate level of competitive behavior should be observed, although lower than that observed under condition H3	Asymmetrical Dependence (Subordinate Position) **Hypothesis #2** Highest level of acquiescence should be observed
Asymmetrical Dependence (Dominant Position) **Hypotheses #3** Highest level of competitive behavior should be observed	High Symmetrical Dependence **Hypotheses #4** Highest level of cooperative behavior should be observed

<u>Vertical Axis</u>: **Other Party's (Supplier's) Dependency on Channel Relationship as Perceived by Reseller**

Perceived Asymmetrical Relationship

In a (subordinate) **asymmetrical relationship** where one channel member perceives itself as being more dependent (i.e., less powerful) than the other, the subordinate member's response to conflict is likely to be characterized by more frequently attempted communications, a higher level of accommodation and attempts to bargain cooperatively (Roering 1977; Dwyer and Walker 1981). Weaker bargainers may tend to communicate more freely to compensate for their relative lack of power (Dwyer and Walker 1981). Likewise, since they perceive themselves as being more dependent upon the relationship, they are likely to bargain in a more cooperative manner (Roering 1977).

Demanding-threatening actions by the weaker party would not be expected given the perceived costs of responding to a more dominant party, which may have less to lose by responding in kind (Firat, Tybout and Stern 1974). Since the other (more powerful) party is viewed as being less dependent upon the relationship, the more powerful party will have a higher perceived probability of retaliation in response to threatening moves; therefore, the weaker member would have to employ a larger proportion of its smaller resource base to subdue possible resistance (Korpi 1974).

With a relatively greater interest in maintaining the relationship, the subordinate member may be more receptive to changes suggested by the more dominant party (Anderson and Narus 1990). Consequently, the weaker party is likely to unilaterally enact a greater number of responses sought by the dominant (Brown 1979; Dwyer and Walker 1981). Formally, this perceived condition may be stated as:

H2: A retailer's acquiescence to a supplier's wishes and use of more cooperative bargaining behavior should be associated directly with a perceived subordinate, asymmetrical dependency position.

In a **(dominant) asymmetrical relationship** where one channel member perceives itself to be less dependent (i.e., more powerful) than the other, the dominant party is more likely to use its superior position to request changes from the other party (Anderson and Narus 1990). In fact, conflict response is likely to be characterized by fewer attempts to bargain cooperatively and by greater use of demanding-threatening actions and normative appeals. Dominant members tend to employ more demanding means of influence (Walker 1971) and behave less cooperatively toward subordinate members (Rubin and Brown 1975) in response to conflict (Wilkinson and Kipnis 1978). Lacking a high level of perceived dependency, less restraint is likely to exist over the use of competitive bargaining behavior (Dwyer and Walker 1981). Further, normative appeals that stress the expectations of "proper" behavior may be employed as a unifying and cooperation-inducing force (Stern and Reve 1980). This perceived condition may be formally stated as:

H3: A retailer's use of competitive behavior in response to conflict should be associated directly with a perceived dominant, asymmetrical dependency position.

Perceived Symmetrical Relationship

In a **position of (high) symmetrical dependence** where one channel member perceives both parties as being highly dependent upon the relationship, response behavior is likely to be of a more cooperative nature (Leigh, Bazerman and Fader 1986). Both firms may tend to avoid demanding-threatening actions that could prompt retaliation (Dwyer and Walker 1981). This may be due to the high costs, in terms of the resources that would be required to resolve the situation (Korpi 1974).

Since dependence reflects a channel member's commitment to and stake in the relationship (El-Ansary and Stern 1972), this commitment should serve as a restraint on the use of more coercive means of influence (Dwyer and Walker 1981) and opportunistic behavior (Buchanan 1992). With their fate perceived as being linked to another, more cooperative behavior should be observed (Dwyer, Schurr and Oh 1987). Information may be more freely and accurately exchanged so that the preferences and needs of both parties may be explored and a more integrative solution found (Pruitt 1981; Leigh, Bazerman and Fader 1986). This perceived condition may be formally stated as:

H4: A retailer's use of cooperative behavior in response to conflict should be associated directly with a perceived high level of symmetrical dependence.

In a **position of (low) symmetrical dependence** where one channel member perceives neither party as being highly dependent upon the other, response behavior is likely to be characterized more by competitive bargaining behavior and a low level of cooperation (McCammon 1970; Roering 1977; Stern and Reve 1980). In fact, retailers may jealously safeguard their autonomy by arguing that they are unable to satisfy the expectations of a supplier without earning the displeasure of other suppliers.

Initial responses may not be as demanding or threatening as that which typifies the dominant asymmetrical position. This may be explained by the retailer's low perceived ability to exercise power successfully given the other party's availability of attractive alternative channel arrangements. If conflict continues, the relationship may eventually be dissolved by the replacement of the present channel member with another. This final perceived condition may be stated as:

H5: A retailer's use of competitive behavior in response to conflict should be associated directly with a perceived low level of symmetrical dependence. The level of competitive behavior exhibited should be less compared to that observed under the conditions in H3.

METHOD

Respondent Sample

A mail questionnaire was used to survey 350 regional, single-unit home electronic dealerships. Since perceptions of the conflict relationship may be affected by environmental factors (Rosenberg 1971; Cadotte and Stern 1979), the population was confined to a single industry and region so as to minimize the variation in environmental conditions.

The dealerships contacted were managed by individual managers/owners. Although the use of a single informant has been critized (Phillips 1981), the store manager should represent the only source with sufficient knowledge of the firm's channel relationship. Contact involved an initial mailing and two follow-ups. Due to frame error (e.g., incorrect addresses, firms out of business) the operational sample was reduced to 318. Of this, 83 dealers or 26 percent responded. Because of omissions of questionnaire items, the usable response was reduced to twenty-five percent. Respondents included managers of franchise operations, exclusive dealerships, and multiple brand dealers.

A direct comparison of respondents and nonrespondents was not possible due to respondent anonymity. Nonresponse bias was evaluated indirectly by comparing early wave with late wave respondents. The latter are more likely to be similar to nonrespondents (Armstrong and Overton 1977). A one-way MANOVA procedure was used to compare the two groups with respect to their responses on a number of issues regarding the nature of their channel relationship. No significant global difference ($p > .10$) was observed.

Measurement

Retail managers were asked to indicate (1) the frequency with which alternative means of handling conflict were made, (2) their perceived level of dependency upon the supplier; (3) the supplier's level of dependency upon the retailer as perceived by the retail manager; and (4) various overall feelings of conflict, tensions and satisfaction regarding the channel relationship.

Although information was gathered only from the retailer's perspective, any discrepancy as to a supplier's actual dependency should not affect the outcome of this study, since the focus of this research is on the formulation and use of conflict resolution and not the effectiveness of those actions. As stated previously, it is perceptions of the task environment that are likely to guide actions.

Response Modes

A review of the channel and bargaining literature aided in the specification of items that corresponded to each construct. Competitive bargaining behavior reflected the use of demanding-threatening actions (Pruitt and Lewis 1975; Angelmar and Stern 1978), and appeals to third parties (Pondy 1967). Cooperative bargaining behavior was associated with a joint-problem solving approach (Pondy 1967), flexibility in achieving an equitable solution, efforts to understand the viewpoints of others (Stern 1971), and attempts to smooth over differences and emphasize common interests (Pruitt 1972); Pruitt and Lewis 1975). Acquiescence corresponded with the modification of intrafirm behavior (Stern and Gorman 1969), the avoidance of arguments (Brown 1979), and accommodation without the expectation of a concession being given in return (Chartkoff and Esser 1976).

The separate constructs were operationalized in terms of item statements that corresponded to the above behaviors. Respondents were asked to indicate on a seven-point scale how frequently they had employed these specific responses to handle disagreements with their suppliers during the past year.

To verify that the *a priori* selection of items for each response mode were internally consistent and independent of other modes, a factor analysis of individual responses was performed using ten items. As anticipated, three factors were obtained using a criterion of eigenvalues greater than one.

The rotated factor matrix is presented in Table I. Items have been rearranged for ease of interpretation. The various factors were interpreted based on loadings on each factor of .50 or better. Items loaded respectively on the anticipated conflict response modes of cooperative bargaining, acquiescence, and competitive bargaining. Separate multi-item measures for each mode of conflict response were then created by summing the original response scores for the three highest loaded variables in each factor.

Dependency

Operationalization of interdependency required a measure of channel member dependence. Dependency is a property of the relationship that exists among channel members. It reflects a channel member's commitment to and stake in a given business relationship and the difficulty of switching to an alternative exchange relationship (Beier and Stern 1969; El-Ansary 1971). Based on the work of Emerson (1962), El-Ansary (1971) developed a conceptual model of the power-dependency relationship within a channel setting. This model has provided insight into the measurement of dependency (El-Ansary and Stern 1972; El-Ansary 1975).

TABLE I
Factor Analysis of Response Items[a]

Item Statement	Derived Factors			
	(1) Cooperative Response	(2) Acquiescence Response	(3) Competitive Response	h2
I attempt to understand the supplier's viewpoint fully before taking any kind of action.	(.746)[b]	-.027	-.227	.610
I play down the differences between my store and the supplier and emphasize common interests.	(.671)	.086	.289	.542
I attempt to find a mutually satisfactory solution, even though it may require some adjustments on my part.	(.670)	.416	.034	.624
I try to work with the supplier to solve any disagreements.	(.596)	.128	.269	.445
I refrain from argument, by modifying my behavior to accommodate the supplier's viewpoint.	.125	(.747)	.138	.593
I accommodate the supplier's position without the expectation of a concession being given in return.	.221	(.745)	-.196	.642
I live with the supplier's wishes.	-.001	(.703)	-.002	.495
I use whatever power that I have to win acceptance of my point of view.	.107	-.032	(.858)	.750
I attempt, through the use of arguments, to persuade the supplier that my point of view has more merit than theirs.	.272	-.148	(.754)	.665
I use third parties, such as dealers or trade associations, to support my view.	-.328	.317	(.524)	.484
Eigenvalues(c)	2.07	1.93	1.85	5.85
Percent of total variation	20.7	19.3	18.5	58.5

[a] Principal components procedure with varimax rotation was used.
[b] Loadings of .50 or above in parenthesis
[c] After rotation.

Conceptually, El-Ansary's model (1971) viewed channel members as attempting to satisfy economic goals. Through the offering of essential goods and services, a channel member could affect another's goal attainment. The more attractive the resources offered by a supplier, the greater would be a dealer's commitment to the former. However, since other sources of supply might offer resources of a similar value, the level of a dealer's dependency would vary inversely with the number of feasible suppliers. That is, a dealer may be committed to dealing with suppliers that offer certain resources, but exhibit a low level of dependence because any one of a number may offer similar resources. Further, since replacement of an exchange relationship might not be without its costs (Cadotte and Stern 1979), dependency would vary directly with the difficulty in effort and cost that was associated with an attempt to replace a supplier with another.

Dependency was operationalized in terms of the above key determinants (El-Ansary and Stern 1972), including: (1) the size of business transacted with another channel member, (2) the importance of the exchange relationships in contributing to a channel member's profitability, (3) the cost of replacing the present relationship, (4) the importance of a particular marketing mix program offered by another, and (5) the availability of alternative channel arrangements. A multi-item measure was created, consisting of the five corresponding item statements. Given that a perceptual, rather than an objective measure may be more appropriate in explaining response behavior (Firat, Tybout and Stern 1974), each item was measured using a seven-point Likert scale.

Separate indices were formed to measure the self-perceived and attributed levels of dependency. That is, dealers were asked to indicate their level of perceived dependency upon a supplier (self dependency) and the supplier's level of dependency upon the dealer (supplier dependency), as perceived by the dealer. This procedure was based on the hypothesis that perceptions of self and supplier dependency would interact at different levels to affect the nature of response.

As a check on the measure, coefficient alpha was computed to determine the internal consistency of each multi-item index. The self and supplier indices respectively had reliability levels of .68 and .60. The validity of the self dependency index was examined by correlating it with a single-item measure of channel satisfaction. A positive correlation should be observed between the level of dealer dependency upon the channel arrangement and the level of satisfaction that it derives from the relationship (Robicheaux and El-Ansary 1975; Frazier 1983a). The correlation was significant ($r = .34$, $p < .001$), providing evidence of nomological validity.

Data Analysis

To test the hypotheses, a 2 x 2 factorial arrangement was employed: Self-perceived dependency (low-high) x supplier dependency (low-high). This allowed for the examination of the individual and combined effects of the independent variables. Since response behavior might involve the use of all three response modes over the period examined, a two-way MANOVA procedure was used to analyze the effects on the three dependent variables. The multi variate method enabled the simultaneous testing of all variables and a consideration of the various interrelationships among them.

In implementing this procedure, retailers were asked to indicate their level of perceived dependency upon an adjacent supplier (self-perceived dependency) and the suppliers' dependency upon the retailer, as perceived by them (supplier dependency). Respondents were then divided into two groups (low-high) using the median measure for the first variable (self-perceived dependency). Each of these groups was then further divided by using the median measure for the second variable (supplier dependency). This assignment method led to unequal cell sizes and was accounted for in the statistical analysis by using the GLM procedure in SAS.

RESEARCH FINDINGS

The mean values for alternative response modes over the levels of dependency (self and supplier) are given in Table II. The statistical findings are reported in Table III. Using the two-way MANOVA procedure, self-dependency was found to have a significant global effect upon the response modes at the .03 level. This lends support to the notion that a channel member's response to intrachannel conflict does vary with the level of perceived dependency upon the exchange relationship. Neither supplier dependency nor interaction effects were noted in the multi variate case.

TABLE II
Mean Responses for Alternative Dependency Conditions

		Competitive	Cooperative	Acquiescence
SELF-DEPENDENCY Low				
Supplier	Low:	10.9	14.5	9.9
Dependency	High:	12.9	14.4	11.3
Main Effect Self-Dependency		11.5	14.5	10.3
High				
Supplier	Low:	10.2	15.4	11.3
Dependency	High:	8.7	14.4	11.5
Main Effect Self-Dependency		9.2	15.4	11.5
MAIN EFFECT SUPPLIER DEPENDENCY				
Supplier	Low:	10.7	14.8	10.3
Dependency	High:	9.9	15.1	11.5

TABLE III
Analysis of Variance Table— Effects of Dependency on Response

Dependent Variables	Response Pattern: Source	F Values	P
Multivariate:	Self-Dependency	3.08	.03[a]
	Supplier Dependency	0.26	.86
	Interaction	1.22	.31
Competitive:	Self-Dependency	6.83	.01[a]
	Supplier Dependency	0.05	.81
	Interaction	3.18	.08[b]
Cooperation:	Self-Dependency	1.09	.30
	Supplier Dependency	0.00	.95
	Interaction	0.00	.96
Acquiescence:	Self-Dependency	0.54	.46
	Supplier Dependency	0.63	.43
	Interaction	0.39	.54

[a] Significant findings
[b] Moderatively significant finding

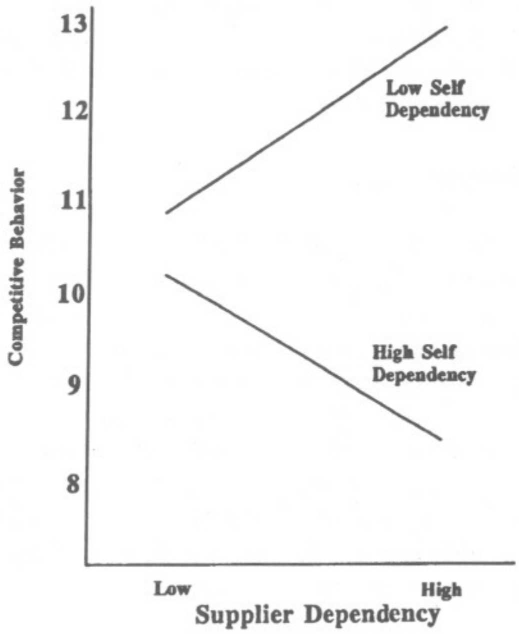
A lack of significant supplier effect might be explained by dealer uncertainty in estimating supplier dependency. Under perception of other-firm dependency, the dealer would have less accurate information regarding the importance of the channel relationship to the supplier than about the importance that it places upon the arrangement. Consequently, the risks associated with a miscalculation of another's dependency may account for the lack of a significant global supplier's effect.

In a follow-up procedure, univariate analysis of the separate response modes revealed a significant effect for competitive bargaining behavior. The self dependency main effect and interaction effect were respectively significant at the .01 and .08 levels. Competitive behavior varied inversely with self dependency, as expected. As observed in Table II (self dependency main effect), a greater use of demanding-threatening actions was associated with a low level of retailer (self) dependency upon the supplier. The opposite was true for the high level of self dependency. This finding appears to be consistent with that suggested elsewhere under simulated channel bargaining conditions (Roering 1977; Dwyer and Walker 1981). The use of more coercive means of influence may be explained by a low level of commitment to the channel arrangement. This level of commitment is likely to vary directly with the supplier's ability to contribute significantly to a dealer's economic goals and inversely with the availability of suitable alternative sources of supply.

As expected, the interaction effect of self and supplier dependency had an impact upon the level of competitive behavior. Figure 2 shows a plot of average competitive responses for supplier dependency at low and high levels of self dependency. The non-parallel lines representing low and high self dependency illustrates a moderately significant level of interaction.

This indicates that retailer use of competitive actions will be at a maximum when they perceive the supplier to be more dependent (i.e., less powerful) than themselves (dominant asymmetrical dependence condition). Given their perceived dominance, the risks of employing aggressive behavior may have been lower. The finding provides moderate support for hypothesis three. The observation is consistent with the argument that dominant members will tend to employ more demanding means of influence in response to conflict (Wilkinson and Kipnis 1978; Dwyer and Walker 1981).

FIGURE 2
Plot of Interaction Effect—Average Competitive Responses for Supplier Dependency at Low and High Levels of Self Dependency



The use of competitive bargaining behavior was also observed in the low symmetrical dependency condition; lending moderate support for hypothesis five. As expected, the level observed was less than that under the perceived dominant, asymmetrical condition. Given the perceived availability of attractive alternative exchange arrangements to the other party and consequently, a low perceived ability to exercise power successfully, the retailer's use of demanding and threatening actions would be expected to be lower here.

Alternatively, when retailers perceived a symmetrically high dependence upon the relationship, the use of competitive behavior was at its minimum. A high commitment to the other party may have served to restrain the use of more coercive means of influence (Dwyer and Walker 1981) and opportunistic behavior (Buchanan 1992).

A moderately high level of competitive behavior was observed for the subordinate asymmetrical condition (i.e., high self and low supplier dependency). Although unexpected, it may be explained by a desire to employ countervailing influences in given circumstances. Appeals to third parties characterize competitive bargaining behavior (Walton and McKersie 1965; Pondy 1967). While the perceived subordinate dependency condition was characterized by high average levels of acquiescence and cooperative bargaining behavior (see Table II), specific issues may have prompted competitive behavior, such as the use of third parties. For example, in an asymmetrical franchise relationship, Brown (1979) has observed that the nature of response behavior would vary depending upon whether the dealer had domain over the disputed issue or whether past cooperative discussions had proven to be successful for a given category of issues. Although response behavior was generally cooperative in the franchise channel investigated by Brown, certain types of issues tended to elicit the use of third parties. Given a perceived concentration of power with the supplier, and perhaps a sense of frustration regarding certain issues, dealers may have reacted by attempting to develop countervailing influences by appealing to other parties, such as trade associations (Assael 1967, Etgar 1976) or the courts (Brown 1979).

The above findings provide empirical support for hypothesis one and moderate support for hypotheses three and five. Other statistical findings, although mixed, were informative. Although not statistically significant, the average use of cooperative bargaining behavior and acquiescence (as observed in Table II) did vary directly in the expected direction with self dependency.

When relative dependency (i.e., interdependency) is considered, acquiescence was expected to be associated more with the subordinate asymmetrical condition (high self and low supplier dependency). Yet, the levels observed across other perceived conditions were also relatively high. Perhaps, a dealer may accommodate the wishes of the supplier regarding issues over which it has little or no control (Brown 1979) or relatively less expertise, or where the issues are of less importance.

Among the variety of response behaviors employed by the dealer during the period examined, cooperative bargaining behavior exhibited the highest average use across all perceived dependency conditions. The higher incidence of cooperative behaviors is consistent with observations made in other studies (Brown 1979; Dant and Schul 1992), and suggests that the use of more integrative behaviors in the resolution of conflict may not be rare in asymmetrical relationships.

DISCUSSION

The subject of this research was an examination of the conflict relationship, as it was manifested among dealers and adjacent suppliers in the home electronics industry. Consistent with recent research (e.g., Anderson and Narus 1990; Buchanan 1992; Ganesan 1993; Gundlach and Cadotte 1994; Lusch and Brown 1996), the study underscores the importance of considering relative dependence (interdependency), especially as it affects perceptions of the exchange process and behaviors in a channel arrangement.

The manner in which channel participants handled conflict did vary with perceptions of the power-dependency relationship. Underlying the power-dependency relationship is the perception that another party has valued resources capable of satisfying one's desires. The centrality of such perception is well recognized in the channel literature (Beier and Stern 1969; El-Ansary and Stern 1972; Gaski 1984). Fraizer (1983a) notes that the perception of a supplier's role performance in fulfilling its primary channel responsibilities (e.g., the provision of valued resources and offering of appropriate managerial asistances) determines a dealer's level of dependence in an exchange relationship. Variations in the supplier's role performance, as perceived by dealers, may have influenced a dealer's level of goal attainment, and thus, the nature of response to conflict.

The findings provide moderate empirical support for the contention made by Firat, Tybout and Stern (1974) that perceptions of relative dependency (interdependency) determines response behavior. A channel member's perceived ability to influence, as well as be influenced by another may be taken into account as response strategies are formulated. According to Anderson and Narus (1990), relative, rather than simple dependence may more fully capture this interdependency and explain channel behavior. An analysis of the effects of perceptions, in which demanding-threatening influences were associated with a perceived dominant asymmetrical position, lends support to the observations made by Dwyer and Walker (1981) and Wilkinson and Kipnis (1978) regarding the interorganizational use of power in a conflict situation.

Managerial Implications

The findings have a number of managerial implications. Given the long-term consequences of the channel decision and the difficulty in changing it, marketing managers must give careful consideration to the nature of the channel and its management. A better understanding of the conditions under which channel members formulate and employ alternative conflict resolution methods should facilitate more realistic expectations regarding the exchange relationship and enable actions to be taken that will reduce the potential for disruptive conflict.

Although channel conflict in itself is not necessarily bad, and may serve to "clear the air" (Anderson and Narus 1990), the manner in which it is resolved may serve to exacerbate the conflict situation (Frazier 1983b). Frazier and Rody (1991) have found attitudes toward conflict resolution to be related inversely (positively) to another's use of coercive (noncoercive) influence strategies. A supplier's frequent use of coercion may lead to a dealer's unwillingness to discuss disagreements when they do occur, since the former may be viewed as being exploitive rather than responsive to the concerns of the latter. And the use of coercion may be returned in kind by the other party (Frazier and Summer 1984), thereby serving to intensify the situation.

Channel relations may be improved by the identification, development, and offering of valued resources that are necessary to the achievement of a dealer's goal. In this regard, Brown, Lusch and Muehling (1983) caution that non-economic incentives may be preferable, since economic incentives have the potential for intensifying the conflict relationship. The offering of essential resources would serve to enhance the importance of the relationship to the dealer; thereby, increasing the dealer's dependence upon the supplier. Associated with a high level of dependence is a significantly less frequent use of competitive behavior; which, if present to a greater degree, would likely serve to exacerbate the conflict situation.

Research Limitations

Although the exchange relationship is dyadic, information was gathered only from the dealer's perspective. Budget constraints precluded examining the exchange from both the supplier's and dealer's point of view. However, this may not be a significant problem given the research focus on the formulation and use of response strategies. Regardless of whether cross-dyadic perceptions of the channel relationship (e.g., relative dependency) are similar or not, the formulation and use of various conflict response modes is determined by the dealer's perception of the relationship. Any unrecognized discrepancies as to the supplier's relative dependency is more likely to affect the effectiveness of the actions taken, and not the formulation of those actions. Consequently, although the examination of both sides of the dyad are desirable, the consideration here of only one side is not likely to be as critical.

Generalization of the results may be limited. Only a single industry and region were considered. This enabled environmental and product-related factors to be held constant. Since perceptions of conflict may be affected by environmental factors (Rosenberg 1971; Cadotte and Stern 1979), the population was confined so as to minimize the variations in economic conditions.

In this investigation respondents were asked to recollect disagreements and each respondent's response behavior that occurred during the past year. This ignored changes in the nature of conflict resolution over time as the conflict relationship matured. Prior disagreements and their resolution may have affected perceptions of the relationship. Consequently, a better understanding of channel conflict would be obtained from a longitudinal study that enabled conflict resolution to be traced through the various stages of channel interaction.

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