This review article develops an integrated overview of the present status of the theory of power and conflict in marketing channels. It includes a presentation of the conceptual foundation provided by behavioral science and a report on empirical contributions of the marketing literature. Since there appear to be many problems with the empirical work done in the area, both methodological and conceptual, the article also presents some proposals for clarification and theoretical development.

FOR about a decade the phenomena of power and conflict in channels of distribution have been given rather regular, empirical attention in the marketing literature, both separately and as a joint occurrence (e.g., Brown and Frazier 1978; Dwyer 1980; El-Ansary 1975; El-Ansary and Stern 1972; Etgar 1976b, 1978b; Hunt and Nevin 1974; Lusch 1976a, 1977; Rosenberg and Stern 1971; Stern, Sternthal, and Craig 1973; Walker 1972; Wilkinson 1974, 1979). Each published article on the subject, naturally, has developed a different aspect of what may be called “channel power and conflict theory.” For instance, the relationship between power and conflict, especially the impact of one channel member’s power on the amount of intrachannel conflict that is present, seems to be of particular interest. Based on reported findings, it appears that the nature and sources of the power possessed by a channel entity may affect the presence and level of conflict (as well as other behavioral variables) within the channel (Brown and Frazier 1978; Dwyer 1980; Hunt and Nevin 1974; Lusch 1976a, 1977; Walker 1972).

While it is arguable whether the relationships among power, conflict, and other channel constructs have been refined enough to qualify this research stream for location in the maturity phase of its “theoretical life-cycle” (see Bettman, Kassarjian, and Lutz 1978, pp. 194–5), even if channel power and conflict theory is merely approaching maturity, this may be an appropriate time to take inventory of what has been done in the area. For this purpose, the following review provides (1) an exposition of the pertinent conceptual background, (2) an integrated presentation of empirical results from the channel literature, and (3) some proposals for theoretical refinement.

Power: Definition and Elaboration

Although many behavioral scientists express despair about the arcane nature of power and the difficulty encountered in attempting to define it, understanding of the concept actually seems to be fairly consistent throughout the literature. Consider the following:

A has power over B to the extent that A can get B to do something that B would not otherwise do (Dahl 1957).

The power of actor A over actor B is the amount of resistance on the part of B which

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can be potentially overcome by A (Emerson 1962).

When an agent, O, performs an act resulting in some change in another agent, P, we say that O influences P. If O has the capability of influencing P, we say that O has power over P (Cartwright 1965).

Clearly, there is considerable agreement among the authors of these frequently cited definitions of power. As an expression of the underlying theme, “the ability to evoke a change in another’s behavior” is hereby proposed. In other words, power is the ability to cause someone to do something he/she would not have done otherwise. Essential concurrence is offered by others who define power as

. . . an asymmetrical relation between the behavior of two persons . . . how a change in the behavior of one (the influencer) alters the behavior of the other (the influencee) (Simon 1953).

. . anything that establishes and maintains the control of man over man (Morgenthau 1960).

Naturally, all the conceptualizations of power listed above are not identical. But if the ability to get someone to do something he/she would not have done otherwise is allowed as the central essence of the power phenomenon (actually social power, since humans are the designated targets), agreement can be and has been reached concerning application of the concept to a marketing context:

Power refers to the ability of one channel member to induce another channel member to change its behavior in favor of the objectives of the channel member exerting influence (Wilemon 1972).

|Power can be regarded as the ability of a firm to affect another’s decision making and/or overt behavior (Wilkinson 1974).|

Finally, according to El-Ansary and Stern (1972):

. . . the power of a channel member [is] his ability to control the decision variables in the marketing strategy of another member in a given channel at a different level of distribution. For this control to qualify as power, it should be different from the influenced member’s original level of control over his own marketing strategy.

It is the El-Ansary and Stern version that will be operative throughout the following discussion.

Some Perspectives on Power

The nature of power has been illuminated greatly by the contributions of a number of authors, particularly Emerson (1962) and French and Raven (1959). Emerson has called attention to the relationship between power and dependence:

. . . the power of A over B is equal to, and based upon, the dependence of B upon A. . . . The dependence of actor B upon actor A is (1) directly proportional to B’s motivational investment in goals mediated by A, and (2) inversely proportional to the availability of those goals to B outside of the A-B relation (1962, pp. 32–3).

Thus, not only is the connection between dependence and power suggested, but the components of dependence are specified as well.

More specificity is added by French and Raven in what has become a popular classification of the bases, or sources, of power. The sources of A’s power over B are the relationships between A and B from which power is derived. According to French and Raven (1959, pp. 155–65), these are (1) B’s perception that A has the ability to mediate rewards for B; (2) B’s perception that A has the ability to mediate punishments for B; (3) B’s perception that A has a legitimate right to prescribe behavior for B; (4) B’s identification with A; and (5) B’s perception that A has some special knowledge or expertness. Reward, coercive, legitimate, referent, and expert are the designations given to each of these power sources, respectively. The perceptions of the one who is subject to the power are obviously of critical importance, and this dictates a brief digression.

Power, like the sources of power, has been described as a relationship (Bachrach and Baratz 1969, p. 101; Cartwright 1959, p. 213; Dahl 1957, p. 202, 1963, p. 40; Emerson 1962, p. 32; Nagel 1975, p. 29; Simon 1953, pp. 501–16)—a relationship defined by the perception of the party over whom power is held. The centrality of such perception has been recognized by many authors, including Bacharach and Lawler (1976, pp. 123–34); Beier and Stern (1969, p. 94); Raven (1965, p 373); Simon (1953, pp. 510–2); Tedeschi and Bonoma (1972, pp. 3, 32); and Thibaut and Kelley (1959, pp. 101, 122). Representative expressions of the position are as follows:

. . . the power of O depends on the perceptions of P in terms of O’s ability to satisfy P’s desires . . . (Beier and Stern 1969, p. 94).

(P)erson A’s promise of reward to B will be effective in changing B’s behavior only if he perceives that A can truly deliver the promised outcomes (Thibaut and Kelley 1959, p. 101).

Accordingly, power is considered a function of the perception of power bases (e.g., “ability to satisfy P’s desires,” “promise of reward,” per Beier and Stern, Thibaut and Kelley) on the part of the one subjected to the power, or the influencee. Indeed, it may be more correct to regard the perception itself as the source of power. This interpretation of a perceptual basis of power is widely accepted in the marketing channel literature (Beier and Stern 1969, p. 94; El-Ansary and Stern 1972, p. 48; Hunt and Nevin 1974, p. 188; Lusch 1976a, pp. 384–6; Wilkinson 1974, p. 16, 1979, p.
Conflict, according to one authoritative definition, is "tension between two or more social entities (individuals, groups, or larger organizations) which arises from incompatibility of actual or desired responses" (Raven and Kruglanski, 1970, p. 70). The distinction made between actual and desired responses is suggestive of the common taxonomic practice of separating conflict into two or more categories of phenomena, usually representing a behavioral and a perceptual/attitudinal dimension. Raven and Kruglanski, for instance, refer to "manifest" and "underlying" conflict (1970, p. 71; also Deutsch, 1969), with manifest conflict meaning overt actions and underlying conflict meaning that which involves interpersonal attractions, interests, and desires.

Others, too, identify both psychological and behavioral levels of conflict without attempting to designate either as "true" conflict. Thomas, for instance, specifies a "frustration-conceptualization-behavior-outcome" sequence (1976, pp. 894–912), while Pondy classifies conflict into five "stages":

1. latent conflict: underlying sources of conflict;
2. perceived conflict: perception only, when no conditions of latent conflict exist;
3. felt conflict: tension, anxiety, disaffection in addition to the perception;
4. manifest conflict: behavior which blocks another's goal achievement;
5. conflict aftermath: post-conflict conduct, either resolution or suppression (1967, pp. 300–305).

Obviously, some minor partitioning can approximate Pondy's or Thomas' terms to the underlying-manifest or perceptual/attitudinal-behavioral dichotomy. It is not being suggested that all the conflict schemata reported above represent the same conceptual dichotomization, but there does seem to be a recurrence of underlying factors.

Definition of conflict in a marketing channel setting has been provided by Lusch (1976a, p. 383), who accepts the "latent-affective-manifest" framework, Rosenberg (1974, p. 69), Firat, Tybout, and Stern (1975, pp. 435–6), Brown (1977, p. 385), and also Stern and El-Ansary (1977):

Channel conflict is a situation in which one channel member perceives another channel member to be engaged in behavior that is preventing or impeding him from achieving his goals (p. 283).

According to Stern and Gorman (1969, p. 156) and Etgar (1979), channel conflict is present:

. . . when a component (channel member) perceives the behavior of another component to be impeding the attainment of its goals or the effective performance of its instrumental behavior patterns (p. 61–62).

Adopting the consensus, channel conflict will be considered to be the perception on the part of a channel member that its goal attainment is being impeded by another, with stress or tension the result. Terms such as manifest conflict and affective or felt conflict can be applied to the impeding of goal attainment and stress or tension, respectively, but the view here is that "conflict" refers only to the perception that another is being obstructive, with tension the implicit accompaniment.

It has been suggested that conflict is virtually inevitable in marketing channels. Most agree that this condition is due primarily to the functional interdependence between channel members (e.g., Assael 1968; Cadotte and Stern 1979, p. 134; Lusch 1976a; Mallen 1963; Pondy 1967; Reve and Stern 1979; Stern and El-Ansary 1977, pp. 282–84). However, channel conflict may have its origin in an even more fundamental relationship. Mallen (1963) points out the ineluctable conflict of interest embedded in the very act of exchange:
The act of exchange is composed of two elements: a sale and a purchase. It is to the advantage of the seller to obtain the highest return possible from such an exchange, and the exact opposite is the desire of the buyer. . . . This is not to say the exchange act itself is a conflict. Indeed, the act or transaction is a sign that the element of price conflict has been resolved to the mutual satisfaction of both principals. Only along the road to this mutual satisfaction point or exchange price do the principals have opposing interests (p. 25).

Therefore, since exchange characterizes relations between channel members, so too will conflict.

**Power, Conflict, and the Current Status of Theory**

Of those who have recognized a connection between power and conflict, not all share the same perspective. Power has been designated as both the independent and dependent variable in the relationship. Raven and Kruglanski (1970, pp. 87–90) describe the tendency for coercive power to provoke increased conflict in a dyad. Pondy claims, "Vertical conflicts in an organization usually arise because superiors attempt to control the behavior of subordinates, and subordinates resist such control" (1967, p. 314). Others focus on power as a result of, or response to, conflict:

Let one person frustrate the other in the pursuit of his goals, and you already have the germ of a political system. For the one may then try to change the behavior of the other. If he does so by creating the expectation of sizable rewards or deprivations, then relations of power come into existence (Dahl 1963, p. 72).

Some even suggest that power requires the preexistence of conflict:

In order for a power relation to exist there must be a conflict of interests or values between two or more persons or groups. Such a divergence is a necessary condition of power because . . . if A and B are in agreement as to ends, B will freely assent to A's preferred course of action (Bachrach and Baratz 1969, p. 101).

Also see Nagel (1975, pp. 154–56). But there is fairly widespread acknowledgment that the causal sequence between power and conflict can, and does, proceed in either direction. The position is adequately summarized by Stern and Gorman:

[T]he exercise of power is a major conflict response as well as a cause of conflict. . . . The issuance of threats. . . . usually of an economic nature in the case of intra-channel friction, is generally a pathological response to conflict, because threats tend to elicit threats, thus increasing the degree of conflict. . . . [W]hen one party establishes the use of coercion, the other is likely to respond in kind, intensifying conflict rather than resolving it (1969, pp. 161–2).

Curiously, empirical work in the area of marketing channels, generally of cross-sectional nature (see Table 1), has consistently assumed power to be the causative factor with respect to conflict, as well as other variables. To trace development of the theory of power and conflict in marketing channels, a review of the major contributions to this stream of research is now presented.

**Empirical Contributions**

The empirical genesis of channel power theory was the El-Ansary and Stem (1972) attempt to specify the determinants of power. Remarkably prominent considering the absence of significant results, this study failed to establish a relationship between a channel member’s power and its presumed antecedents, dependence and sources of power. Attributing the inconclusive findings to the lack of a clear power structure in the particular channel sampled (heating and cooling equipment distributors, a conventional channel), El-Ansary and Stem did provide some guidance, in terms of hypotheses and measures, from which fur-
ther research could proceed. (For instance, El-Ansary (1975), in another look at elemental constructs, performed a factor-analytic verification of Emerson’s “motivational investment” and “availability of alternatives” as determinants of channel-member dependence.)

Noting El-Ansary and Stern’s complaint about the peculiarities of their sample, Hunt and Nevin (1974) investigated a channel with a more explicitly-defined power structure, i.e., a franchise system. They found franchisor power to be a function of the sources of power available, and also reported that franchisee satisfaction is increased when noncoercive sources of power, as opposed to coercive sources, are used. (Noncoercive sources of power were operationalized as rewards, or assistances; coercive, as punishments.) This latter result was replicated by Lusch (1977) and Michie (1978) in automobile channels, and by Wilkinson (1981) in a beer channel. Lusch and Brown (1982) found noncoercive power sources to be inversely related to power, but acknowledged that this result could have been due to problems with their attributional power measure.

In other power-related work, Wilkinson (1974) produced results indicating a weak relationship between power and sources of power in a distribution channel for household durable goods. Etgar (1978b) showed reward and coercive power sources to be positively related to channel power. Brown and Frazier (1978), adopting a different perspective, argued that their finding of an inverse relationship between manufacturer power and certain power sources (reward, coercive, legal, which they called “influence strategies”) indicates that the more manufacturer power is perceived by dealers, the less those power sources need to be used. Walker (1972), in a laboratory setting, found power to be evocative of dissatisfaction on the part of those who are subject to it, and Wilkinson (1979) developed limited evidence that power can increase a channel member’s own satisfaction, but was unable to establish a relationship between an entity’s satisfaction and the power to which it is subject. Also, Etgar’s (1976a) finding that an administratively coordinated channel produces superior operational efficiency to a noncoordinated system may be interpreted to mean that power has a positive effect on channel performance.

In an effort to extend Hunt and Nevin’s findings to a noncontractual channel, Etgar (1976b) surveyed independent insurance agents in a conventional channel arrangement and reported a strong correlation between insurers’ power sources and their power over agents’ business practices. Other results were a significant, but weak, positive relationship between agents’ dependence (on insurers) and insurers’ power, and an inverse relationship between agents’ countervailing power and insurers’ power. The operational distinction offered by Etgar between insurer power sources and agent dependence was, in effect, one between nonmonetary assistances (power sources) and overall financial reliance (dependence). Measures of countervailing power featured insurer dependence-surrogates such as “degree of customer loyalty” and “agent’s premium volume,” which, presumably, could serve as bases for threats and rewards. Phillips (1981) reinforced Etgar’s principal results by reporting a positive association between wholesaler dependence on suppliers (and customers) and supplier (customer) power over the wholesaler. Phillips also identified an inverse relationship between supplier/customer power and wholesaler countervailing power, as well as an inverse relationship between wholesaler countervailing power and wholesaler dependence on supplier/customers. In a somewhat related finding, Porter (1974) found dealer countervailing power to be inversely related to performance from the supplier’s perspective.

In another study Etgar (1977) found environmental factors explained very little of the variance in channel member power, which may support (or at least not falsify) the proposition that sources of power and dependence are the principal determinants of power in a channel. Finally, again on the subject of countervailing power, Wilkinson and Kipnis (1978) found a wide variety of business organizations less likely to use coercive sources of power and more likely to use noncoercive sources as the target of influence was considered to be more powerful.

The first to explicitly incorporate conflict into the analysis of channel power was Lusch (1976a). Walker’s previously cited experiment (1972) did reveal that powerful bargainers were capable of securing agreements unfavorable to less powerful bargainers, which is compatible with the hypothesis that the existence of power produces dyadic conflict, though this conclusion was not explicitly expressed. There was also an experimental study by Stern, Schultz, and Grabner (1973) which provided very limited evidence of a relationship between the use of power bases and conflict. However, it is arguable whether this study can legitimately be included in the channel literature since the authors did not couch it in a channel context and, unlike the few other experiments cited, there was no attempt to simulate a channel setting. In the distributive system for automobiles, Lusch found a significant positive association between intrachannel conflict as perceived by dealers and coercive sources of franchisor power, with conflict negatively related to noncoercive sources of power. Lusch interpreted these results to mean that coercive sources of power increase conflict in the channel, while noncoercive sources reduce conflict. In response to Etgar (1978a), Lusch (1978) acknowledged that the causal direction could...
well have been the opposite. In addition, Wilkinson (1981), while reporting the same essential relationships as Hunt and Nevin (1974) and Lusch (1976a), suggested that much of the presumed causal sequencing of channel constructs may be erroneous.

In one other study on the subject, Brown and Frazier (1978) also observed that the use of particular power sources by manufacturers ("influence strategies" in their terms) were positively correlated with channel conflict and inversely related to dealer satisfaction.

There has been some other research of note relating channel conflict to other variables. Rosenberg and Stern (1971) reported "the greater one member's dissatisfaction with another's performance, the higher the conflict level between them," referring to distributors' and dealers' dissatisfaction with dealers and manufacturers, respectively. Although based on measures of association, the authors postulated a causal role for conflict. Their principal contribution, however, remains the progress made toward operationalization of channel conflict.

Stern, Sternthal, and Craig (1973, 1975) attempted to test experimentally the efficacy of different conflict management strategies such as personnel exchange and the adoption of superordinate goals. Results were inconclusive regarding the superordinate goal approach, but exchange-of-persons did achieve some reduction in between-group conflict, measured perceptually and behaviorally. Hunger and Stern (1976) in a similar experiment found the superordinate goal to be effective in reducing felt conflict.

Lusch (1976b) produced modest evidence that in some cases, channel conflict tends to reduce dealer operating performance, measured as return on assets and asset turnover, while Pearson (1973) was unable to establish any relationship between conflict and performance, which he measured as order-filling success and turnover. Kelly and Peters (1977) developed evidence comparable to Lusch's, i.e., limited, and Asael (1969), in an exploratory study, found that in the presence of special conditions, conflict may have a salutary effect on dealer satisfaction and channel performance.

More recently, Dwyer (1980) reported experimental results showing a channel member's satisfaction to be strongly correlated with its perception of a channel partner's cooperativeness. If cooperation is accepted to be the reciprocal of conflict (and it is not suggested that such acceptance is universal), then this can be

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**FIGURE 1**

The Theory of Channel Power and Conflict

1. **Coercive Sources of Power**
   - Positive: (+N)
   - Inverse: (N)
2. **Noncoercive Sources of Power**
   - Positive: +(CIE)/(K)
   - Inverse: -(K)
   - Positive: +(CIE)/(K)
   - Inverse: -(K)
3. **Countervailing Power**
4. **Conflict**
   - Positive: +(BG)
   - Inverse: -(AOQ)
5. **Satisfaction**
   - Positive: +(P)
   - Inverse: -(P)
6. **Performance**

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Letters in parentheses refer to empirical grounds for each relationship:

A. Rosenberg and Stern (1971)
B. Walker (1972)
C. Hunt and Nevin (1974)
D. Porter (1974)
E. Wilkinson (1974)
F. Lusch (1976a)
G. Lusch (1976b)
H. Etgar (1976a)
I. Etgar (1976b)
J. Lusch (1977)
K. Brown and Frazier (1978)
L. Etgar (1978b)
M. Michie (1978)
N. Wilkinson and Kipnis (1978)
O. Dwyer (1980)
Q. Wilkinson (1981)
R. Lusch and Brown (1982)

*There is conflicting empirical evidence concerning the direction of some relationships.
construed as further evidence of an inverse relationship between conflict and satisfaction. Dwyer’s other findings, that channel member A’s satisfaction is positively related to (a) perceived self-control over decision variables and (b) channel member B’s perception of A’s power bases, support the proposition that countervailing power “is a chief contributor to satisfaction” (pp. 55–7). Finally, recognizing the commonality between cooperativeness and noncoercive power sources, Dwyer’s results may also be interpreted to indicate a positive relationship between the use of such power sources and the satisfaction of a channel member subject to them (since cooperation and satisfaction are positively correlated).

Two other recent studies have touched on important aspects of power in marketing channels. Roering (1977), in an experiment, found dependence was directly related to bargaining agreement and inversely related to competitive bargaining behavior. Guiltnan, Rejab, and Rodgers (1980) reported that a franchisee’s perceived influence over a franchisor, uncertainty reduction, and provision of helpful information by a franchisor explain a significant amount of channel work coordination. However, since these studies

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<td><strong>Summary of Major Power and Conflict Research</strong></td>
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<td><strong>5. Statistical analysis</strong></td>
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<td><strong>6. Major strengths</strong></td>
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<td><strong>7. Major weaknesses</strong></td>
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*(of those in the Figure 1 model). adequete sampling of domain of issue.

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<td><strong>4. Validity, reliability evidence</strong></td>
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<td><strong>5. Statistical analysis</strong></td>
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*(of those in the Figure 1 model)*.

do not directly examine the central relationships of channel power theory as shown in Figure 1, they are not represented there.

**The Composite Model**

The above compilation of research findings permits construction of a model of the relationships among power, conflict, and selected other variables based entirely on empirical evidence. Such a model is depicted in Figure 1. (Only findings of statistically significant relationships are included in the model; e.g., El-Ansary and Stern (1972) is not depicted for this reason, in spite of its importance.) The model reflects the uncritical nature of the review, with the validity of all measures and conclusions accepted for the purpose of exposition. It is a representation, then, of the present state of channel power and conflict theory. Some issues relating to the theory will now be raised.
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<th><strong>TABLE 2 (continued)</strong></th>
<th>Lusch 1977</th>
<th>Brown and Frazier 1978</th>
<th>Etgar 1978b</th>
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<tr>
<td><strong>3. Measurement</strong></td>
<td>Power sources: Same as 1976a measure, weighted by perceived instrumentality. Satisfaction: Index across 16 items in domain, 4-point scale.</td>
<td>Power sources: Dealer reports of percentage of contacts in which each power source used. Power: Indicant of dealer dependence—dealer perception of importance-weighted manufacturer performance across 4 decision issues (11-point scale) multiplied by dealer report of percentage of agreements to total contacts multiplied by dealer attribution of manufacturer cooperation (11-point scale from “no” to “high”). Conflict: Dealer perception of importance-weighted frequency of disagreements with manufacturer across 8 issues. Satisfaction: Perceptual rating. Seven-point scale from “very dissatisfied” to “very satisfied.”</td>
<td>Power sources: Index of dealer perception of supplier potency over 8 “economic” and 6 “noneconomic” variables (7-point Likert scales). Power: Index of dealer perception of supplier control over 12 policy areas (7-point Likert scales).</td>
</tr>
<tr>
<td><strong>4. Validity, reliability evidence</strong></td>
<td>Power sources: Content validity; convergent discriminant validity via factor analysis. Satisfaction: Content validity; .653 correlation with single-item alternate measure (convergent validity); .87 alpha.</td>
<td>Questionable content validity, i.e., only 4 decision issues? None.</td>
<td></td>
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<tr>
<td><strong>5. Statistical analysis</strong></td>
<td>Multiple regression.</td>
<td>Correlation.</td>
<td>Multiple regression.</td>
</tr>
<tr>
<td><strong>6. Major strengths</strong></td>
<td>Large, representative sample; incorporation of instrumentality dimension in measures of power sources.</td>
<td>Slightly different classification of power sources; innovative attempt to measure power; incorporation of importance weights in measures.</td>
<td>Multi-channel setting; attempt to re-partition power sources.</td>
</tr>
<tr>
<td><strong>7. Major weaknesses</strong></td>
<td>Self-reports of instrumentality of questionable validity; no grounds for causal inference.</td>
<td>Pilot study methodology: Small convenience sample, lack of construct validation. Highly dubious validity of power measure, i.e., one component measures conflict, one measures satisfaction, so naturally it will correlate with conflict and satisfaction measures. Self-reports of importance weights of dubious authenticity; no grounds for causal inference.</td>
<td>Small, nonvalidated sample; questionable discriminant validity between independent variables (economic and noneconomic power sources), therefore, possible multi-collinearity; invalid power measure; no grounds for causal inference.</td>
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*(of those in the Figure 1 model).

**Methodological Problems**

Table 2 is a compact portrayal of the character and deficiencies of existing channel power and conflict research. Some of the more serious of these deficiencies are summarized below.

**Poor Operationalizations**

In a majority of the studies that have contributed “substantive” findings to power and conflict theory, i.e., those listed in Figure 1 and Table 2, it is debatable whether some key measures are really measuring...
TABLE 2 (continued)

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<tbody>
<tr>
<td>1. Research design</td>
<td>Mail survey of 161 automobile dealers.</td>
<td>Personal interviews with 67 evening graduate students (lower level executives, professionals, accountants, engineers, supervisors) who described critical incidents between their organizations and others.</td>
<td>Laboratory simulation of channel setting (bilateral duopoly) using 80 student subjects.</td>
</tr>
<tr>
<td>3. Measurement</td>
<td>Noncoercive power sources: Dealer's perceived quality rating (5-point scale) across 17 assistants. Coercive power sources: Dealer's perception of &quot;likelihood of use&quot; (5-point scale) across 7 coercive sources. Satisfaction: 5-point scale representing &quot;level of gratitude&quot; with respect to 15 warranty-related policies, averaged across the 15 items.</td>
<td>Power sources: Content analysis. Ex post facto classification by researchers of incidents reported as &quot;strong&quot; or &quot;weak&quot; influence tactics (interpretable as coercive and noncoercive power sources). Countervailing power: (1) Subject's report of relative size of other organization (smaller, same, or larger). (2) Subject's perception of &quot;the effect the target organization could have on their organization's plans, operations, and success&quot; (7-point scale from &quot;very little&quot; to &quot;very great&quot;).</td>
<td>Power sources: Perceptual, attributed. Graphic rating scales to express perceptions of capabilities across 5 French and Raven power bases. Conflict: Multi-item semantic differential scale (offered as measure of cooperation). Satisfaction: Multi-item semantic differential scale. Countervailing power: Same as power sources but from opposite perspective.</td>
</tr>
<tr>
<td>4. Validity, reliability evidence</td>
<td>Power sources: Content validity; discriminant validity via factor analysis, i.e., coercive/ noncoercive sources load on different factors. Satisfaction: Content validity; convergent validity (.515 correlation with alternate measure); alpha of .93.</td>
<td>Convergent validity for countervailing power measures (both correlate positively with a third variable). Alphas of .94 and .95 for satisfaction and conflict scales, respectively.</td>
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<tr>
<td>5. Statistical analysis</td>
<td>Multiple regression, ANOVA.</td>
<td>Chi-square, correlation, multiple regression.</td>
<td>Correlation, partial correlation, path analysis.</td>
</tr>
<tr>
<td>6. Major strengths</td>
<td>Replication of earlier work in specific-issue context, i.e., examines power sources and satisfaction with respect to warranty.</td>
<td>Novel data collection method; sample includes variety of organizations.</td>
<td>Setting more realistic than other experiments; causal modeling attempted.</td>
</tr>
<tr>
<td>7. Major weaknesses</td>
<td>Lack of distinction between independent &amp; dependent variables renders results trivial, i.e., power source and satisfaction scales measure the same thing.</td>
<td>Small, nonrepresentative sample; only basis for causal inference is subjects' retrospective reports of order of events.</td>
<td>Still, a lab experiment with student subjects, so an external validity problem; no real basis for causal inference because analysis involves simple measures of association between postexperiment perceptual measures, as opposed to pre- and post-treatment measures.</td>
</tr>
</tbody>
</table>

*of those in the Figure 1 model.

what they are supposed to (see Table 2 for details). Power is an especially troublesome construct. Of course, power may be an inherently difficult attribute to measure, but many of the reported operationalizations clearly do not capture the idea of "ability to alter behavior," the consensus definition. Wilkinson (1974) seems to be on the right track, if only his measure of "maximum possible effect" on policies could be accurately assessed and reported by respondents, which is questionable.

**Insufficient Evidence of Reliability and Validity**

Most of the reported research in this area seems to be fairly conscientious in providing "content" validity.
TABLE 2 (continued)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Research design</strong></td>
<td>Mail survey of 506 wholesale executives.</td>
<td>Personal interview of 60 hotel retailers of bulk beer, examining 75 brewer-hotel dyads (i.e., some hotels dealt with 2 breweries).</td>
</tr>
<tr>
<td><strong>2. Constructs included</strong></td>
<td>Power, dependence, countervailing power.</td>
<td>Power sources, power, conflict, satisfaction.</td>
</tr>
<tr>
<td><strong>3. Measurement</strong></td>
<td>Power: Distributor perception of supplier (or customer) “control” over decision variables (global measure).</td>
<td>Noncoercive power sources: Respondent rating of quality of supplier assistance (5-point scale) across 8 items.</td>
</tr>
<tr>
<td></td>
<td>Dependence: Distributor self-report of “substitutability of suppliers” (1-item, 5-point scale).</td>
<td>Coercive power sources: Respondent rating of likelihood of supplier use of coercive tactics (5-point scale) across 4 items.</td>
</tr>
<tr>
<td></td>
<td>Countervailing power: Distributor self-report: What percentage of business could be shifted if dropped by supplier (or customer). Also, self-report of “amount of bargaining power” (1-item, 7-point scale).</td>
<td>Power: Respondent rating of “how much influence the brewery has on their hotel’s decision-making” (5-point scale) across 7 policy areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conflict: Respondent rating of frequency of disagreement with supplier (5-point scale) across 14 issues.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Satisfaction: Respondent rating of degree of satisfaction (5-point scale) averaged across 8 aspects of supplier performance.</td>
</tr>
<tr>
<td><strong>4. Validity, reliability evidence</strong></td>
<td>Strong test of validity using multitrait-multimethod analysis and LISREL analysis of covariance methodology.</td>
<td>Cronbach’s alpha reported for each scale: Noncoercive power sources, .82; coercive power sources, .60; power, .70; conflict, .85; satisfaction, .82.</td>
</tr>
<tr>
<td></td>
<td>Convergent, discriminant validity present only when “methods factors” (informant position) modeled.</td>
<td></td>
</tr>
<tr>
<td><strong>5. Statistical analysis</strong></td>
<td>Correlation (for purposes of testing relationships among power constructs).</td>
<td>Correlation, stepwise regression, multiple regression (presented as quasi-path analysis).</td>
</tr>
<tr>
<td><strong>6. Major strengths</strong></td>
<td>Demonstration of invalidity of informant reports of channel constructs.</td>
<td>Replication of previous work; calling attention to possible alternative causal ordering of variables.</td>
</tr>
<tr>
<td><strong>7. Major weaknesses</strong></td>
<td>Poor measures. Power operationalized ambiguously as “control” which allows interpretation as either “power” or “exercised power” (see Power: The Exercised- Unexercised Dimension section).</td>
<td>Small sample; poor measures (once again, power scale may be measuring exercised power, even if respondents capable of assessment); no evidence of validity; weak analysis; no real grounds for causal inference with either alternative model.</td>
</tr>
</tbody>
</table>

*(of those in the Figure 1 model).*

where applicable, such as the lengthy listings of issues pertaining to the domains of power sources, power, or conflict. But there is little beyond this. Aside from the Phillips (1981) paper (which has the construct validation problem as its focus), of the 18 studies incorporated into prevailing theory (Figure 1, Table 2), probably only the Lusch work (1976a, 1976b, 1977) gives adequate attention to construct validation by to-

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day’s standards. Of course, Walker (1972) was primarily measuring manipulable or observable variables, and much of the work cited above was done before the field acquired such heightened concern over construct validity.

**Informant Bias**

Nearly all the research reviewed here has utilized what is known as “key informant” data collection methodology, in which “the social scientist obtains information about the group under study through a member who occupies such a role as to be well-informed” (Campbell 1955). Some limited justification for the technique is found in Campbell and also Seidler (1974). Unfortunately, as Phillips (1981) has shown, such methodology is extremely dependable and may have produced biased results all along. In a seminal study, Phillips demonstrated that key informant reports of organizational characteristics such as power (operationalized as “control”), dependence, and countervailing power are highly dependent on the position of the respondent in the organization. Therefore, “informant reports on organizational characteristics often fail to serve as highly valid indicators of the concepts they intend to represent” (pp. 408–9). This may be the most serious of the methodological indictments of channel power and conflict research.

**Inadequate Statistical Analysis**

In most of the studies cited there has been little reluctance to presume the causal ordering of variables, in spite of the fact that the predominant method of analysis has been simple measures of association with survey data. (The only occasions in which variables were manipulated experimentally, Walker (1972) and Dwyer (1980), suffer from greater than usual problems of external validity due to the enormous gulf between laboratory and channel settings.) Other than Dwyer’s (1980, pp. 58–61) and Wilkinson’s (1981) modest efforts at path analysis (the former involving a gross leap of faith regarding the temporal sequence of variables), there has been no attempt to apply causal modeling techniques to channel power and conflict research. (Phillips, as cited above, did employ the LISREL structural equation program, but not for the purpose of isolating causal relationships among constructs.) Considering the revolution that is taking place in causal inference methodology in marketing research (see Bagozzi 1980, *Marketing News* 1981), if this development also represents the wave of the future in channel research, perhaps this area will also be revolutionized.

**Conclusion**

In view of the severe methodological shortcomings permeating channel power and conflict research to which none of the work cited, even the most central and seminal, has been immune, serious questions must be raised concerning just what can be legitimately concluded about the subject. As an anonymous JM reviewer succinctly expressed it: “All fields go through a shake-out period and the mistakes we have made have their parallels in many other fields, [but] if one sums up all these weaknesses, there is some question as to whether we really know *anything* about power and conflict in distribution” (italics added). This is an unfortunate commentary on the past decade of research in the area. But every scientific void has a silver lining: As the deficiencies in this area are recognized, perhaps more marketing researchers will regard channel theory as an opportunity and be attracted to it.

**Conceptual Issues**

In addition to the numerous methodological problems, channel power and conflict research has revealed the need for some clarification and specification regarding the nature of the constructs involved. The following section is a conceptual discussion, with methodological overtones, of these components of channel power and conflict theory, proceeding from left to right in Figure 1.

**Sources of Power: The Exercised-Unexercised Dimension**

Some of the most prominent work in this area is undermined by deficient conceptualization of the construct “power sources,” a lapse that may have resulted in grossly misleading findings.

Among the most central relationships of channel power and conflict theory are those developed by Hunt and Nevin (1974) and Lusch (1976a) regarding the impact of sources of power on conflict and satisfaction. In particular, Hunt and Nevin found that noncoercive sources of power increase satisfaction, while coercive sources of power reduce satisfaction within the marketing channel. Lusch reported that noncoercive sources of power reduce intrachannel conflict and coercive sources increase conflict. These results, of course, are perfectly consistent with the intuitive sense that coercive power sources (punishments) would tend to increase conflict and reduce satisfaction on the part of channel members subject to them, while noncoercive sources (rewards, as operationalized by Hunt and Nevin and Lusch) would do the opposite. However, the relationships identified were somewhat weaker than might be expected, and this may have been due to the operationalization of the independent variables in a way that did not distinguish between exercised (or activated) and unexercised (or latent) sources of power. If sources of power are present but application is with-
held, the consequences may be far different from, or perhaps the opposite of, what would occur if the sources were actively exercised. For instance, the imposition of harsh sanctions upon channel members (exercised coercive sources of power) seems certain to cause dissatisfaction and conflict, while the dormant presence of the potential to invoke such sanctions (unexercised coercive sources) could conceivably be regarded by franchisees or dealers as benevolent restraint. Likewise, the granting of beneficial assistance (exercised noncoercive sources) should be favorably received, but withholding of such benefits (unexercised noncoercive sources) may not be (see Baldwin 1971, pp. 23–7). The Hunt and Nevin and Lusch operationalizations of coercive and noncoercive sources of power, which do not specify whether these are exercised or not, appear to allow the inclusion of such separate phenomena, with potentially divergent effects on the dependent variables, within the same independent variable categories. In other words, the effects attributed to the various sources of power may actually represent the combined impact of exercised and unexercised power sources.

In related research, the Wilkinson and Kipnis (1978) and Brown and Frazier (1978) operationalizations of power sources actually measure only their exercise or application; therefore, no one has yet attempted to specify both exercised and unexercised power sources at the same time. Doing so would allow determination of whether these clearly distinct phenomena have the differential consequences suggested by these propositions and depicted in Figure 2(a):

P1: Exercised coercive power sources will decrease satisfaction (of the target channel member) and increase intrachannel conflict.

P2: Unexercised coercive power sources will increase satisfaction and decrease intrachannel conflict.

P3: Exercised noncoercive power sources will increase satisfaction and decrease intrachannel conflict.

P4: Unexercised noncoercive power sources will decrease satisfaction and increase intrachannel conflict.

It should be of interest to determine whether these predictions are accurate or if the presence of power sources is all that matters, which is the impression left by the research cited.

Sources of Power: The Coercive-Noncoercive Distinction

In their operationalizations of power sources, channel researchers have frequently adopted the convention of dichotomizing the French and Raven framework as coercive (punishments) and noncoercive (rewards) (Hunt and Nevin 1974; Lusch 1976a, 1977; Wilkinson and Kipnis 1978). Apart from the possibility of insufficient attention to the other sources of power, i.e., legitimate, expert, and referent, this seems to be a straightforward approach. However, considering the critical element of exercise discussed in the previous section, the matter may be somewhat more complicated. For example, in designing a research instrument to be administered to a channel participant, should the item providing service be included to represent a reward power source, or should withholding service be used to identify a punishment? Should prompt delivery be used as a manifestation of reward, or should the item read slow delivery to express a punishment? As Baldwin (1971) says, Is withholding a reward ever a punishment? Always a punishment? Is withholding 'Recently (see Etgar 1978b, Lusch and Brown 1982) there has been an attempt to reclassify the sources of power into an economic/non-economic dichotomy. However, the distinction between these categories of power bases may not be as clear as first appears. Some of Etgar’s so-called “noneconomic” power bases (e.g., selection of products, back-up by advertising) are as closely linked to economic results as those designated as “economic” (help in retail advertising, assistance in store management, etc.). And provision of information (one of Lusch and Brown’s “noneconomic power sources”) can certainly have as direct an economic impact as any other “reward.” A dichotomization given to more logical and definite distinction should be preferred, and for this reason the rationale outlined in Figure 3 is proposed.
a punishment ever a reward? Always a reward? (p. 23) He suggests resolution in terms of the subject’s “baseline of expectations”: That which improves the value position relative to the baseline of expectations is a reward (a positive sanction in Baldwin’s lexicon); a deprivation relative to this baseline is a punishment, or negative sanction.

Obviously, implementation of this approach, which would involve the collection of data on channel members’ prior expectations, would also add an additional complication to any research instrument. A more objective, and workable, classification method may be to distinguish coercive and reward power sources on the basis of latitude for deviation in a favorable or unfavorable direction. Coercive power sources can be defined as those potential actions with a natural limit in the positive or favorable direction, but great latitude for deviation in the negative direction. For example, delivery can only be so prompt (the natural limit would be instantaneous delivery), but there is an unlimited degree of delay possible. Therefore, the managerial action expressed as “slow delivery” or “delay of delivery” is a coercive power source. On the other hand, reward power sources are those actions naturally limited in the negative or unfavorable direction, but with much latitude for favorable deviation. An example of this would be the provision of service. The absence of service is the negative limit, but there is indefinite potential for the provision of service. Therefore, “providing service” is the proper expression of this reward power source. Some other examples, which should help clarify this taxonomy, appear in Figure 3.

The Sources of Power-Dependence Redundancy: A Conceptual Refinement

Contrary to expectations, there is little evidence to support a strong relationship between power and dependence in marketing channels. El-Ansary and Stern (1972) found none, and Etgar (1976b, pp. 259–60) saw dependence (by his measure) contributed very little to the explanation of power beyond what was accounted for by power sources. A possible explanation for this apparent refutation of Emerson is that channel member dependence and sources of power in marketing channels are conceptually inseparable. Simply, any content-valid selection of channel member A’s power sources, especially reward sources, should adequately cover the domain of what channel member B is dependent upon for ultimate success. Rewards, assistances, and also the absence of punishments, as commonly operationalized in the channel literature, identify the conditions that underlie a channel entity’s financial well-being. After all, national and local advertising, salesperson training, sales promotion, pricing assistance, site location, and product line deletions and additions (Etgar 1976b, p. 257; Hunt and Nevin 1974, pp. 188–91; Lusch 1976a, pp. 385–7) comprise a big part of the marketing mix. And although this has rarely appeared in the channel literature (see Lusch 1977), an appropriate importance weighting procedure for these power sources should capture the dimensions of “motivational investment” and “availability outside the A-B relation” specified by Emerson (1962). For example, indications by a channel member (as in survey responses) of “how important it is to him/her for this supplier to provide these assistances” could accomplish this purpose. While such a procedure may be criticized as a combined measure of sources of power and dependence, if it is considered reasonable to operationalize power sources as importance-weighted, then it is also reasonable to conclude that dependence is a component or dimension of these power sources rather than a separate phenomenon.

The following proposition is offered, therefore:

P5: With valid measurement, global or general dependence measures will continue...
to add insignificantly to power sources in the prediction of channel power, although dependence alone should be a reasonably adequate predictor of power.

**Power: The Exercised-Unexercised Dimension**

That there is a conceptual distinction between the ability to alter another’s behavior and the actual alteration of another’s behavior should be beyond dispute. Unfortunately, researchers of power in marketing channels, while generally accepting the former as its definition, have tended to measure the construct as though it were defined as the latter (Dwyer 1980; El-Ansary and Stern 1972; Etgar 1976b, 1978b; Hunt and Nevin 1974; Phillips 1981), or at least employed measures subject to ambiguous interpretation, i.e., asked a channel respondent to identify who has “control” over marketing decision variables. Although a powerful channel entity may have the ability to control another’s marketing decisions, he/she may allow the other to make those decisions, and this may be the phenomenon such a measure is capturing.

While there seems to be a consensus that the term power be used to designate the potential or ability to change another’s behavior, it is hereby proposed that the term exercised (or activated or achieved) power refers to the actual alteration of behavior (see Wrong 1968, pp. 677–9). Terms such as influence or control have been offered for this purpose in the past, but such usage promotes unnecessary confusion. Rather than arbitrarily selecting terms so commonly used as synonyms to designate such vastly distinct constructs, surely it would be preferable to employ more self-explanatory language, such as power for the ability and exercised or activated power for the actual changing. It is hoped that clearer designation of these constructs will contribute to a greater awareness of the divergent consequences that may follow from exercised as opposed to possessed, but unexercised, power. Analogous to the argument in the section on exercised and unexercised power sources, the following propositions, shown in Figure 2(b), would be worthy of test:

P6: Exercised power, i.e., actually altering a channel member’s behavior, will decrease the satisfaction of that channel member and increase intrachannel conflict.

P7: Unexercised power will increase satisfaction and decrease intrachannel conflict.

One distinction needs to be made between the exercise of power and the exercise of power sources. The exercise of power sources refers to an activity: the granting of rewards or imposition of punishments. The exercise of power refers to a result or outcome: the alteration of another’s behavior, irrespective of the means used to accomplish it. For this reason, the language activated or achieved power may be preferred to represent the construct.

A natural question at this point is: What exactly is the sequence of events by which power becomes exercised power, by which the potential becomes actualized? The process may be visualized as involving a communication mediator, typically a request or command (Figure 4a), which has conventionally been known as an “influence attempt.” (Incidentally, there will typically be a communication variable intervening between power sources and their exercise as well, as depicted in Figure 4(b). See Angelmar and Stern (1978) for an elaboration of these intrachannel communications.) Frazier (1980, p. 16) has pointed out that these communication mediators can be implicit, rather than overtly expressed.

It may also be recognized that exercised power represents not only an outcome but a successful outcome. So a further question is: What of an unsuccessful attempt to exercise power, or an unsuccessful influence attempt? How shall that be designated; what are its consequences?

To this, the answer is emphatic: There is no such thing as an unsuccessful attempt to exercise power when power is present. Power means the ability, not the inability, to alter behavior. Its exercise is at the discretion of the power holder. If an attempt to exercise power is unsuccessful, it is merely confirmation that the power did not exist in the first place. The attempt at exercise, therefore, is revealed as an attempt to exercise nonpower. (Those who regard power as a force vector subject to the offsetting influence of “countervailing” power, rather than the net of the two forces, will not accept this interpretation. But to those who do regard power as only one force vector, consider that this position is incompatible with the prevailing definition of power as the ability to alter behavior.

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**FIGURE 4**

(a) The Process of Power Exercise

```
Power

Influence Attempt

Exercised Power

(ability or potential to alter behavior)

(demand or request for compliance)

(achieved alteration of behavior)
```

(b) The Process of Power Source Exercise

```
Power Sources

Threat or Promise

Exercised Power Sources

(ability to impose rewards/punishments)

(actual imposition of rewards/punishments)
```

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This ability is a net result of a number of forces, including the power sources of the power holder, the countervailing power of the power subject, and perhaps environmental forces. So if power is a force vector, subject to offsetting forces, then a new definition will have to be found because the force vector could be present without the ability, due to these offsetting forces.

This point can be visualized with the assistance of Figure 5. Power can be thought of as the ability to alter the behavior of a designated target over a certain set of decision variables, to various degrees, at certain points in time (adding some specificity to the Dahl treatment (1957, pp. 202–3)). Given these dimensions, power can be expressed as a “volume.” The fact that X is actually a discrete variable should not impair the analysis. Also, the “degree” dimension can be considered to incorporate an importance or instrumentality component.

If channel member A had the ability to alter any of channel member B’s decisions to any extent desired at any time, channel member A’s “volume of power” over B would be the cube XYZ. But if A can only alter some of B’s decisions (x) to a limited degree (y), some of the time (z), his/her power volume is actually only xyz. Within xyz, A has power over B; outside xyz, A does not. If A attempts to alter B’s behavior and does not succeed, obviously A is attempting to operate outside of xyz, to influence a decision over which he/she has no power, at least at that time, to that degree. To illustrate, consider any point in the space directly above xyz. For A to attempt to exercise power over B there would result in the successful change of the intended decision variable, but only to degree y. A would be unsuccessful in altering B’s behavior beyond y. Since A was attempting to exercise power or change B’s behavior to a degree beyond y, this is an unsuccessful attempt to exercise power, actually nonpower, since A had no power at that degree in excess of y.

At any point directly to the right of xyz, A cannot influence B’s decisions to any degree, and points directly in front of xyz represent times, or occasions, when A has no power over B.

At the least, the foregoing discussion should emphasize that the nature and expression of power in marketing channels is somewhat more complex than has been suggested in the literature so far, and that the current state of research has been inadequate to deal with it.

**Countervailing Power**

In the interest of developing better operational measures of countervailing power, better conceptualization of the construct is advisable. An attempt to provide it follows.

Power refers to the ability of channel member A to control the decision variables of channel member B. Countervailing power is channel member B’s ability to inhibit channel member A’s power over B’s decision variables (perhaps a better term than “countervailing power” would be “countervailing of power”).

Countervailing power does not refer to B’s ability to control A’s decision variables. That is B’s power over A and represents a parallel structure (Figure 6(a)). There may be some overlap between the two sets of decision variables, but they are unlikely to be identical for entities at two different levels in a channel.

However, countervailing power does represent power. B’s ability to get A not to do something A would otherwise have done (countervailing power) is formally equivalent to B’s ability to get A to do something A would not otherwise have done (power), since both involve potential alteration of behavior. The only operational difference is the target decision variable set. In Dahl’s terms, different segments of the “scope” of power would be involved (1957, pp. 202–3; see also Wrong 1968, pp. 673–4).

It is also proposed that the sources of a channel member’s countervailing power will be the same as the sources of his/her power (see Figure 6(b)). However, in most manufacturer-dominated channels, the range of power sources for a dealer is likely to be much narrower than what is available to the manufacturer.

Since manufacturer or supplier power is typically and correctly measured by the perceptions of the dealer (not that the measures are valid, only the perspective),

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2This interpretation is highly compatible with Galbraith’s original definition of countervailing power as “restraints on power” (1956, p. 111).
it is suggested that dealer countervailing power be measured by the perceptions of the supplier. Considering the enormous difficulty in measuring power, as seen in previous sections, perhaps the best approach to the operationalization of countervailing power, as well as power, would be the use of proxy measures such as power sources. Etgar’s (1976b) operationalization of countervailing power was actually a surrogate based on sources of countervailing power.

Regarding testable propositions, the Mack and Snyder (1957, p. 212) argument that more diffused power in a system leads to more dysfunctional interaction suggests the following:

P8: The presence of countervailing power in a channel will increase intrachannel conflict and decrease the satisfaction of the channel entity possessing the countervailing power.

Of course, disconfirmation of such a hypothesis would be consistent with the contrary view that a channel entity with countervailing power will be able to thwart goal impediment and, therefore, increase its satisfaction.

Conflict, Satisfaction, and Performance

Fortunately, perhaps by their nature, conflict, satisfaction, and performance have caused less conceptual difficulty than some of the other constructs of channel theory. Beyond the affective/manifest issue, most measures of conflict in use seem to capture the idea and domain of “perceived goal impediment.” Satisfaction is a straightforward construct, although there has been a disturbing use of single-item scales to measure it (Brown and Frazier 1978, Hunt and Nevin 1974, Rosenberg and Stern 1971). Performance is a variable subject to quantitative specification (Etgar 1976a, Lusch 1976b, Pearson 1973). Although different measures of performance have been employed (see Porter 1974, Lusch 1976b, and Etgar 1976a entries in Table 2), they tend to utilize objective or observable indices that represent, in some way, financial success or factors related to it.

One possible issue to be resolved concerning these constructs which have frequently been related theoretically to power is: which perspective in the channel dyad should they be measured from, power holder or power subject? Conflict and satisfaction are generally represented by perceptions of the power subject (dis-
tritor or dealer); performance usually reflects the viewpoint of the power holder (manufacturer or supplier). It would be of interest to also take measures of these constructs from alternate positions in the channel, as has been done on occasion (Dwyer 1980, Rosenberg and Stern 1971, Walker 1972, Wilkinson 1979). This would permit testing of the speculative hypothesis:

P9: In a channel dyad, one entity’s perception of conflict, satisfaction, and performance will be inversely related to the perceptions reported by the other channel entity.

Furthermore, the behavioral consequences of such perceptual disparities could also be examined. For instance, would differences in satisfaction level between a supplier and dealers adversely affect channel performance?

Conclusion

Based on the belief that channel power and conflict theory is at a pivotal stage of development, this paper has attempted to outline the conceptual foundations and empirical content of the subject area, and to point up some issues that remain to be resolved. The hope is that this effort contributes to a much needed process of refinement by which channel power and conflict theory finally arrives at a mature stage of development, in which the relationships posited are supportable enough to be, among other things, useful to channel managers.

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