

**INTERFIRM CHANNEL DEPENDENCY, POWER, COOPERATION, CHANNEL
CONFLICT AND CHANNEL MEMBER PERFORMANCE IN THE POLYURETHANE
FOAM PRODUCTS**

BY

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DECLARATION

I, Rukanyangira Nazarious declare that this research dissertation is my own original work, and it has never been presented to any University or Institution for the award of any academic qualification.

Signature.....

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2006/HD10/6173U

APPROVAL

This is to certify that this research dissertation has been submitted for examination with my approval as University supervisor.

Signed :

Dr. Joseph Ntayi

Signed :

Dr. Muhammed Ngoma

DEDICATION

This piece of work is dedicated to my parents, for their investment in me, my wife and children for their support, love, guidance and inspiration; Without your support I would not have sailed through this academic journey; and to my supervisors Dr. Joseph Ntayi and Dr. Muhammed Ngoma, who greatly encouraged and supported me tirelessly during the production of this research dissertation, not forgetting everyone who contributed in one way or another during my academic struggle.

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LIST OF ACRONYMS

- MDCs - Manual Distribution Centres
- SPSS - Statistical Package for Social Sciences

ABSTRACT

The purpose of the study was to examine the relationship between channel dependency, cooperation, power, conflict and channel member performance in the polyurethane industry. The study undertook a cross sectional survey design with a population of 357 respondents from which a sample of 274 was drawn. Self-administered questionnaires were used to collect responses. Measurement of the relationships of the study (channel dependency, cooperation, power, conflict and channel member performance) was done and subjected to rigorous data processing and analysis using the relevant statistical computer software packages. Findings indicated that there were both positive and negative significant relationships between channel dependency, cooperation, power, conflict and channel member performance. Results from regression analysis showed channel dependency, cooperation, power and conflict were significant predictors of channel member performance. The study recommends therefore, that since the model could only explain 52.6% in variance of the channel member performance of polyurethane foam products, a study be carried out comprising of other factors which were not part of the model. The customers/dealers of polyurethane foam products should put in place a system to enhance cooperation among the channel members as this deter conflicts among channel members. To study the true nature and quality of Interfirm Channel Dependency, Power, Cooperation, Channel Conflict and Channel Member Performance, a longitudinal study is more appropriate.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

A firm's dependence on its business partner is the inverse of the power that the partner has on the firm, where power represents the ability of a firm to influence the decision of its business partner (Johnson et al. 1993). No channel member can perform all of the functions necessary to move the product through the channel which places all the channel members into a state of mutual dependence (Zhuang & Zhou, 2004). Since each member depends on one another to carry out its functions efficiently and economically, cooperation among members is essential (Lynn, Robert, 1996). According to Heide, Jan B and G.John (1988) for dependence to develop in interfirm channel relationships, the relationship outcomes must be valued, when the outcomes are better than alternatives, fewer alternatives are available, fewer potential alternatives are available, and a firm has transaction-specific investments involved in the relationship. Likewise, each party's dependence on another partner is determined by the difficulty of a partner to be replaced hence cooperation will exist when parties work together to achieve mutual goals (Anderson, James and Narus, 1990). Since channel members provide financial support, product availability and information collection, they can not work as sole individuals, their individual performance depends on how they work with one another and since all customers can not always buy directly from the company, they bridge the gap between the company and its customers (Zhuang & Zhou, 2004).

The polyurethane industry in 2006 saw the change and growth of Manual Distribution Centers (MDCs) which were formally strategic supply depots. These are middlemen who entered into agreements of distribution with the producers of polyurethane products to undertake the

responsibility of purchasing the company's products in large volumes and resell them to whole sellers (stockiest), hotels, dukas, bars and restaurant (Vita Foam Contract Documents, June 05, issued 2006). The distributors entirely depend on the companies for financial support, product availability and information then stockiest and retailers depend on the distributors in the same way and the companies too depend on these intermediaries. Producing and delivering foam products and services that meet the changing needs of the customers remains a challenge for the polyurethane industry in Uganda. A baseline research conducted by the polyurethane companies' market survey indicated that the companies were still wanting in regard to inter-firm channel dependency, cooperation, inter-functional coordination, conflict resolution and channel member performance. Uganda's polyurethane market has never been as open and as competitive as it is now currently with six players. It is a complex market with a wide assortment of polyurethane products which keenly compete for the consumers' earnings.

Much as the number of polyurethane producers has increased from two to six between 1992-2006, the customer units per annum still remains low. According to the Area Sales manager Analysis Report, (2007) the planned volume growth for MDCs was 12% but only 4% was registered and in terms of sales growth 32% of the MDCs achieved their target which is below average. For example Vita Foam originally the market leader and now ranked third in the production of foam products, in 2005 the company market share which was 85%, reduced by 2% in 2006, it further reduced by 2% in 2007 and currently the market share has reduced further to 42% (Company Records, 2008). A similar trend is also depicted from other players such as Euroflex Limited ranked number two and Megha Industries ranked number one. This could be attributed to lack of cooperation between the companies and the MDCs and over dependency of the companies on the MDCs. According to the MDC Contract Document, form SS37, the MDCs are supposed to have a minimum stock of the products in all brands. Some of the brands like re-

bonded, fireproof and ordinary foam mattresses are slow moving yet during order placement MDCs are supposed to order for them in large quantities. In addition distributors get small margins/profits on the products compared to other brands, this is also replicated to the wholesalers and retailers. This may be the major cause of conflicts because on top of the foam products, the channel members stock other products such as duvets, brackets, bed sheets etc whose turnover is high compared to the foam products and also make big profit margins yet according to the agreements they still have to stock the slow moving foam products. In such situations MDCs and other channel members have failed to cooperate which has caused lack of enough co-ordination, late deliveries, poor customer service and lost sales and thus reduced profits and market share. (Area Sales Manager Presentation; May, 2007). The negative impact of dependency and failure to cooperate may lead to use of power which may result into conflicts within the channel system and in turn could lead to a declined channel performance (MDCs Business Management Review, 2007).

1.2 Statement Problem

The performance of Manual Distribution Centres (MDCs) for polyurethane manufacturing firms has continued to decline which has resulted into various conflicts among channel members (MDCs Business Management Review, 2007). Though some MDCs have registered some growth, this growth has been declining overtime and now is expected to be below average. MDCs were expected to grow by 12% but 4% was realized which may be attributed to numerous conflicts between channel members, lack of cooperation and over dependence of one member on another (Polyurethane products, Africa Update Quarter one, 2007).

1.3 Purpose of the Study

The study sought to examine the relationship between channel dependency, cooperation, power, conflict and channel member performance in the polyurethane industry.

1.4 Objectives of the Study

- i) To examine the relationship between interfirm channel dependency and channel member performance
- ii) To examine the relationship between power and channel member performance.
- iii) To establish the relationship between interfirm channel dependency, cooperation and channel member performance.
- iv) To establish the relationship between interfirm channel dependency, channel conflict and channel member performance.

1.5 Research Questions

- i) What is the relationship between interfirm channel dependency and channel member performance?
- ii) What is the relationship between power and channel member performance?
- iii) What is the relationship between interfirm channel dependency, cooperation and channel member performance?
- iv) What is the relationship between interfirm channel dependency, channel conflict and channel member performance?

1.6 Scope of the study

Subject scope: The study was confined to relationships between interfirm channel dependency, power, cooperation, channel conflict and channel member performance.

Geographical scope: The study covered all the Manual Distribution Centers in Kampala Central. This was considered appropriate because it has the widest number of MDCs and has the highest revenue contribution.

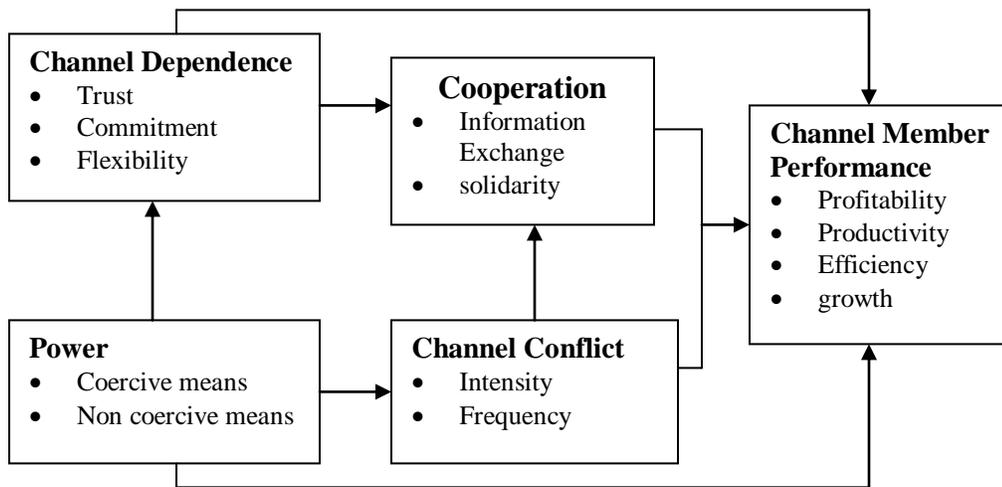
1.7 Significance of the study

- i) The management of the firms in the polyurethane industry will use the findings to enhance their organizational performance in the quality of relations and interactions with customers and MDCs in order to strengthen customer loyalty.
- ii) The results of the study will contribute to the existing literature in the area of quality interactions, trust and satisfaction among the channel members.
- iii) The study shall also be a useful tool for policy makers in standardizing interfirm channel dependence in the industrial sector in the country.
- iv) The study is an academic resource providing solutions to the identified problem and highlighting areas for further research.

1.8 Conceptual Frame Work

The conceptual framework was developed after review of related literature on the study variables. Interfirm channel dependency had an impact on channel performance in aspects of productivity, profitability and effectiveness, Yavas (1998). The power which was exerted by the different channel members' causes' conflicts such that they try to achieve their goals independently which led to lack of coordination (Hogan L 2001).

Figure 1.1: Conceptual Framework



Source: Literature review of Stern and El-Ansary., (1998), Yavas, (1998), Hogan L, (2001).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section presents a review of the relevant literature on the study variables of Channel dependency, channel member performance, cooperation, conflict and power.

2.2 Channel dependency and channel member performance.

Kale (1986), defines channel dependency as the degree to which the target firm needs to maintain a relationship with the source in order to achieve its desired goals. It was further defined by Buchanan, (1992) as the extent to which resources for which there are few of these channels require a substantial level of cooperation to perform the specific tasks necessary to make products and services available. Previous research by Frazier, (1999) has suggested that dependency within relationships is shaped by the exchange of marketing resources. In his study, these resources are defined as various role performances and role performance represents how well a firm performs its expected role in a channel relationship. The level of channel dependency is based on the perceived quality of the manufacturer's role performances or marketing services that support dealer operations, the dealer's available alternatives, and the subsequent financial impact that these performance levels have on dealer operations. These dependency measures represent the foundation for the manufacturer's power, i.e. the ability to influence. Channels members will depend on a manufacturer as long as the manufacturer maintains a differential advantage in the services these members require.

By using channel members to serve their target markets, manufacturers become dependent upon these institutions for the efficient and effective performance of marketing functions . Since channel members can significantly influence a firm's success or failure in the long run, manufacturers are becoming increasingly concerned about the level of performance of the institutions that comprise their marketing channels. Moreover, the level of performance attained by channel members is pivotal if a firm is to achieve a differential advantage (Frazier G.L. and Rody, 1991). Past research has not provided an adequate understanding of this phenomenon as it applies to marketing channels. Research on marketing channel performance has been secondary in emphasis and little is known about what influences channel members to perform effectively in selling the products of the firms they represent (Frazier, G.L, Gill J.D etal, 1989). This may be partly attributed to the absence of a general agreement over the definition of performance. Terms such as effectiveness and productivity have been used interchangeably, which has made the exact specification of performance difficult. Measuring channel member performance is further complicated because some aspects of channel performance are difficult to quantify and published standards are not available for comparison

Rajiv, Kalra (1999) defines channel member performance as “the degree to which the channel member engages in behavior that contributes to the fulfillment of the channel leader's objectives”. A periodic assessment of channel member performance is crucial to ensure that the marketing channel is progressing towards its goals and objectives. According to the Resource-based theory, a firm's competitive advantage is a function of its valuable, rare and inimitable resource (Barney, 1996). For intermediaries, such resources are often intangible, embedded and knowledge-based such as experience and knowledge of the market, and include skills such as negotiation skills and skills in integrating intra-organizational and inter-organizational activities .

This research focuses on measuring the channel efficiency of channel members because the performance of the overall marketing channel is determined to a large extent by the performance of individual channel members comprising the channel. Marketing channel efficiency is measured by two indices: productivity and profitability. Marketing channel productivity refers to the efficiency with which output is generated from resources and inputs that are used or finished (Rajiv, Kalra 1999).

Channel productivity is a measure of efficiency in using inputs (measured in terms of labour and capital) to generate outputs (measured in terms of revenues, gross margins, and value added). Marketing channel profitability is a general measure of the financial performance of channel members in terms of return on investment, growth in profits and liquidity leverage, among other indices. In essence, channel profitability indicates how efficiently marketing channel members utilize their financial resources and, as observable indices, represent financial success or factors related to it.

2.3 Power and Channel Member Performance.

The key to sustainable competitive advantage of a marketing channel lies in the integration of a number of potential elements, including channel power, sophisticated use of independent intensives, relationship commitment, and superior channel performance leading to sustainable channel relationship management (SCRM). Power is defined as the ability of one channel member to control decision variables in the marketing strategy of another member in the channel operating at another level (Stern, Louis & Coughlan, 1998), e.g., a manufacturer's ability to get a distributor to do what he would not have done otherwise. Power is derived from various power sources or bases such as coercive power, legitimate power, referent power, expert power, and

information power (Raven & Kruglanski, 1970). Hunt and Nevin (1974) used a coercive-noncoercive distinction, with the latter including reward, expert, referent, and legitimate power sources. Recent empirical investigations of interdependence within channel dyads have incorporated both firms' dependence, either from one partner's perspective (Anderson and Narus, 1990; or by querying each partner about its respective dependence (Ganesan 1994). Anderson and Weitz (1989) provide empirical evidence supporting Stern and Reve's (1980) proposition that channel relationships that are asymmetric in dependence and power are more dysfunctional, less stable, and less trusting than symmetric relationships. Cooperation refers to situations in which parties work together to achieve mutual goals (Anderson and Narus, 1990). Coordination, which implies cooperation, has been known to be essential in such areas as channels of distribution for decades. El-Ansary (1975) divided channel performance into two type measurements which are quantitative analysis such as distribution cost and qualitative analysis such as level of cooperation, commitment and so on. From social and managerial perspective, El-Ansary and Stern (1972) suggest that Channel performance should be included three factors: effectiveness, fair and efficient.

2.4 Channel Dependency, Channel Conflict and Channel Member Performance

Channel conflict occurs when channel coalition perceives that another is engaged in behaviors that prevents or impends that first achieving its goals (Frazier, 1983). Channel conflict is probably the most serious concern for companies. Firms are attempting to re construct their distribution systems and make more efficient a process that will disrupt traditional channels, resulting in conflict both internally among channel members, managers and externally with distribution partners. This important topic of conflict and channel member performance has received minimum attention from marketing scholars despite the repeated call for such research.

The limited academic research examining channel dynamics has been theoretical in nature and has not investigated conflict and its effect on member performance. Conflicting objectives of the various channels can lead to internal conflict over customers, raising the potential for customer confusion and dissatisfaction. For example a company's direct sales force, and distributor groups initiative may have conflicting interest over issues related to budget allocation, revenue objectives, pricing customer assignments and timing and the nature of advertisements and promotional support. Internal squabbles between channels members may lead to internal focus reducing their customer's orientation. Lusch R. , Brown,J.R. (1982) identified two further sources of conflict and these are communication breakdown (arising from a failure to exchange adequate, appropriate or complete information) and ideological differences, as manifested in non-compatible values, ambitions or beliefs. With the recognition that the application of coercive power by channel members precipitates channel conflict; increases dissatisfaction and decreases channel performance (Yavas, 1998), it is proposed that the utilization of non-coercive power increases satisfaction, promotes better channel co-ordination and improves channel effectiveness.

2.5 Channel Dependency, Cooperation and Channel Member Performance

No channel member can perform all of the functions necessary to move the product through the channel which places all the channel members into a state of mutual dependence. Because each firm depends on the other to carry out its functions efficiently and economically, cooperation among members is essential and vital behavior (Lynn and Robert., 1996). Since the major goal of channel members is that of profit maximization, members need to perform their functions in order to contribute to this goal which in turn will improve on their performance. It is therefore useful for us to view channel members as super organizations composed of interdependent institutions because they must cooperate to perform distribution tasks in the course of

simultaneously pursuing independent and collaborative goals. Little has been done in attempt to link the activities of channels through coordination with performance. Philips and Lynn, (1982) studied how the ability to lower clients' costs varies with performance. Philips et al. (1982) tested two explanatory theories (transaction costs and entrepreneurship) of intermediary performance and tried to link relationships performance but the practical value of their study to intermediaries is limited because they considered performance from the manufacturer's perspective alone unlike this research which will look at performance from channel member's performance. Co-operation between partners can help improve the competitiveness of the chain (Martha c. cooper, Ellram and Lisa M, 1997) and the interaction between firms can be described as a social exchange process in which each channel member interactively increase its commitments to the relationship. The mutual commitment of these members allows them to acquire and develop mutual trust and dependence in the co-ordination of interdependent activities with the result that channel members individually and collectively enjoy greater productivity. Cooperation among channel members is vital and a necessary behavior. Sustained cooperation is required so that the channel will operate efficiently and all channel members will achieve their goals (Lynn and Robert, 1996). Channels can not function without sustained cooperation in which each party knows what to expect of its opposite member.

2.6 Power, Channel Conflict, Co-Operation and Channel Member Performance

As a means of establishing the sources and nature of power that is exercised by one channel member over others, the work of French and Raven (1959) has proved influential. Derived from a consideration of the sources of social power, but commonly utilized within the marketing channels literature, French and Raven (1959) identified five power bases or sources. Reward power is used to achieve channel member compliance through the promise of some mediated

reward; coercive power achieves conformity through the threat of punishment; legitimate power is based upon the recognition of authority and legitimate rights; referent power seeks compliance through the pursuit of mutual interests and expert power obtains compliance from the recognition of superior knowledge and expertise. Examining power sources within a marketing channel setting, Hunt and Nevin (1974) proposed that coercive and non-coercive power were the pre-eminent sources of control within marketing channels. Yavas (1998) identifies a consensus in the literature which recognizes that power within marketing channels is typically exerted by either coercive (i.e. punishment) or non-coercive (i.e. reward) means. A significant result of the exercising of coercive power is the greater likelihood of channel conflict which, in turn, gives rise to dissatisfaction among other channel members (Yavas, 1998).

The literature that deals with power and conflict in marketing channels fails to fully recognize that the outcomes of conflict between members may actually prove to be beneficial and constructive. In the studies highlighted above there are instances whereby conflict incidents precipitated positive and beneficial policy changes with respect to pricing, product development and marketing communications. This dissatisfaction has been found to undermine the effectiveness and efficiency of the channel, since it is likely to result in increased costs and a reduction in levels of trust and co-operation. Indeed, it has been suggested that coercion significantly increases the likelihood of channel relationship failure (Hogan, 2001). In their comprehensive review of the behavior of channel members, Hunt et al. (1985) noted that conflict is a prevalent feature of channel relationships. Lusch (1986) identified three underlying sources of conflict in channel relationships as follows: perceptual incongruity, goal incompatibility and domain dissensus. Perceptual incongruity occurs when channel members perceptions of reality differ in some way, and while these may have the same goals, these may support different

solutions to a particular problem. Goal incompatibility occurs when channel members have differing goals and engage in behavior that gives rise to conflict and dissatisfaction. Steven et al (1992) suggested that goal divergence was the primary driver of channel conflict, while Etgar (1976) identified that goal divergence, the drive for channel member autonomy and attempts to gain absolute control were the primary causes of marketing channel conflict. Similarly, Hogan (2001) found that the greater the goal incompatibility, the greater the frequency and intensity of channel conflict. Stern and El-El-Ansary (1998) found that disputes over who in the channel had the right to make which decision may precipitate significant conflict among channel members. Despite a growing interest in channel coordination, limited research on analytical or numerical results measuring its impact on channel performance have been reported in the literature. This research aims to develop results documenting the system-wide cost improvement rates that are due to coordination, with a view to identifying strategies that may improve channel coordination and enhance performance. Molm, (1997) proposed the building of co-operation among channel members and viewed co-operation and conflict as opposites that lie on the bi-polar extremes of a continuum. Co-operation is required if a behavior system is to act as a unit. Marketing channels cannot function without sustained co-operation in which each party knows what to expect from his opposite member.

Conflict or opponent-centred interference and blocking behaviour may impede the accomplishment of mutual goals. But the absence of conflict will not produce co-operation. Because of mutual interdependencies, which exist among exchange partners in marketing channels, it is likely that conflict will always be present. Therefore, co-operation and conflict can co-exist in a relationship. Reve and Stern (2003), however, have credited such a conceptualization. In their theoretical treatise on distribution channels as political economies,

Reve and stern (2003) posit that co-operation and conflict are two dominant channel sentiments and behaviors which characterize interactions among channel members. While they are highly interrelated, co-operation and conflict are separate, distinguishable processes. It has been proposed that effective channel communications improves levels of satisfaction and cooperation among members and ultimately improves channel efficiency and effectiveness. However, while a consensus exists within the literature that the exercising of non-coercive power by the leading channel member precipitates increased levels of satisfaction among channel members, and that this yields improved channel performance, there is also the recognition that non-coercive approaches are costly, demanding and are therefore difficult to sustain (Yavas, 1998).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section depicts how the research was conducted. It described the research design, study population, sampling procedure and sample size, data sources and collection instruments, measurement of variables and data analysis.

3.2 Research Design

The study adopted a cross-sectional descriptive survey approach. Correlation survey design was used to establish the relationships between interfirm channel dependency, power, cooperation, channel conflict and channel member performance in polyurethane foam products in Uganda.

3.3 Study Population

The target population included the six major manufacturers of polyurethane foam products consisting of 25 top managers, 35 marketing/sales team, and 7 production managers who according to the study, they comprised the sellers. The buyers consisted of 140 distributors and 150 customers (hoteliers & furniture dealers). The population of the study was 357 respondents.

3.4 Sample size

The sample size was 274 respondents selected basing on a table for determining sample size by Krejcie & Morgan, (1970) which states that for a population of 357 respondents a sample of 274 respondents is appropriate. Stratified random sampling was used to group the respondents into strata and simple random sampling was used to select the respondents from the strata.

Table 3.1: Sample Size

Category	Population	Sample
Top Mangers	25	24
Channel Distributors	140	103
Marketing/Sales Team	35	32
Customers	150	108
Production Managers	7	7
Total	357	274

The sample size was selected using simple random sampling technique and the views of customers were represented by the hoteliers and furniture dealers who regularly require change of products or purchase them quite regularly.

3.5 Data Sources and Collection Instruments

Primary data was collected using a structured questionnaire which was self administered survey. The questionnaires were delivered physically to the respondents participating in the study so as to ensure an acceptable response rate for the study (Kothari *et al.*, 2005). The questionnaire was administered at the workplace setting to diminish the effect of bias among the respondents.

3.6 Measurement of variables

Channel Dependency: Channel Dependency was measured using scales adapted from Anderson (1990). The scales were anchored on a 5 point likert scale ranging from; 5- strongly agree, 4- agree, 3 – not sure, 2 – disagree and 1- strongly disagree.

Cooperation: Cooperation was measured using scales adapted from Lal, Rajiv (1990).

Power: Power was measured using scales adapted from (Lisa M. E.1991). The scales were anchored on a 5 point likert scale ranging from; 5- strongly agree, 4- agree, 3 – not sure, 2 – disagree and 1- strongly disagree.

Conflict: Conflict was measured using scales adapted from (Stern, Louis,& Coughlan,1998). The scales were anchored on a 5 point likert scale ranging from; 5- strongly agree, 4- agree, 3 – not sure, 2 – disagree and 1- strongly disagree.

Channel Member Performance: Channel Member Performance was measured using scales adapted from Kale (1986). The scales were anchored on a 5 point likert scale ranging from; 5- strongly agree, 4- agree, 3 – not sure, 2 – disagree and 1- strongly disagree.

3.7 Validity and Reliability of instruments

Validity of the instrument was measured through seeking for views from experts both academicians and practitioners in the area of interfirm channel dependency who assisted on the relevance of the scales in the instrument. The reliability of the questionnaires was enhanced through pre-testing of pilot samples from the field which enabled the re-phrasing of some questions. Additionally, reliability of the items was done with the application of the Cronbach Coefficient Alpha for the computations so as to check for the internal consistency of the items. The Cronbach Coefficient Alpha on internal consistency test was used with the following results.

Table 3.2: Reliability

	Anchor	Cronbach Alpha
Inter-firm Channel Dependency	5 Point	0.6374
Power	5 Point	0.6590
Cooperation	5 Point	0.6017
Channel Conflict	5 Point	0.6576
Channel Member Performance	5 Point	0.6509

Source: primary data

The table above displays the reliability indices/coefficients for all constructs used in the study. All alpha reliabilities (α) for all scales were above 0.6, ranging from 0.6017 to 0.6590 therefore meeting acceptance standards for research (Nunnally, 1978).

3.8 Research Procedure

The researcher obtained an introductory letter from the Graduate Research Centre (GRC) at MUBS introducing him to the managers of the different chain stores in Kampala District where he was to carry out research. He then introduced himself to the managers, where the study was carried out. On being granted permission to collect data from them, the researcher personally distributed, administered and collected data from the respondents.

3.9 Data Analysis

The collected data was analyzed using cross tabulations, correlation analysis and regression analysis generated from a statistical package for social scientists (SPSS V16).

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the results of the study and interpretation of findings. The chapter comprised of four sections. Section one presents the sample characteristics showing, gender, name of company, company dealers, how long it took to search and select the stockist(s), method used to search for stockist(s), aspects based on when selecting the stockist(s), Level of Education, tenure of company, number of dealers, number of employees, number of customers/dealers, type of company and nature of ownership. The presentation begins with a description of the sample characteristics using cross tabulation. The second section of the chapter presents statistics that explain the study variables under study using the cross tabulations, Pearson Correlation Matrix and regression analysis. The presentation of this chapter was guided by the following research questions:-

- i) What is the relationship between interfirm channel dependency and channel member performance?
- ii) What is the relationship between power and channel member performance?
- iii) What is the relationship between interfirm channel dependency, cooperation and channel member performance?
- iv) What is the relationship between interfirm channel dependency, channel conflict and channel member performance?

4.2 Sample Characteristics

To present sample characteristics, cross tabulations were used to indicate variations of respondents based on gender, name of company, company dealers, how long it took to search and select the stockist(s), method used to search for stockist(s), aspects based on when selecting the stockist(s), Level of Education, tenure of company, number of dealers, number of employees, number of customers/dealers, type of company and nature of ownership. The sample characteristics were presented basing on the responses from the respondents.

4.3 Individual Characteristics

4.3.1 Gender, Level of Education and Respondent Category

Cross tabulation was used by the researcher to present gender, level of education and respondent category distribution. Table 4.1 below presented the results:

Table 4.1: Gender, Level of Education and Respondent Category

			Respondent Category		Total
			Buyers	Sellers	
			N (74) 42.3%	N(101) 57.7%	175
Gender	Male	Count	37	49	86
		Column %	50.0%	48.5%	49.1%
	Female	Count	37	52	89
		Column %	50.0%	51.5%	50.9%
Level of Education	Primary	Count	2	1	3
		Column %	2.7%	1.0%	1.7%
	Secondary	Count	13	7	20
		Column %	17.6%	6.9%	11.4%
	Diploma	Count	33	34	67
		Column %	44.6%	33.7%	38.3%
	Bachelors Degree	Count	23	54	77
		Column %	31.1%	53.5%	44.0%
	Masters	Count	3	4	7
		Column %	4.1%	4.0%	4.0%
	PhD	Count		1	1
		Column %		1.0%	.6%

Source: Primary data

Among buyers, there was an equal proportion of both male and female respondents while among the sellers, the females (51.5%) were dominant and males (48.5%) were in the minority. Overall, there were more females (50.9%) than males in the sample. Most respondents were holders of bachelors degrees in the sample (44.0%). It was observed that most of the individuals with bachelors' degrees were sellers other than buyers.

4.4 Firm Characteristics

4.4.1 Method used to search for Supplier(s), Tenure of the Company in Existence and Respondent Category Distribution

Cross tabulation was used by the researcher to present method used to search for supplier(s), tenure of the company in existence and respondent category distribution. Table 4.2 below presented the results:

Table 4.2: Method used to search for Supplier(s), Tenure of the Company in Existence and Respondent Category Distribution

			Respondent Category		Total
			Buyers	Sellers	
			N (74) 42.3%	N(101) 57.7%	
Method used to search for Supplier(s)	Solicitation by supplier representatives	Count	3	8	11
		Column %	4.1%	7.9%	6.3%
	Referrals from people within formal circuit	Count	5	12	17
		Column %	6.8%	11.9%	9.7%
	Referrals from other firms	Count	3	4	7
		Column %	4.1%	4.0%	4.0%
	Adverts	Count	10	8	18
		Column %	13.5%	7.9%	10.3%
	Their representatives into your firm	Count	5	3	8
		Column %	6.8%	3.0%	4.6%
	Trade shows & exhibitions	Count	8	11	19
		Column %	10.8%	10.9%	10.9%
	Business associations like UMA etc	Count	10	5	15
		Column %	13.5%	5.0%	8.6%
Market surveys	Count	30	49	79	
	Column %	40.5%	48.5%	45.1%	
Bidding	Count		1	1	
	Column %		1.0%	.6%	
Tenure of the company in existence	0-5yrs	Count		6	6
		Column %		5.9%	3.4%
	5-10 yrs	Count	18	28	46
		Column %	24.3%	27.7%	26.3%
	10-25 yrs	Count	47	37	84
		Column %	63.5%	36.6%	48.0%
	Over 25 yrs	Count	9	30	39
		Column %	12.2%	29.7%	22.3%

Source: Primary data

According to the results in table 4.2 above, the method highly used during search for suppliers was through market surveys (45.1%), whereas, most of the companies had been in existence for 10-25 years (48%).

4.4.2 Aspects based on when Selecting Supplier, Number of Suppliers dealt with by the Organisation and Respondent Category Distribution

Cross tabulation was used by the researcher to present aspects based on when selecting supplier, number of suppliers dealt with by the organisation and respondent category distribution. Table 4.3 below presented the results:

Table 4.3: Aspects based on when Selecting Supplier, Number of Suppliers dealt with by the Organisation and Respondent Category Distribution

		Respondent Category			Total
		Buyers	Sellers		
			N (74) 42.3%	N(101) 57.7%	
What aspects did you base on when selecting the supplier?	Quality	Count	36	23	59
		Column %	48.6%	22.8%	33.7%
	Delivery time	Count	3	12	15
		Column %	4.1%	11.9%	8.6%
	Price	Count	5	6	11
		Column %	6.8%	5.9%	6.3%
	Reputation	Count	7	21	28
		Column %	9.5%	20.8%	16.0%
	Trustworthiness	Count	8	15	23
		Column %	10.8%	14.9%	13.1%
	Management of supplier	Count	3	5	8
		Column %	4.1%	5.0%	4.6%
	Past experience	Count	9	15	24
		Column %	12.2%	14.9%	13.7%
Technology used by supplier	Count	3	4	7	
	Column %	4.1%	4.0%	4.0%	
How many suppliers does your organization deal with?	Less than 10	Count		8	8
		Column %		7.9%	4.6%
	11-20	Count	18	40	58
		Column %	24.3%	39.6%	33.1%
	21-30	Count	43	15	58
		Column %	58.1%	14.9%	33.1%
	Over 30	Count	13	38	51
		Column %	17.6%	37.6%	29.1%

Source: Primary data

From table 4.3, the results revealed that quality (33.7%) was highly based on when selecting the supplier for polyurethane foam products, whereas, the majority of the companies possessed either 11-20 (33.1%) and 21-30 (33.1%) suppliers of the products.

4.4.3 Number of Buyers/customers, Number of Employees, Period taken to Search for and Select Supplier(s) and Respondent Category Cross tabulation

Cross tabulation was used by the researcher to present number of buyers/customers, number of employees, period taken to search for and select supplier(s) and respondent category cross tabulation.

Table 4.4 below presented the results:

Table 4.4: Number of Buyers/customers, Number of Employees, Period taken to search for and select Supplier(s) and Respondent Category Cross tabulation

			Respondent Category		Total	
			Buyers	Sellers		
			N (74) 42.3%	N(101) 57.7%		
How many buyers/customers does your company have?	Less than 10	Count		2	2	
		Column %		2.0%	1.1%	
	11-30	Count	12	4	16	
		Column %	16.2%	4.0%	9.1%	
	31-50	Count	13	9	22	
		Column %	17.6%	8.9%	12.6%	
	Over 50	Count	43	68	111	
		Column %	58.1%	67.3%	63.4%	
	Not sure	Count	6	18	24	
		Column %	8.1%	17.8%	13.7%	
	How many employees are working in our organization?	Less than 10	Count	1	3	4
			Column %	1.4%	3.0%	2.3%
11-30		Count	27	21	48	
		Column %	36.5%	20.8%	27.4%	
31-50		Count	13	22	35	
		Column %	17.6%	21.8%	20.0%	
Over 50		Count	29	45	74	
		Column %	39.2%	44.6%	42.3%	
Not sure		Count	4	10	14	
		Column %	5.4%	9.9%	8.0%	
Period it took to search and select the supplier(s)		Less than a week	Count	1	6	7
			Column %	1.4%	5.9%	4.0%
	1-4 weeks	Count	37	48	85	
		Column %	50.0%	47.5%	48.6%	
	1-2 months	Count	30	44	74	
		Column %	40.5%	43.6%	42.3%	
	Over 3 months	Count	6	3	9	
		Column %	8.1%	3.0%	5.1%	

Source: Primary data

From the results in table 4.4 above, the majority of the companies had over 50 (63.4%) customers, whereas, most of the companies had over 50 (42.3%) employees working at their premises. From the results it was revealed that for most of the companies it took them 1-4 weeks (48.6%) to select the supplier(s).

4.5 The Relationship between the Study Variables

In this section, the results that address the research objectives are presented and Pearson's Correlation Test was used to answer the research hypotheses of the study. To investigate the relationship among the constructs a Zero-order correlation table was generated. The Pearson correlation coefficient (r) was employed to establish the relationship between channel dependence, channel conflict, power, cooperation and channel member performance to exporting firms.

Table 4.5: Relationships between Variables/Zero Order Matrix

	Channel Conflict	Channel Dependence	Cooperation	Power	Channel Member Performance
Channel Conflict	1.000				
Channel Dependence	.237**	1.000			
Cooperation	.487**	.361**	1.000		
Power	-.259**	-.359**	.457**	1.000	
Channel Member Performance	-.287**	.431**	.649**	.567**	1.000

** Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

4.5.1 Interfirm Channel Dependency and Channel Member Performance

Correlation results indicated a significant and negative relationship between Interfirm Channel Dependency and Channel Member Performance ($r = 0.431^{**}$, $p < .01$). This is indications that

when the channel members are dependable, this would have a positive effect on the channel member performance which would in turn influence the operations of the channel members.

4.5.2 Power and Channel Member Performance

Correlation results indicated significant and positive relationships between power and channel member performance ($r = .567^{**}$, $p < .01$). This is indicative of the fact that the more the channel members are in control of the channels, the more they will influence the channel members to perform according to their expectations and or desires which would in turn lead them to greater performance.

4.5.3 Interfirm Channel Dependency, Cooperation and Channel Member Performance

Correlation results indicated significant and positive relationships between Interfirm Channel Dependency and Cooperation ($r = 0.361^{**}$, $p < .01$) and between Cooperation and Channel Member Performance ($r = 0.649^{**}$, $p < .01$). Therefore, when there is dependence among the channel members, there will be cooperation. Whereas, when there is cooperation among the channel members, there, greater performance will thrive in the channels.

4.5.4 Interfirm Channel Dependency, Channel Conflict and Channel Member Performance

Correlation results indicated significant and positive relationship between Interfirm Channel Dependency and Channel Conflict ($r = 0.273^{**}$, $p < .01$) and the relationship between Channel Conflict and Channel Member Performance ($r = -0.287^{**}$, $p < .01$) was found to be negative. From the results, it is clear that if there is channel dependency among the channel members there will not be conflict, whereas, when there is conflict among the channel members this will affect channel member performance negatively.

4.6 Regression Model

A regression analysis was carried out to examine the extent to which study variables (interfirm channel dependence, cooperation, channel conflict, power) predict channel member performance.

Table 4.6: Prediction Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.461	.100		34.527	.000
Channel Conflict	.023	.020	.070	1.153	.250
Cooperation	.100	.014	.484	7.242	.000
Channel Dependence	.086	.031	.163	-2.786	.006
Power	.064	.013	.305	4.979	.000
Dependent Variable: Channel Member Performance					
R Square	.537			F Statistic	48.094
Adjusted R Square	.526			Sig.	.000

Source: Primary data

According to table 4.10, channel conflict, cooperation, channel dependence and power predict 52.6% of the channel member performance (Adjusted R Square = .526). The regression model was significant and thus reliable for making conclusions and recommendations (F=48.094; Sig.=0.00). The most significant predictor of channel member performance was cooperation (Beta= 0.484, t= 7.242, Sig. = 0.000) followed by power (Beta= 0.305, t= 4.979, Sig. = 0.000) and then followed by channel dependence (Beta= -0.163, t= -2.786, Sig. = 0.006). Channel Conflict (Beta= 0.070, t= 1.153, Sig. = 0.253) was found to be an insignificant predictor of channel member performance. The findings revealed that cooperation, power and channel dependence were strong predictors of channel member performance whereas channel conflict was found to be an insignificant predictor of channel member performance.

4.8 Summary of the Chapter

Chapter Four has presented findings on sample characteristics, relationships between the study variables, regression analysis and the analysis of variance which ranked the gender categories against the study variables. This chapter has revealed that there were significant positive and negative correlations between all the study variables. The regression model has shown that 52.6% of the variance in channel member performance is accounted for by interfirm channel dependence, cooperation, channel conflict and power. The next chapter discusses these observed findings and provides recommendations.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion, conclusions, and recommendations arising out of the research findings in chapter four and suggests areas for further study.

5.1.1 Interfirm Channel Dependency and Channel Member Performance

The findings revealed a significant and negative relationship between Interfirm Channel Dependency and Channel Member Performance. This is in support of the existing literature such as for Frazier, (1999) who suggested that dependency within relationships is shaped by the exchange of marketing resources. In his study, these resources are defined as various role performances and role performance represents how well a firm performs its expected role in a channel relationship. The level of channel dependency is based on the perceived quality of the company's role performances or marketing services that support dealer operations, the dealer's available alternatives, and the subsequent financial impact that these performance levels have on dealer operations. These dependency measures represent the foundation for the company's power, i.e. the ability to influence. Channels members will depend on a manufacturer as long as the manufacturer maintains a differential advantage in the services these members require. By using channel members to serve their target markets, companies become dependent upon these institutions for the efficient and effective performance of marketing functions. Since channel members can significantly influence a firm's success or failure in the long run, manufacturers are becoming increasingly concerned about the level of performance of the institutions that comprise

their marketing channels. Moreover, the level of performance attained by channel members is pivotal if a firm is to achieve a differential advantage (Frazier G.L. and Rody, 1991). A periodic assessment of channel member performance is crucial to ensure that the marketing channel is progressing towards its goals and objectives. According to the Resource-based theory, a firm's competitive advantage is a function of its valuable, rare and inimitable resource (Barney, 1996). For intermediaries, such resources are often intangible, embedded and knowledge-based such as experience and knowledge of the market, and include skills such as negotiation skills and skills in integrating intra-organizational and inter-organizational activities.

5.1.2 Power and Channel Member Performance

From the findings, a significant and negative relationship between power and channel member performance was revealed which was in support of the existing literature. Recent empirical investigations of interdependence within channel dyads have incorporated both firms' dependence, either from one partner's perspective (Anderson and Narus, 1990; or by querying each partner about its respective dependence (Ganesan 1994). Anderson and Weitz (1989) provide empirical evidence supporting Stern and Reve's (1980) proposition that channel relationships that are asymmetric in dependence and power are more dysfunctional, less stable, and less trusting than symmetric relationships.

5.1.3 Interfirm Channel Dependency, Cooperation and Channel Member Performance

From the findings, significant and positive relationships between Interfirm Channel Dependency and Cooperation and the relationship between Cooperation and Channel Member Performance. Coordination, which implies cooperation, has been known to be essential in such areas as channels of distribution for decades. Since no channel member can perform all of the functions necessary to move the product through the channel which places all the channel members into a

state of mutual dependence. Because each firm depends on the other to carry out its functions efficiently and economically, cooperation among members is essential and vital behavior (Lynn and Robert., 1996). Since the major goal of channel members is that of profit maximization, members need to perform their functions in order to contribute to this goal which in turn will improve on their performance. It is therefore useful for us to view channel members as super organizations composed of interdependent institutions because they must cooperate to perform distribution tasks in the course of simultaneously pursuing independent and collaborative goals. Co-operation between partners can help improve the competitiveness of the chain (Martha c. cooper, Ellram and Lisa M, 1997) and the interaction between firms can be described as a social exchange process in which each channel member interactively increase its commitments to the relationship.

5.1.4 Interfirm Channel Dependency, Channel Conflict and Channel Member Performance

Correlation results showed significant and positive relationships between Interfirm Channel Dependency and Channel Conflict and the relationship between Channel Conflict and Channel Member Performance a negative correlation was revealed. From the existing literature, channel conflict occurs when channel coalition perceives that another is engaged in behaviors that prevents or impedes that first achieving its goals (Frazier, 1983). Channel conflict is probably the most serious concern for companies. Firms are attempting to re construct their distribution systems and make more efficient a process that will disrupt traditional channels, resulting in conflict both internally among channel members, managers and externally with distribution partners. Conflicting objective of the various channels can lead to internal conflict over customers, raising the potential for customer confusion and dissatisfaction. Internal squabbles between channels members may lead to internal focus reducing their customer's orientation. Lusch R. , Brown,J.R. (1982) identified two further sources of conflict and these are

communication breakdown (arising from a failure to exchange adequate, appropriate or complete information) and ideological differences, as manifested in non-compatible values, ambitions or beliefs. With the recognition that the application of coercive power by channel members precipitates channel conflict; increases dissatisfaction and decreases channel performance (Yavas, 1998), it is proposed that the utilization of non-coercive power increases satisfaction, promotes better channel co-ordination and improves channel effectiveness.

5.2 Conclusions

In general, the study looked at the relationships between Interfirm Channel Dependency, Power, Cooperation, Channel Conflict and Channel Member Performance in the Polyurethane Foam Products. From the findings, the relationships between channel conflict and power, channel conflict and channel performance and channel dependence were found to be negative and significant whereas, the other relationships were significant and positive. All the relationships were significant positive and negative. It also examined the variance in channel member performance that is explained by the independent variables. All independent variables were found to be significant predictors of channel member performance. Cooperation was the most significant predictor. The independent variables combined together accounted for only 52.6% variance in channel member performance in the Polyurethane Foam Products. Other factors affecting channel member performance of the Polyurethane Foam Products recoded 47.4%.

5.3 Recommendations

Basing on the results of this study, recommendations are made that can help to improve channel member performance of polyurethane foam products supply chains. These recommendations do not solely apply to polyurethane foam products dealers but to all organisations that are

committed to improving channel member performance and competitiveness through Interfirm Channel Dependency, Power, Cooperation and Channel Conflict. In light of the research findings, the following recommendations are made:

- i) From the findings, the regression analysis revealed that the model could only explain 52.6% in variance of the channel member performance of polyurethane foam products. The researcher recommends that a study be carried out comprising of other variables which were not part of the model to try and predict channel member performance of polyurethane foam products.
- ii) According to the findings, cooperation was found to be the major predictor of channel member performance of polyurethane foam products. Since each member depends on one another to carry out its functions efficiently and economically, cooperation among members is essential. Therefore, the sellers who are the six major manufacturers of polyurethane foam products should put a lot of emphasis on channel member cooperation as this will help improve the relationship quality of channel members hence promoting channel member performance.
- iii) According to the findings, relationships between the study variables the manufacturers of polyurethane foam products need to put a lot of attention on the significant relationships between the study variables on channel member performance as a means of improving the performance of the channels used in delivery of polyurethane foam products.
- iv) The findings of the study revealed that channel conflicts had a negative effect on channel performance. The channel conflicts emanate from dumping of product, encroachment of dealers on other dealers territories and excessive power on the channel members. The study recommends that manufacturers should put strict measures to eliminate channel

- conflicts as this will avoid deflection of channel members to competition which will in turn enhance channel performance of polyurethane foam products.
- v) From the findings dependence to develop in interfirm channel relationships, the relationship outcomes must be valued, when the outcomes are better than alternatives, fewer alternatives are available, fewer potential alternatives are available, and a firm has transaction-specific investments involved in the relationship. Since no channel member can perform all of the functions necessary to move the product through the channel which places all the channel members into a state of mutual dependence. Therefore, the seller of polyurethane foam products to realize effective and efficient channel performance, they must ensure that there is mutual dependence among the channel members in the supply chain of polyurethane foam products.
 - vi) The findings also revealed that the dealers were willing to stock products which were moving fast with high profit margins (e.g. Eurofoam products) which met that these products were out competing the products of other manufacturers in terms of shelf space. Therefore, there should be product standardization by all polyurethane foam products manufacturers so as to remain competitive on the market.

5.4 Areas for further study

- i) The results of the study point to a number of opportunities for further research into Interfirm Channel Dependency, Power, Cooperation, Channel Conflict and Channel Member Performance.
- ii) This study concentrated on Interfirm Channel Dependency, Power, Cooperation, Channel Conflict and Channel Member Performance of polyurethane foam products. Future research should attempt to collect data from other industries producing other products/services to ascertain the findings.

- iii) Interfirm Channel Dependency, Power, Cooperation and Channel Conflict predicted 52.6% of the variance in channel member performance. Further studies should establish what other factors explain the variance in channel member performance of polyurethane foam products.
- iv) To study the true nature and quality of Interfirm Channel Dependency, Power, Cooperation, Channel Conflict and Channel Member Performance, a longitudinal study is more appropriate.

5.5 Limitations Encountered During the Study

The following limitations were encountered during the study and strategies to overcome them are indicated below:

- i) Respondents withholding information due to fear of being victimized however the researcher convinced the respondents that the information would be kept confidential.
- ii) Unwillingness of respondents to fill questionnaires. The researcher remained in constant contact with the respondents and made sure reminders are sent to them to fill the questionnaires.
- iii) Respondents having a view of not obtaining any direct benefit from the research results. However the researcher convinced the respondents to spare some little time to answer the questions and further explained that the recommendations of the research would be presented to management for the benefit of employees.

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APPENDIX I

QUESTIONNAIRE

MANUFACTURERS (SELLER)

Dear Respondent,

This questionnaire seeks to establish the relationship between **Interfirm Channel Dependency, Power, Cooperation, Channel Conflict And Channel Member Performance In The Polyurethane Foam Products**. You have been selected to participate in this study.

Thank you for your time and cooperation

SECTION I: GENERAL INFORMATION

Please tick the appropriate box for the questionnaire that follows below:

Demographic Characteristics

1. Gender: Male (1) Female (2)

2. What is the name of your company (optional):
.....

3. Who are your company's dealers?
.....

4. How long did it take you to search and select the stockist(s)

Code	1	2	3	4
Duration	Less than a week	1-4 weeks	1-2 months	Over 3 months
Tick				

5. What method did you use to search for this stockist(s)

Method	Code
Solicitation by supplier representatives	1
Referrals from people within formal circuit	2
Referrals from other firms	3
Adverts	4
Their representatives into your firm	5
Trade shows & exhibitions	6
Business associations like UMA etc	7
Market surveys	8
Bidding	9

6. What aspects did you base on when selecting the stockist?

Method	Code
Quality	1
Delivery time	2
Price	3
Reputation	4
Trustworthiness	5
Management of supplier	6
Past experience	7
Technology used by supplier	8

7. Level of Education

Code	1	2	3	4	5	6	7
Level	No Education	Primary	Secondary	Diploma	Bachelors degree	Masters	PhD
Tick							

8. For how long has the company been in existence?

Code	1	2	3	4
Duration	0-5yrs	5-10 yrs	10-25 yrs	Over 25 yrs
Tick				

9. How many dealers does your organization deal with?

Code	1	2	3	4
No.	Less than 10	11-20	21-30	Over 30
Tick				

10. How many employees are working in our organization?

Code	1	2	3	4	5
No.	Less than 10	11-30	31-50	Over 50	Not sure
Tick					

11. How many buyers/customers does your company have?

Code	1	2	3	4	5
No.	Less than 10	11-30	31-50	Over 50	Not sure
Tick					

12. What type is your firm?

Type	Code
Sole proprietor	1
Joint ownership/partnership	2
Limited liability company	3

13. What is the nature of the ownership of your firm?

Type	Code
Local ownership	1
Foreign ownership	2
Local & foreign ownership	3
State owned	4
Foreign & state ownership	5

Please indicate by ticking in the appropriate box to what extent you agree/disagree to the following statements below.

SECTION II: CHANNEL DEPENDENCE

	Commitment –(Kumar et al.,1995)	Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
1	Our firm is committed to the preservation of good working relationships with dealers.	1	2	3	4	5
2	Our firm believes in dealers as partners.	1	2	3	4	5
3	Our relationship with dealers could be described as one of high commitment	1	2	3	4	5
4	In our company we expect to have long term relationships	1	2	3	4	5
5	We ensure profitable relationships with our clients	1	2	3	4	5
	Trust (Dwyer and Oh,1987)	1	2	3	4	5
1	Our company is concerned about stockist welfare.	1	2	3	4	5
2	Our company considers how its actions will affect customers and dealers.	1	2	3	4	5
3	Our company trusts the dealers of their products.	1	2	3	4	5
4	Our channel members stand by their word	1	2	3	4	5
5	Our dealers are well-known for fair dealing	1	2	3	4	5
6	Our dealers are highly trustworthy	1	2	3	4	5
7	Our company suppliers are very dependable, especially about important things.	1	2	3	4	5
8	Although times change and the future may be somewhat uncertain, I know our dealers will support the company.	1	2	3	4	5
9	Based on past experience, I cannot rely with full confidence on our dealers to keep promises made to the company.	1	2	3	4	5
10	Our company is not absolutely certain that our relationship with the dealers will always be a trusting one	1	2	3	4	5
11	Our s dealers are honest.	1	2	3	4	5
12	Our dealers are faithful business partners	1	2	3	4	5
13	Our company is worried that the dealers might make decisions without considering how those might affect the company	1	2	3	4	5
14	Even in similar situations our company is not certain that the dealers will always react in the same way twice	1	2	3	4	5
15	Our company is secure in dealing with new business situations because we know that the dealers will support us	1	2	3	4	5
16	We sometimes question the investments that our company has made with the dealers because we are not certain what the future holds	1	2	3	4	5
17	Our dealers' behavior is very consistent.	1	2	3	4	5
18	We can count on our dealers to be sincere.	1	2	3	4	5
19	Our dealers follow through on their promises	1	2	3	4	5
20	I can expect our suppliers to tell me the truth.	1	2	3	4	5
21	I believe our dealers to be fair in doing business with us.	1	2	3	4	5
	Flexibility(Bulent Sezen and Cengiz Yilmaz, 2007)	1	2	3	4	5
1	In the face of problems or special circumstances, our dealers are usually willing to adjust our legal agreement.	1	2	3	4	5
2	Our dealers are quite willing to modify the terms of our ongoing transactions to reflect changing economic conditions.	1	2	3	4	5

		Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
	Power (Maloni & Benton, 1999)					
	Expert Power-(Maloni & Benton, 1999)	1	2	3	4	5
1	Our company is an expert in the polyurethane industry.	1	2	3	4	5
2	As a company, we respect the judgment of our products by dealers.	1	2	3	4	5
3	Our company retains business expertise that makes us likely to suggest the proper thing to do.	1	2	3	4	5
4	Referent Power -(Maloni & Benton, 1999)	1	2	3	4	5
5	We really admire the way Megha Industries the foam products market leader how they run their business so we try to follow their lead.	1	2	3	4	5
6	We often do what the dealers asks because we are proud to be affiliated with them.	1	2	3	4	5
7	We talk up Megha Industries the foam products market leader to our colleagues as a great business with which to be associated.	1	2	3	4	5
8	Legitimate Power -(Maloni & Benton, 1999)	1	2	3	4	5
9	Our company has the right to tell dealers what to do.	1	2	3	4	5
10	Since hoteliers and furniture manufacturers are our customer, we should accept their requests and recommendations.	1	2	3	4	5
11	Customers have a right to expect suppliers to follow their instructions.	1	2	3	4	5
12	Legal Legitimate Power -(Maloni & Benton, 1999)	1	2	3	4	5
13	Dealers often refer to portions of an agreement to gain our compliance on a particular request.	1	2	3	4	5
14	Dealers may make a point to refer to any legal agreement when attempting to influence us.	1	2	3	4	5
15	Dealers use sections of our sales agreement as a "tool" to get us to agree to their demands.	1	2	3	4	5
16	Reward Power -(Maloni & Benton, 1999)	1	2	3	4	5
17	Our company offers incentives when the dealers are reluctant to cooperate with a new program.	1	2	3	4	5
18	We feel that by going along with our dealers, we will be favored on the market.	1	2	3	4	5
19	Our company offers rewards so that the dealers go along with their wishes.	1	2	3	4	5
20	Coercive Power -(Maloni & Benton, 1999)	1	2	3	4	5
21	If we do not do as asked, we will not receive very good treatment from customers.	1	2	3	4	5
22	If we do not agree to customer suggestions, dealers could make things difficult for us.	1	2	3	4	5
23	Our company makes it clear that failing to comply with their requests will result in penalties against us.	1	2	3	4	5
	Channel Conflict-(Fabrice Lumineau and Joanne Oxley, 2007)	Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
1	Sometimes our company prevents the dealers from doing what they want to do.	1	2	3	4	5
2	Our company does not have the best interests of the dealers at heart.	1	2	3	4	5
3	Dealers often disagree with our company on critical issues.	1	2	3	4	5
4	The discussions our company has with dealers in areas of disagreement are usually very productive.	1	2	3	4	5
5	Our discussions in areas of disagreement with dealers create more problems than they solve.	1	2	3	4	5

6	Discussions in areas of disagreement increase the strength of our relationship	1	2	3	4	5
7	Sometimes our dealers prevents us from doing what we want to do	1	2	3	4	5
8	Our company's policies reduce stockist profits	1	2	3	4	5
9	Our dealers make it difficult to do our job	1	2	3	4	5
10	Our suppliers have been very fair to us.	1	2	3	4	5
11	We disagree with many of the things that our dealers does	1	2	3	4	5
12	Our company doesn't seem to have our dealers' best interests at heart	1	2	3	4	5
13	Our supplier's policies makes things difficult for us	1	2	3	4	5
	Cooperation-(Fabrice Lumineau and Joanne Oxley, 2007)	Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
1	Our company's relationship with dealers is better described as a "cooperative effort" rather than an "arm's length negotiation".	1	2	3	4	5
2	Overall, our company and dealers perform well together in carrying out their respective tasks.	1	2	3	4	5
3	We feel that our company can be counted on to give dealers the support that other suppliers offer	1	2	3	4	5
4	Our future goals are best reached by working with the primary dealers rather than against the primary dealers	1	2	3	4	5
5	Our future profits are dependent on maintaining a good working relationship with the dealers	1	2	3	4	5
6	I don't think that we can count on the dealers to give us the kind of support (such as local advertising) that dealers working with other foam manufacturers receive	1	2	3	4	5
7	I think that if we contribute to improving the dealership's performance in the future, the dealers will take care of us	1	2	3	4	5
8	Overall, the future of our relationship with the dealers promises to be beneficial to both of us	1	2	3	4	5
9	I believe our dealers recognizes the effort we put into selling their products and support us for it	1	2	3	4	5
10	I believe that if our dealers achieve their competitive goals, we will also be in a better position to compete with other local foam manufacturers	1	2	3	4	5
11	I think our dealers work "around us" more than "with us" in trying to achieve the company's goals	1	2	3	4	5
12	We could probably be as successful with several other foam dealers as we are with our present dealers	1	2	3	4	5

SECTION III: CHANNEL MEMBER PERFORMANCE

	<i>Channel Member Performance (Bulent Sezen and Cengiz Yilmaz, 2007)</i>	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	The performance of the entire channel has improved as a result of our relationship with de	1	2	3	4	5
2	The efficiency of our relationship with dealers has improved our company's performance.	1	2	3	4	5
3	Without channel members, our performance would not be as good as it is with them.	1	2	3	4	5
4	Our company encourages open and honest dialogue on all issues	1	2	3	4	5
5	Our company develops and encourages a sense of purpose and unity in our team	1	2	3	4	5

6	Our company sets clear objectives, outlining requirements and expectations	1	2	3	4	5
7	The management of our company motivates staff to set and achieve high performance standards	1	2	3	4	5
8	The management of our company actively seeks a win/win solution on cross-functional issues	1	2	3	4	5
9	The management of our company keeps staff informed about what is going on in the organization	1	2	3	4	5
10	I am encouraged to contribute my ideas and suggestions	1	2	3	4	5
11	I believe that the Executive Management Team will review and act on problems identified in the organisation	1	2	3	4	5
12	Our company's commitment to quality is apparent in what we do on a day to day basis	1	2	3	4	5
13	Our company is committed to maintaining the health and safety standards at my place of work	1	2	3	4	5
14	When restructuring and other organizational changes occur which affect me, the reasons are clearly explained	1	2	3	4	5
15	Our company is committed to customer satisfaction	1	2	3	4	5
16	Our company does a good job of keeping employees informed about matters affecting us	1	2	3	4	5
17	Considering everything, I am satisfied with my job	1	2	3	4	5
18	I am satisfied with the recognition I receive for my performance (other than pay and benefits)	1	2	3	4	5
19	I am satisfied that I am treated with fairness and respect	1	2	3	4	5
20	I understand my current job role and responsibilities	1	2	3	4	5
21	The people in my work team co-operate to get the job done	1	2	3	4	5
22	I do not experience excessive stress in my job	1	2	3	4	5
	Flexibility Performance(Bandyopadhyay and Robicheaux, 1995)	1	2	3	4	5
1	Our company has the ability to respond to and accommodate demand variations, such as seasonality	1	2	3	4	5
2	Our company has the ability to respond to and accommodate periods of poor manufacturing performance (machine breakdowns)	1	2	3	4	5
3	Our company has the ability to respond to and accommodate periods of poor supplier performance	1	2	3	4	5
4	Our company has the ability to respond to and accommodate periods of poor delivery performance	1	2	3	4	5
5	Our company has the ability to respond to and accommodate new products, new markets, or new competitors	1	2	3	4	5
	Resource performance(Bandyopadhyay and Robicheaux, 1995)	1	2	3	4	5
1	Total cost of distribution, including transportation and handling costs is low compared to competition	1	2	3	4	5
2	Total cost of manufacturing, including labor, maintenance and re-work costs is low	1	2	3	4	5
3	Costs associated with held inventory are low at our company	1	2	3	4	5
4	The return on investments our company is good	1	2	3	4	5
	Output performance(Bulent Sezen and Cengiz Yilmaz, 2007)	1	2	3	4	5
1	Our company sales have been growing overtime	1	2	3	4	5
2	Our company order fill rate is good	1	2	3	4	5
3	On-time deliveries are made in our company	1	2	3	4	5
4	Customer response time is good in our company	1	2	3	4	5
5	Customer complaints are addressed in time at our company	1	2	3	4	5

QUESTIONNAIRE

DEALERS (BUYER)

Dear Respondent,

This questionnaire seeks to establish the relationship between **Interfirm Channel Dependency, Power, Cooperation, Channel Conflict And Channel Member Performance In The Polyurethane Foam Products**. You have been selected to participate in this study.

Thank you for your time and cooperation

SECTION I: GENERAL INFORMATION

Please tick the appropriate box for the questionnaire that follows below:

Demographic Characteristics

1. Gender: Male (1) Female (2)

2. What is the name of your company (optional):
.....

3. Who are your company's suppliers of foam products?
.....

4. How long did it take you to search and select the supplier(s)

Code	1	2	3	4
Duration	Less than a week	1-4 weeks	1-2 months	Over 3 months
Tick				

5. What method did you use to search for this supplier(s)

Method	Code
Solicitation by supplier representatives	1
Referrals from people within formal circuit	2
Referrals from other firms	3
Adverts	4
Their representatives into your firm	5
Trade shows & exhibitions	6
Business associations like UMA etc	7
Market surveys	8
Bidding	9

7. What aspects did you base on when selecting the supplier?

Method	Code
Quality	1
Delivery time	2
Price	3
Reputation	4
Trustworthiness	5
Management of supplier	6
Past experience	7
Technology used by supplier	8

7. Level of Education

Code	1	2	3	4	5	6	7
Level	No Education	Primary	Secondary	Diploma	Bachelors degree	Masters	PhD
Tick							

8.

For

how long has the company been in existence?

Code	1	2	3	4
Duration	0-5yrs	5-10 yrs	10-25 yrs	Over 25 yrs
Tick				

9. How many suppliers does your organization deal with?

Code	1	2	3	4
No.	Less than 10	11-20	21-30	Over 30
Tick				

10. How many employees are working in our organization?

Code	1	2	3	4	5
No.	Less than 10	11-30	31-50	Over 50	Not sure
Tick					

11. How many buyers/customers does your company have?

Code	1	2	3	4	5
No.	Less than 10	11-30	31-50	Over 50	Not sure
Tick					

Please indicate by ticking in the appropriate box to what extent you agree/disagree to the following statements below.

SECTION II: CHANNEL DEPENDENCE

		Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
	Commitment –(Kumar et al.,1995)					
1	Our firm is committed to the preservation of good working relationships with manufacturer.	1	2	3	4	5
2	Our firm believes in manufacturer as partners.	1	2	3	4	5
3	Our relationship with manufacturer could be described as one of high commitment	1	2	3	4	5
4	In our company we expect to have long term relationships with our manufacturer	1	2	3	4	5
5	We ensure profitable relationships with our clients	1	2	3	4	5
		1	2	3	4	5
	Trust (Dwyer and Oh,1987)	1	2	3	4	5
1	Our company is concerned about manufacturer welfare.	1	2	3	4	5
2	Our company considers how its actions will affect customers and manufacturer.	1	2	3	4	5
3	Our company trusts the manufacturer's products.	1	2	3	4	5
4	Our channel members stand by their word	1	2	3	4	5
5	Our manufacturer is well-known for fair dealing	1	2	3	4	5
6	Our manufacturer are highly trustworthy	1	2	3	4	5
7	Our company manufacturer is very dependable, especially about important things.	1	2	3	4	5
8	Although times change and the future may be somewhat uncertain, I know our suppliers will support the company.	1	2	3	4	5
9	Based on past experience, I cannot rely with full confidence on our manufacturer to keep promises made to the company.	1	2	3	4	5
10	Our company is not absolutely certain that our relationship with the manufacturer will always be a trusting one	1	2	3	4	5
11	Our manufacturer is honest.	1	2	3	4	5
12	Our manufacturer is faithful business partners	1	2	3	4	5
13	Our company is worried that the manufacturer might make decisions without considering how those might affect the company	1	2	3	4	5
14	Even in similar situations our company is not certain that the manufacturer will always react in the same way twice	1	2	3	4	5
15	Our company is secure in dealing with new business situations because we know that the manufacturer will support us	1	2	3	4	5
16	We sometimes question the investments that our company has made with the manufacturer because we are not certain what the future holds	1	2	3	4	5
17	Our manufacturer's behavior is very consistent.	1	2	3	4	5
18	We can count on our suppliers to be sincere.	1	2	3	4	5
19	Our manufacturer follow through on their promises	1	2	3	4	5
20	I can expect our manufacturer to tell me the truth.	1	2	3	4	5
21	I believe our manufacturer to be fair in doing business with us.	1	2	3	4	5
	Flexibility(Bulent Sezen and Cengiz Yilmaz, 2007)	1	2	3	4	5
1	In the face of problems or special circumstances, our manufacturer is usually willing to adjust our legal agreement.	1	2	3	4	5
2	Our manufacturer is quite willing to modify the terms of our ongoing transactions to reflect changing economic conditions.	1	2	3	4	5

		Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
	Power (Maloni & Benton, 1999)					
	Expert Power(Maloni & Benton, 1999)	1	2	3	4	5
1	Our company is the leader in stocking foam products.	1	2	3	4	5
2	As a company, we respect the judgment of our products by manufacturer.	1	2	3	4	5
3	Our company retains business expertise that makes us likely to suggest the proper thing to do.	1	2	3	4	5
4	Referent Power (Maloni & Benton, 1999)	1	2	3	4	5
5	We stock from Megha Industries because it is the market leader in the production of foam products	1	2	3	4	5
6	We often do what the manufacturer asks because we are proud to be affiliated with them.	1	2	3	4	5
7	We talk up Megha Industries the foam products market leader to our colleagues as a great business with which to be associated.	1	2	3	4	5
8	Legitimate Power (Maloni & Benton, 1999)	1	2	3	4	5
9	Our company has the right to tell manufacturer what to do.	1	2	3	4	5
10	Since hoteliers and furniture manufacturers are our customers, we should accept their requests and recommendations.	1	2	3	4	5
11	Customers have a right to expect manufacturer to follow their instructions.	1	2	3	4	5
12	Legal Legitimate Power (Maloni & Benton, 1999)	1	2	3	4	5
13	Manufacturer often refer to portions of an agreement to gain our compliance on a particular request.	1	2	3	4	5
14	A manufacturer may make a point to refer to any legal agreement when attempting to influence us.	1	2	3	4	5
15	Manufacturer use sections of our sales agreement as a "tool" to get us to agree to their demands.	1	2	3	4	5
16	Reward Power (Maloni & Benton, 1999)	1	2	3	4	5
17	Our company offers incentives when the customers are reluctant to cooperate with a new program.	1	2	3	4	5
18	We feel that by going along with our manufacturer, we will be favored on the market.	1	2	3	4	5
19	Our company offers rewards so that the customers go along with their wishes.	1	2	3	4	5
20	Coercive Power (Maloni & Benton, 1999)	1	2	3	4	5
21	If we do not do as asked, we will not receive very good treatment from manufacturer.	1	2	3	4	5
22	If we do not agree to manufacturer suggestions, suppliers could make things difficult for us.	1	2	3	4	5
23	Our company makes it clear that failing to comply with their requests will result in penalties against us.	1	2	3	4	5
	Channel Conflict-(Fabrice Lumineau and Joanne Oxley, 2007)	Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
1	Sometimes our company prevents the manufacturer from doing what they want to do.	1	2	3	4	5
2	Our company does not have the best interests of the customers at heart.	1	2	3	4	5
3	Manufacturer often disagree with our company on critical issues.	1	2	3	4	5
4	The discussions our company has with manufacturer in areas of disagreement are usually very productive.	1	2	3	4	5

5	Our discussions in areas of disagreement with manufacturer create more problems than they solve.	1	2	3	4	5
6	Discussions in areas of disagreement increase the strength of our relationship	1	2	3	4	5
7	Sometimes our manufacturer prevents us from doing what we want to do	1	2	3	4	5
8	Our company's policies reduce supplier profits	1	2	3	4	5
9	Our manufacturer makes it difficult to do our job	1	2	3	4	5
10	Our manufacturer has been very fair to us.	1	2	3	4	5
11	We disagree with many of the things that our manufacturer do	1	2	3	4	5
12	Our company doesn't seem to have our manufacturer's best interests at heart	1	2	3	4	5
13	Our manufacturer's policies makes things difficult for us	1	2	3	4	5
	Cooperation-(Fabrice Lumineau and Joanne Oxley, 2007)	Strongly Disagree(1)	Disagree(2)	Not Sure (3)	Agree(4)	Strongly Agree(5)
1	Our company's relationship with suppliers is better described as a "cooperative effort" rather than an "arm's length negotiation".	1	2	3	4	5
2	Overall, our company and manufacturer perform well together in carrying out their respective tasks.	1	2	3	4	5
3	We feel that our company can be counted on to give the manufacturer the support that other suppliers offer	1	2	3	4	5
4	Our future goals are best reached by working with the primary manufacturer rather than against the primary manufacturer	1	2	3	4	5
5	Our future profits are dependent on maintaining a good working relationship with the manufacturer	1	2	3	4	5
6	I don't think that we can count on the manufacturer to give us the kind of support (such as local advertising) that dealers working with other foam manufacturers receive	1	2	3	4	5
7	I think that if we contribute to improving the dealership's performance in the future, the manufacturer will take care of us	1	2	3	4	5
8	Overall, the future of our relationship with the manufacturer promises to be beneficial to both of us	1	2	3	4	5
9	I believe our manufacturer recognizes the effort we put into selling their products and support us for it	1	2	3	4	5
10	I believe that if our manufacturer achieves their competitive goals, we will also be in a better position to compete with other local foam manufacturers	1	2	3	4	5
11	I think our manufacturer works "around us" more than "with us" in trying to achieve the company's goals	1	2	3	4	5
12	We could probably be as successful with several other foam manufacturers as we are with our present manufacturer	1	2	3	4	5

SECTION III: CHANNEL MEMBER PERFORMANCE

	Channel Member Performance(Bulent Sezen and Cengiz Yilmaz, 2007)	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	The performance of the entire channel has improved as a result of our relationship with manufacturer.	1	2	3	4	5
2	The efficiency of our relationship with manufacturers has improved our company's performance.	1	2	3	4	5
3	Without channel members, our performance would not be as good as it is with them.	1	2	3	4	5

4	Our company encourages open and honest dialogue on all issues	1	2	3	4	5
5	Our company develops and encourages a sense of purpose and unity in our team	1	2	3	4	5
6	Our company sets clear objectives, outlining requirements and expectations	1	2	3	4	5
7	The management of our company motivates staff to set and achieve high performance standards	1	2	3	4	5
8	The management of our company actively seeks a win/win solution on cross-functional issues	1	2	3	4	5
9	The management of our company keeps staff informed about what is going on in the organization	1	2	3	4	5
10	I am encouraged to contribute my ideas and suggestions	1	2	3	4	5
11	I believe that the Executive Management Team will review and act on problems identified in the organisation	1	2	3	4	5
12	Our company's commitment to quality is apparent in what we do on a day to day basis	1	2	3	4	5
13	Our company is committed to maintaining the health and safety standards at my place of work	1	2	3	4	5
14	When restructuring and other organizational changes occur which affect me, the reasons are clearly explained	1	2	3	4	5
15	Our company is committed to customer satisfaction	1	2	3	4	5
16	Our company does a good job of keeping employees informed about matters affecting us	1	2	3	4	5
17	Considering everything, I am satisfied with my job	1	2	3	4	5
18	I am satisfied with the recognition I receive for my performance (other than pay and benefits)	1	2	3	4	5
19	I am satisfied that I am treated with fairness and respect	1	2	3	4	5
20	I understand my current job role and responsibilities	1	2	3	4	5
21	The people in my work team co-operate to get the job done	1	2	3	4	5
22	I do not experience excessive stress in my job	1	2	3	4	5
		1	2	3	4	5
	Flexibility Performance(Bandyopadhyay and Robicheaux, 1995)	1	2	3	4	5
1	Our company has the ability to respond to and accommodate demand variations, such as seasonality	1	2	3	4	5
2	Our company has the ability to respond to and accommodate periods of poor manufacturing performance (machine breakdowns)	1	2	3	4	5
3	Our company has the ability to respond to and accommodate periods of poor manufacturer performance	1	2	3	4	5
4	Our company has the ability to respond to and accommodate periods of poor delivery performance	1	2	3	4	5
5	Our company has the ability to respond to and accommodate new products, new markets, or new competitors	1	2	3	4	5
		1	2	3	4	5
	Resource performance(Bulent Sezen and Cengiz Yilmaz, 2007)	1	2	3	4	5
1	Total cost of distribution, including transportation and handling costs is low compared to competition	1	2	3	4	5
2	Total cost of manufacturing, including labor, maintenance and re-work costs is low	1	2	3	4	5
3	Costs associated with held inventory are low at our company	1	2	3	4	5
4	The return on investments our company is good	1	2	3	4	5
		1	2	3	4	5
	Output performance (Bulent Sezen and Cengiz Yilmaz, 2007)	1	2	3	4	5
1	Our company sales have been growing overtime	1	2	3	4	5
2	Our company order fill rate is good	1	2	3	4	5
3	On-time deliveries are made in our company	1	2	3	4	5
4	Customer response time is good in our company	1	2	3	4	5
5	Customer complaints are addressed in time at our company	1	2	3	4	5