

# Determinants of conflict in channel relationships: a meta-analytic review

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## Abstract

**Purpose** – The advent of the internet, digitization and e-commerce has changed the definition of business territory, re-invented direct selling, eradicated middle men and brought the customers and sellers closer. These changes in the business scenario must have had an impact on the intensity and nature of channel conflict which needs to be inspected to structure better channel relationship strategies in the changing context. This paper aims to attempt a systematic investigation into the determinants of channel conflict in today's context and proposes a composite model by reconciling the research so far in the domain of channel relationships.

**Design/methodology/approach** – An exhaustive search was carried for extant research finding in the channels resulting in the identification of 284 research papers beyond the meta-analysis by [Geyskens et al. \(1999\)](#). The next step was to manually scan through each of these papers to identify the studies which involved quantitative analysis including measures of association such as correlations related to conflict and the determinants of conflict. This led to the finalization of 36 research papers for the meta-analysis.

**Findings** – This study proffers a model that illustrates ranking of major determinants of channel conflict. The results of the study suggest that determinants can be categorized into three major domains: organizational, interpersonal (communication, cooperation, relationship activities and opportunistic behaviour) and environmental factors (environmental volatility, competitive intensity and product or market volatility).

**Research limitations/implications** – The analysis is based on static data in the sense that the correlations do not reflect supplier-channel member interactions in specific conflict situations. It may be argued that conflicts ultimately occur among firms/businesses run by individuals and individual traits may also impact the formation and resolution of conflict. Further, the quality of the measures capturing the constructs was not investigated in many studies. Final limitation pertains to the measurement of conflict. Conflict may not have been measured in a uniform manner in each of the studies analysed. As this study has evaluated extant research through a meta-analysis, it was not possible to identify the correlations between the determinant variables and the three factors (or constructs).

**Practical implications** – This study reconciles different research streams in this domain with the visualization of the composite model. It presents a quantitative analysis of the correlations of the determinants of conflict with channel conflict holistically. It creates a base through the composite model to carry forward the academic discussion in this domain holistically. It aims to be a ready reference for understanding the antecedents of conflict along with their significant correlations to enable prioritization of their channel strategies.

**Social implications** – This meta-analysis and the suggested model that may be of use to practitioners in terms of prioritizing their activities to reduce channel conflicts through pre-emption. It is hoped that this study enhances the extant understanding of the determinants of channel conflict considerably based on the presented composite model. The results may assist to resolve channel conflicts, create channel synergies, identify optimal channel mix, reduce channel costs, increase channel efficiency and build partnerships in the changing business scenario.

**Originality/value** – A holistic view of the determinants of conflict would be of enormous use to practitioners and academics alike. Hence, a detailed study is required to enlist and categorize the determinants causing conflict in channels so that an attempt can be made to resolve channel conflict for better performance of the firms. This meta-analysis study is an attempt to fill this major gap in research in this domain to quantitatively analyse the major determinants of channel conflict on the basis of analysis of research work over the past 15 years.

**Keywords** Decision making, Relationship marketing, Conflict, Strategic planning, Buyer-seller relationship, Channel relationships

**Paper type** Research paper

## Introduction

Researchers contend that conflict is inevitable and endemic in nearly all channel relationships. As conflict is a deterrent for smooth functioning and performance of a channel, the

importance of understanding the determinants of channel conflict gains significance. In response to the rising significance of understanding conflict, researchers have examined many possible determinants of conflict in distribution channel relationships over the past few decades ([Gaski, 1984](#); [Geyskens](#)

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*et al.*, 1999; Rutherford *et al.*, 2012). Additionally, Geyskens *et al.* (1999) conducted a meta-analysis in the domain of satisfaction in marketing channel relationships. However, owing to ubiquity of internet and internet channel in the past two decades, there might be several changes in the nature and scope of channel conflict and consequent conflict arising from it. In the past two decades, there are major changes in the relationship norms between channels and firms, overall financial performance of firms and relationship-specific activities undertaken by firms due to increasing ubiquity of internet channel (Harris and Cohen, 2003; Palmatier *et al.*, 2016; Paul, 1996; Sharma and Gassenheimer, 2009; Sharma *et al.*, 2010; Webb and Hogan, 2002).

More specifically, the emergence of electronic commerce has forced many manufacturers to adopt multiple channels to lower distribution cost and to reach unexplored markets (Chiang *et al.*, 2003; Rangaswamy and Van Bruggen, 2005; Palmatier *et al.*, 2016; Sharma and Gassenheimer, 2009; Sharma *et al.*, 2010). Multi-channel approach resulted in re-demarcation of territories leading to more friction between channels (Lee *et al.*, 2003; Sharma and Gassenheimer, 2009; Sharma *et al.*, 2010). Additionally, intensified competition between internet channel, distributors and wholesalers has given rise to more conflict amongst them (Bannon, 2000; Cunningham, 2013; Sharma and Gassenheimer, 2009; Sharma *et al.*, 2010; Gassenheimer *et al.*, 1995).

Hence, in concurrence with past research, we contend that there are several challenges in managing multi-channel approach such as understanding priorities for channel members, resolving channel conflicts, creating channel synergies and identifying optimal channel mix (Achrol and Etzel, 2003; Rosenbloom, 1973). More recently, the complexity of channel conflict has increased owing to firm's concomitant desire to reduce costs, improve efficiency and offer greater presence posing potential constraint in building channel firm relationship (Cunningham, 2013).

Finally, the micro and macro environment (Srivastava Dabas *et al.*, 2012) in which the channel partners and the companies operate also seems to have evolved with the advent of digitization, social media and other management and monitoring tools. The ability to monitor every transaction has improved; the speed with which the products are delivered to customers has multiplied and the ability to monitor the transparency of processes and people involved is enhanced. The extent of manual intervention in processes undertaken by companies and channel partners is reducing with the help of advanced enterprise resource planning systems available and superior technology like RFID. At the same time, the competitive environment seems to have intensified because of diminishing information asymmetry because of access to internet, other transaction support systems and also company owned e-commerce channels along with other concurrent channel partners.

Over the past 15 years, the proliferation of internet, changing relationships between agent and principle, changing nature of relationships from bounded contracts to more on pay as work systems and the changing nature of business relationship has changed the nature and intensity of channel conflict costing billions of dollars (Lamb *et al.*, 2011, p. 340) to businesses. For example, Kodak has suffered around \$500m a year in sales due

to channel conflict with Walgreens (Bell *et al.*, 2002). Similarly, there has been breaching of contracts between sellers and retailers as a result of channel conflict, for instance, Amazon.com and Toys “R” Us fought cases against each other in the court until 2006 on violation of agreements (Mangalingan, 2006). Also, the number of broken channel relationships is on the rise including breakdown of channel relationship even in large MNCs. For example, Tata Motors and Cargo motors relationship breakdown (Times of India, 2016), Tractors India and Caterpillar relationship issues were all triggered by possible channel conflict. Despite the new disruption in channel structures and rising magnitude of channel conflict, Krafft *et al.* (2015) contend that there is a declining in empirical research on channels conflict.

Plausibly, there is a need for a re-investigation of channels conflict with a holistic view of the determinants of conflict. More specifically, a detailed study is required to list and categorize the determinants of conflict into different buckets so that an attempt can be made to resolve them. The current study is a meta-analytic endeavour to quantitatively analyse the major determinants of channel conflict on the basis of published research over the past two decades.

This study attempts to integrate past research and proffer a holistic model with ranking of determinants in three categories of factors leading to channel conflict. Furthermore, this meta-analysis offers an orderly summarization of studies to extract knowledge from the myriad individual researches (Table I, Figure 2). The holistic model proffered in this study may be useful for managers as they are interested in business models which are ready to apply in current context (Stott *et al.*, 2016; Tapio Salminen *et al.*, 2014; Gustavsson and Åge, 2014; Åge, 2014; Anna Cederlund, 2014; Brennan *et al.*, 2014).

## Channel conflict

The definition of conflict has been provided by Lusch (1976a) in a marketing channel setting. As per this definition, *channel conflict* refers to a situation in which one channel member perceives another channel member to be engaged in behaviour that prevents one from achieving the desired goals. Similarly, Stern and Gorman (1969) and Etgar (1979) state that channel conflict is present when a channel member perceives the behaviour of another channel member to be impeding for the effective performance of its instrumental behaviour patterns. Conflict has also been defined as the tension between two or more social entities (larger organizations, individuals or groups) which arise from incompatibility of desired or actual responses (Raven and Kruglanski, 1970). Thomas (1976) states conflict as “a frustration-conceptualization-behaviour-outcome sequence”, while Pondy (1967) 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*: behaviour which blocks another's goal achievement; and
- 5 *conflict aftermath*: post-conflict conduct, either resolution or suppression.

*Manifest conflict* is seen as overt actions and *underlying conflict* involves interpersonal attractions, interests and desires (Raven and Kruglanski, 1970). Overall, it has been suggested that conflict is virtually inevitable in marketing channels. Most agree that this condition is primarily due to the functional interdependence between channel members (Assael, 1968; Lusch, 1976a, 1976b; Mallen, 1963; Pondy, 1967; Reve and Stern, 1979; Stern and El-Ansary, 1977).

Power has been designated as both the independent and dependent variable in case of channel relationship. Bachrach and Baratz (1963) have suggested that power requires the pre-existence of conflict. There is fairly widespread acknowledgment that the causal sequence between power and conflict may proceed in either direction (Stern and Gorman, 1969). Empirical work in the area of marketing channels, generally of cross-sectional nature, has consistently presumed power to be the causative factor with respect to conflict (Shamdasani *et al.*, 2001; Etgar, 1978; Lusch and Brown, 1982).

Among the most central relationships of channel power and conflict theory are the impact of sources of power on conflict and satisfaction developed by Hunt and Nevin (1974) and Lusch (1976a). Hunt and Nevin (1974) found that coercive sources of power reduce satisfaction, while non-coercive sources of power increase satisfaction within the marketing channel. Lusch (1976a) has reported that coercive sources increase conflict and non-coercive sources of power reduce intra-channel conflict.

Further, the absence of conflict in channel relationships is constantly pursued by managers as a mode of increasing loyalty, sales and commitment (Geyskens ET AL., 1999; Morgan and Piercy, 1998). Distribution channel managers have always tried to understand the determinants of conflict inter- and intra-channels primarily due to the adverse effects of channel conflict on channel relationships and ultimately channel performance. As both researchers and practitioners recognize the benefits of conflict avoidance, researchers must continue to focus on diminishing conflict (Reid *et al.*, 2004; Geyskens *et al.*, 1999; Anderson and Weitz, 1992; Anderson and Narus, 1990).

## Method

The primary goal in selecting the data sources for any meta-analysis is to secure a representative sample and avoid potential bias (Churchill *et al.*, 1985). In this study, an exhaustive search was carried out on EBSCO and Google scholar for journals by using the following key words: “determinants”, “antecedents”, “conflict”, “distribution channels”, “channel relationships” and “determinants of conflict in channel relationships”. This led to the identification of 284 research papers beyond the meta-analysis by Geyskens *et al.* (1999).

The next step was to manually scan through each of these papers to identify the studies which involved quantitative analysis including measures of association such as correlations related to conflict and the determinants of conflict. This led to the finalization of 35 research papers for the meta-analysis. The meta-analysis presented in the following sections is based on these 35 research studies (Table AI in Appendix 2). Each of the studies reported measures of association between conflict and

one or more predictor variable(s) in the form of a correlation coefficient (i.e. product-moment correlation coefficient).

## Size of correlations

The average correlation across the years is 0.3325 (standard deviation = 0.0976). These inter-correlations were not analysed because, by and large, they were not specifically reported in the papers. Further, the correlations support the notion that models of the determinants of conflict in channel relationships must incorporate multiple causes.

Given the large number of variables that have been investigated as possible determinants of conflict in channel relationships, we were required to categorize the reported correlations to make sense out of them. To do this, we initially listed out the determinant variables as they were reported in the papers reviewed. This came to a total of 33 determinant variables. These determinant variables were then grouped together based on their qualitative relationships to arrive at an intermediate set of 13 determinant factors. These 13 determinant factors were then categorized into three factor categories (i.e. organizational, interpersonal and external factors) as visualized in the composite model (Table AII in Appendix 2).

To evaluate the strength of the relationship between conflict and each of the each of the proffered major determinants, we followed the analytic procedures suggested by Hunter *et al.* (1982). They have suggested that:

The best estimate of the size of the correlation between criterion and predictor is not the simple mean  $r$  (i.e. mean correlation) across studies, but a weighted average in which each ftabelation is weighted by the number of persons in that study. Their rationale is that a correlation based on 500 persons contains more information than one based on 50 persons because the estimate based on the larger number of observations has smaller sampling error.

There appears to be some risk, though, in relying exclusively on the weighted average correlation in that a few large-sample studies could dominate the analysis. We therefore also report the un-weighted or simple average correlation in the analysis that follows (Table AIII in Appendix 2).

## Results

In this section, the composite model is discussed in terms of the determinants of conflict (Figure A2 in Appendix 1) along with a summary of the absolute values of the correlations of each of the determinant variables with conflict in channel relationships (Table AIV in Appendix 2). Based on the number of determinant variables and the size of the correlations, it appears that of the three factors outlined in the composite model, organizational factors play the most significant role followed by interpersonal factors. Environmental factors play a secondary role in channel conflict. Within organizational factors, the determinants which have higher correlations with conflict and have been studied across multiple relationships are trust followed by power, transactional support and relationship investments respectively in that order. While use of concurrent channels is a major cause for conflict the data is based on six relationships with conflict and hence the robustness of the correlation size (0.34) may be questionable. Hence, we suggest that concurrent channels may be considered as a secondary organizational determinant of conflict at this stage along with

overall financial performance of the channel, interdependence and organizational commitment. Among the interpersonal determinants, opportunistic behaviour emerged as the determinant with the highest correlation size followed by information asymmetry, cooperation and relationship-specific activities in that order. External factors were found to have a smaller correlation with conflict than as compared to the other factors. The studies exploring the impact of environmental factors such as environmental volatility, product or market volatility and competitive intensity were also limited during the review period.

### The determinants of channel conflict

#### *Trust*

Trust has been defined as the confidence a supplier has in an exchange or channel partner's reliability and integrity, it has emerged as the single largest determinant of conflict with an average weighted mean of  $-0.46$  and simple mean of  $-0.43$  (negative sign indicates that greater the trust, lower is the possibility of conflict in a channel relationship). The correlations reported by these studies vary from 0.16 to 0.78 with a range of 0.62.

It would not be incorrect to conclude that a manufacturer desirous of keeping conflict in channel relationships down to manageable levels needs to focus on building mutual trust (i.e. from the channel members towards the supplier and vice-versa) with a long-term perspective (Paswan and Young, 1999).

#### *Power asymmetry*

Power has been concisely defined as "the ability to cause someone to do something he/she would not have done otherwise" (Gaski, 1984). Further:

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 (El-Ansary and Stern, 1972).

Conflict in a channel has been observed to occur due to power asymmetry between suppliers and channel members as well as among channel members themselves. The dimensions linked to conflict in these studies include power asymmetry, the impact of coercive power and the impact of non-coercive power bases. Together, power asymmetry constitutes the second largest determinant of channel conflict with a weighted mean correlation with conflict of 0.41 from 4,649 samples totally in the 18 studies. The correlations range from 0.04 to 0.93.

#### *Transactional support*

This determinant of conflict encapsulates the organizational aspects of cooperative work or joint working including order handling, fairness, financial support, cultural sensitivity and centralization. These have been studied across 4,982 samples in various studies during the review period. The weighted mean correlation of transactional support with conflict is 0.31, ranging from 0.04 to 0.64.

#### *Relationship investments*

Relationship investments relate to the seller's investment of effort, time, spending and resources focussed on constructing a stronger relationship. These may be manifested through support, prizes/gifts, resources, investments and loyalty

programmes. They have a beneficial influence on channel relationships and tend to reduce the incidence and/or magnitude of conflict. The weighted mean correlation coefficient is 0.30 ranging from 0.09 to 0.61.

#### *Overall financial performance*

The influence of the overall financial performance of the channel on conflict was investigated by 11 studies. The correlation between financial performance and conflict was found to be 0.24 (weighted mean) ranging from a very low 0.03 to a high 0.61.

#### *Interdependence or dependence asymmetry*

Interdependence in a channel has been defined as a firm's need to uphold an exchange relationship to achieve the desired goals which is reciprocated by the other firm's need (Frazier, 1983; Gundlach and Cadotte, 1994). As interdependence is manifested through reciprocal dependencies, high interdependence or an asymmetry in dependence is likely to give rise to conflict. There were 14 studies which examined the role of interdependence in conflict with a weighted mean correlation of 0.22 ranging from a low 0.02 to a high 0.43.

#### *Organizational commitment*

Organizational commitment in the context of channel relationships may be seen as a persistent desire to maintain a prized relationship. This may take the form of affective, behavioural, obligatory or normative commitment. One can easily see that higher organizational commitment would lead to lower conflict and vice versa. Out of the 35 papers reviewed, 12 of them focussed on the positive and negative impact of commitment. The weighted mean correlation was 0.21. The correlations ranged from 0.10 to 0.47.

#### *Concurrent channels*

Concurrent channels imply distribution through multiple channels to the same geographic territory or to the same customer group. They may take the form of vertically integrated (direct) channels or distribution through a third party (indirect channel). Concurrent channels have been studied across their degree of concurrency, extent of differentiation, ownership of orders, compensation duality, direct service and integrated service contracts. While the mean correlation is 0.34, they have been evaluated across 108 firms which appear to be on the lower side. The correlations with conflict range from 0.12 to 0.57.

#### *Opportunistic behaviour*

At the interpersonal level in the context of distribution channels, lack of commitment may be manifest through opportunistic behaviour. Opportunistic behaviour is the tendency of individuals in a relationship to opt for personal short term gains at the cost of a more stable long-term relationship. Such behaviour is likely to cause uncertainty in a relationship and conflict is a natural outcome. The weighted mean correlation was 0.45, and the correlations ranged from 0.19 to 0.64. This is one of the major determinants of interpersonal factors that influence channel conflict.

#### *Information or communication asymmetry*

This is one of the largest interpersonal determinants of conflict with a weighted mean correlation of 0.34 and simple

correlation mean of 0.36. The correlations range from a low of 0.05 to a high of 0.79. Communication has been measured across the quality, frequency and amount of information shared between exchange partners. It is also manifested through collaborative or bilateral communication, sharing and information exchange. Gaps in each of these granular components of communication result in asymmetries which lead to conflict.

#### Cooperation

Cooperation has been defined as “coordinated and complementary actions between exchange partners to achieve mutual goals” (Morgan and Hunt, 1994; Anderson and Narus, 1990) which is manifested through coordination and joint actions. In this analysis, cooperation has been used to include the interpersonal aspects of coordination and joint actions. The organizational aspect has been encapsulated by the variable transactional support. A range of transactional variables include order handling, fairness, financial support, cultural sensitivity and centralization. The weighted mean correlation of interpersonal cooperation with conflict is 0.34 ranging from 0.01 to 0.82.

#### Relationship-specific activities

While relationship investments occur at the firm level, relationship-specific activities are carried out at the interpersonal level by individuals to maintain and grow the channel relationship. This is a major interpersonal determinant of channel conflict leading to a mean correlation with conflict of 0.33 and a range from 0.08 to 0.84.

#### External factors

In addition to factors within the distribution channel, some of the studies have also evaluated the impact of external factors including environmental volatility, product/market volatility and competitive intensity on conflict in channel relationships. It was felt that external factors constitute an additional dimension to the determinants of channel conflict and hence are shown as the third factor in the composite model. The weighted mean of the correlations for the external factors was 0.18 ranging from 0.03 to 0.29.

### Theoretical contribution

Based on the meta-analysis, 13 major determinants of channel conflict were identified (Tables AII and AV in Appendix 2) by analysing their reported correlations with channel conflict (Tables AIII and AIV in Appendix 2). The major organizational factors identified include trust, power asymmetries and transactional support and relationship investments. Power demonstrates maximum range in terms of correlation indicating clearly the importance of power in channel conflict. The major interpersonal factors identified include information asymmetries, opportunistic behaviour and cooperation. External factors impacting conflict include environmental volatility and competitive intensity. However, external factors have been found not to have been studied adequately by researchers so far.

Extant research has been inadequate in two major areas. First, given that each extant study has focussed on one (and rarely two) determinants, a reader (practitioner or researcher) may feel that conflict occurs due to a limited number of

variables. This would be fallacious. Second, each research tries to highlight the importance of the variables considered in their respective studies, which may be at the cost of other significant variables impacting conflict which have not been considered. It is precisely this contradiction emerging from multiple streams of research which is attempted to be reconciled through the meta-analysis and composite model presented in this study (Figure A2 in Appendix 1). The composite model incorporates different research streams to provide readers (practitioners and researchers) a more complete picture of the determinants of channel conflict. The meta-analysis has enabled us to first group the determinants into three factors and then order the determinants on the basis of their correlation sizes with channel conflict.

The composite model presented in this study (Figure A2 in Appendix 1) provides a foundation for exciting opportunities for future research. As this study has evaluated extant research through a meta-analysis, it was not possible to identify the correlations between the determinant variables and the three factors (or constructs). The composite model can be tested out empirically using structural equation modelling or partial least squares-based techniques. The reflective nature of the model would enable such an evaluation. Given the above discussion, the key implications and contributions of the study are as follows:

- reconciliation different research streams in this domain with the visualization of the composite model;
- a quantitative analysis of the correlations of the determinants of conflict with channel conflict holistically;
- creation of a base through the composite model to carry forward the academic discussion in this domain holistically; and
- a ready reference for understanding the antecedents of conflict along with their significant correlations to enable prioritization of their channel strategies.

However, only a few studies have examined the comparison between challenges related to physical vs virtual channels (Blut *et al.*, 2015). This paper will help researchers compare the determinants, consequences of channel conflict both in case of physical, and virtual channels based on the holistic model given with ranking of the determinants. It is hoped that this study enhances the extant understanding of the determinants of channel conflict considerably especially from a holistic perspective based on the composite model and the meta-analysis.

### General discussion

The key challenges before the businesses are to develop strategies to incentivise all channel members to achieve the same goal by catering to the same customer base. On the other hand, the reason for conflict between different channel members is to figure out the actual value proposition for the business and the consumers which was hardly a worry prior to e-commerce boom.

The e-commerce players offer platforms for transactions among three different groups of buyers and sellers: consumer to consumer (C2C), business to consumer (B2C) and business to business (B2B) (Lazarus, 2016). These platforms also enable four different flows: product, cash, information and reverse

product logistics (Figure A1 in Appendix 1). The customer determined flexibility of time, location and speed puts additional pressure on the channel members and logistics partners. The evolution from traditional retail models to modern trade and now to e-tail models call for greater importance for channel members and logistics partners.

As more firms are contemplating integration of online channels with pre-existing offline channels to achieve efficiency (Steinfeld, 2004), this might pose a challenge in terms of embracing all channel members together and have them working for the same goal. Blending the online and offline channels together would require managers to prepare a guideline to avoid any potential conflict, going forward and to make these channels work in the same direction.

The offered visualization (Figure 2) will help managers to execute the decisions to drive channel efficiency by optimizing the inputs in carrying out particular marketing channel decisions. The decision makers in firms have to decide on special effort or inducements that are necessary to achieve channel goals on emergence of e-platforms and Web technologies as channel efficiency is of importance for any manager making decisions for any particular unit of channel.

### Managerial implication

The control over customers and power to influence customer choice is also distributed across channels and third parties involved as the customer touch points increase. The seamless or harrowing experience at any touch point such as the user interface, payment, customer care service, delivery and reverse pick up decides the traffic to the website and impact customers' opinion. The instant customer feedback, reviews and word-of-mouth in social media exerts pressure on various stake holders from manufacturing to delivery. The question of ownership over the customers is another rising issue with e-commerce boom which further complicates the channel member relationship. In this scenario, relationship investments, transactional support, cooperation and relationship-specific activities can play a central role to encourage prompt actions by the channel members across channels.

In addition to the complex nature of channel conflict and channel member relationship, the external environment has become extremely volatile. Surge in product innovation, duplicate brands, private level brands and the highest level of customizations offered by different e-commerce platforms add to the product/market and environmental volatility. The e-commerce platforms exercising both marketplace and inventory model, though entice customers with a great deal of options, face setbacks in terms of real-time flow of data and information between vendor and market place systems and high holding cost. So trust on the vendors is very critical to survive the information asymmetry and environmental volatility in the market place. Trust can be established with communication and cooperation between the channels and the manufacturer.

The firms engaging in multiple channels to serve the same customer base have to revise their policies to curb opportunistic behaviour of nay channel member. These firms have to frame strategies to have standard pricing and exclusive product and promotion rites across all dedicated channels on rotational

basis to avoid undercutting, overlapping and manage margins. Companies may also consider a cart transfer policy across different channels to fulfil orders and manage revenues. Similarly, linking customers to a channel partners' site can act as a gesture to encourage trust and cooperation.

Moreover, firms must adopt to explicate well-defined objectives and roles for each channel member and logistic partner. All pervasive firms must chart out the strategic relevance of existing channels in short term and long term to manage both in-house and company external conflict. The company external conflict such as conflict with sales and distribution partners, suppliers and customers can be reduced by clarifying ownership, setting branding and pricing standards, imparting customer education and building technical expertise to manage product, information, cash and reverse logistics flows.

### Limitations

The presented meta-analysis has a few limitations. First, the analysis is centred on static data which means that the correlations do not actually reflect supplier-channel member interactions in specific conflict situations. It may be argued that conflicts ultimately occur among firms/businesses run by individuals and individual traits may also impact the formation and resolution of conflict.

The second limitation is related to the measurement and conceptualization of the variables. Under each major grouping, there is an assortment of variables. The variable called co-operation for example may contain diverse determinants which have been clubbed together. Further, the quality of the measures capturing the constructs was not investigated in many studies.

The third limitation pertains to the measurement of conflict itself. Conflict may not have been measured in a uniform manner in each of the studies analysed. Hence, collating correlations with conflict across studies may not lead to very reliable estimates. This aspect should be borne in mind while using the values of the collated correlations. One way to overcome this problem could be by exploring bootstrapping procedures which however would require sufficiently large number of relationships between any determinant variable and conflict to be evaluated.

Finally, this paper does not examine any moderating variable. The future studies may consider the possibility of including moderating variables in the presented composite model. For example, future research direction could be multi-channel vs single-channel contexts as a moderator variable that could account for heterogeneity in the effect sizes of the other conflict determinants considered in this study.

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## Further reading

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Appendix 1. Figures

Figure A1 Evolving complexity of channel structure and conflict with rising e-commerce

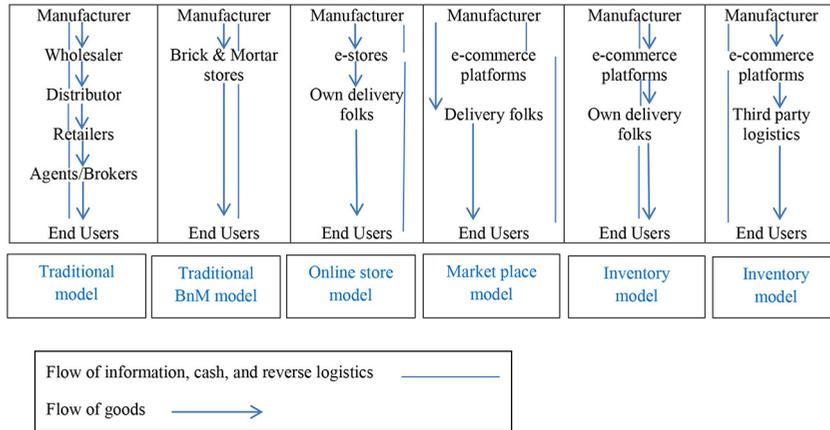
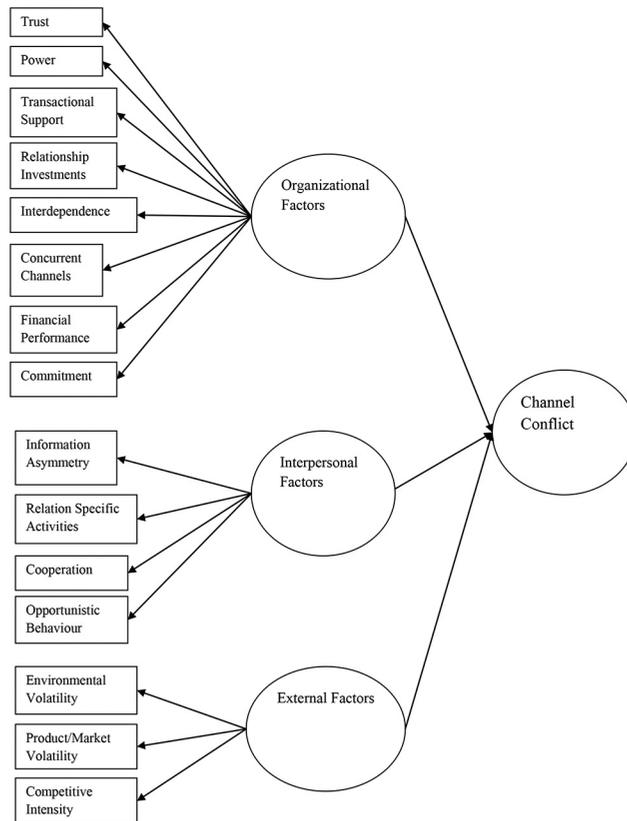


Figure A2 Composite model for determinants of channel conflict



Appendix 2. Tables

Table A1 Summary of major conflict research from 1999 to 2016

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>Krafft et al. (2015)</b>	177 channel research articles with empirical data	Felt conflict/Perceived conflict	The degree to which power is distributed to control decision variables	Power dependence in relationships, Mutually incompatible goals, Relational outcomes, Negotiation outcomes, Interdependence, Control
<b>Scheer et al. (2015)</b> <b>del Mar Benavides-Espinosa and Ribeiro-Soriano (2014)</b>	211 empirical studies 74 international jointventures (IJVs)	Manifest conflict A multi-dimensional construct, consisting of at least two dimensions: a) work-related conflicts, and b) relationship conflicts	Relation-specific investments Scale developed	Control
<b>Grewal et al. (2013)</b>	Field data from German and Japanese MNCs in the USA	Dis harmony	Scale	Relational disharmony, Goal clarity, Conflicting perspectives, Output standards, Process control, Efficacy of control mechanisms, Goals lacking legitimacy, MNC country of origin, HQ–subsidiary relationships, Task coordination, Subsidiary decision involvement, Output control, Firm dependence, Environmental munificence, Environmental dynamism, Strategic performance, Sales performance,
<b>Grace et al. (2013)</b>	339 Australian franchisees	The amount, frequency and intensity of conflict perceived by the franchisee to exist in their relationship with their franchisor	<b>Brown and Day (1981), and King and Grace (2010)</b>	Economic performance Perceived support and communication openness
<b>Kang et al. (2013)</b>	Survey data from 300 franchisees of a leading Korean fast food franchise organization	The degree of perceived tension in the relationship	Five-point Likert-type scale	Communication, Exchanges, Investments, Goal incongruence, Changing policies, Changing environments, or Violation of obligations

(continued)

Table AI

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>Antia et al. (2013)</b>	FDDs filed during 1995-2003 by a randomly selected sample of 75 franchisors offering business format franchise, 411 conflicts reported by 61 of the 75 franchisors in our sample	if one partner perceives the other as indulging in acts that impede the achievement of its own goals	FDDs filed during 1995-2003	Regulatory environment, The ownership structure of the channel system, Registrations vs relationship law
<b>Rutherford et al. (2012)</b>	229 respondents working in consultancy and new business	Overall level of disagreement between exchange partners that arises when one channel member engages in actions designated to harm, ruin, or advance him- or herself at the cost of other members	Seven-point Likert-type scale	Economic satisfaction (–), Relational duration (–), Communication frequency alignment (–)
<b>Blut et al. (2011)</b>	Survey on 2, 668 franchisees which found that Franchisors should strive for “stability on high levels” before operational realities influence the franchisees	Level of conflict perceived by franchisees	Level of conflict between the franchisor and the franchisee -(Kumar et al., 1995)	Level of coordination between franchisors and Franchisees, Cooperation, Dependence levels of experience, Distribution conflicts (e.g., distribution of wealth, encroachment)
<b>Arndt et al. (2011)</b>	Surveys were administered at new car dealerships in a Mid-Atlantic state, 112 salespeople participated	Opposite of integration	Seven-point Likert scale	Cross-functional integration, Communication quality, Relationship effectiveness, Cross-functional training, Joint reward valence
<b>Runyan et al. (2010)</b>	467 buying managers in Japan of which 121 were usable response	One channel member perceives another channel member to be engaged in behaviour that is preventing or impeding goal achievement, State of frustration brought about by restriction of role performance, An overall level of disagreement between members	Scales adapted from Frazier et al. (1989)	Cohesion Cultures (Individualistic vs collectivistic) Incompatible goals, values and interests, Frequent use of coercive strategies
<b>Gilliland et al. (2010)</b>	Sixteen in-depth field interviews were conducted in a major US business centre with marketing managers of firms that produce industrially distributed products. Finally 1, 800 after accounting for duplications in company listings, firms that had recently gone out of business, and managerial transfers	Attempt to direct reseller behaviours by providing extra financial incentives and enforcing agreements, reflecting the way relative dependence erodes their basis of authority	Scale	Relative dependence, Exchange, Governance Processes, Incentive, Monitoring, Enforcement

(continued)

Table AI

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>De Clercq et al. (2009)</b>	Analyses of a sample of 232 Canadian-based firms to demonstrate that at higher levels of social interaction, the positive relationship between task conflict and innovation is stronger, and so is the negative relationship between relationship conflict and innovation. Furthermore, at higher levels of trust, the positive relationship between task conflict and innovation weakens	Conflict – the perceived incompatibilities or disagreements among exchange partners Task conflict pertains to disagreements between functional departments about ideas and opinions pertaining to a particular task Relationship conflict pertains to personality clashes between people in different departments and is characterized by negative feelings such as tension, annoyance, frustration, and irritation Innovation – the extent to which a firm's strategic posture is directed toward the development of new products and services or entry in new markets	Task conflict - Dyer and Song (1998), Jehn and Mannix (2001) Relationship Conflict – Dyer and Song (1998), and Jehn and Mannix (2001) Trust – Rempel et al. (1985), and Morgan and Hunt (1994)	Task conflict (+), Relationship conflict(+), Trust(-)
<b>McFarland et al. (2008)</b>	23 in-depth field interviews were conducted with dealers and product based wholesalers, service providers from 14 industries in different regions of the USA which found that intermediaries frequently imitate the downstream behaviours of manufacturers/suppliers in their interactions with end customers . Data was collected for 400 triads (1 dealer per triad and approximately 3 customers per triad)	Downstream influence strategy as similarity between manufacturer and dealer and between dealer and customer	Compliant, Reflexive and Normative imitation of the downstream in terms of "Information exchange" "Recommendation" "Promises" "Threats" "Ingratiation" "Inspirational appeals"	Environmental uncertainty(+), Similarity(+), Interdependence(+), Dependence Asymmetry(-), Frequency of contact(+), Industry tenure(+)
<b>Palmatier et al. (2007)</b>	Four years of longitudinal data (N = 396)	Overall level of disagreement and ill will between exchange partner	Confirmatory measurement models	Commitment, Trust, Relationship-specific investment, Dependency, Transactional cost economics, Relational norms, Power structure among exchange partners, Seller's opportunistic behaviour, Interdependence, Dependence asymmetry, Communication, Environmental dynamism, Market diversity, Need for negotiated solution

(continued)

Table AI

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>Terawatanavong et al. (2007)</b>	Mail survey from a sample of 162 Australian buyers	Level of disagreement in the working relationship	The degree to which a high level of conflict characterizes the relationship, three-item scale by <b>Kumar et al. (1992)</b>	Interdependency among channel members, Interaction
<b>Schmitz and Wagner (2007)</b>	236 wholesalers involved in the international distribution of industrial goods	Tension, frustration, or disagreement in the relationship	<b>Mohr et al. (1996)</b>	Product(-), Marketing(+), Order Handling(-), Fairness(-), Financial support(-), Communication(-), Cultural sensitivity(-), Satisfaction(-), Competitive intensity(+), Output control(-)
<b>Palmatier et al. (2006)</b>	94 empirical studies	Manifest and perceived conflict	Overall disagreement between exchange partners	Dependency, Frequency of communication
<b>Leonidou et al. (2006)</b>	122 producers of industrial goods of average age of 24.3 years and the majority were concentrated in the Greater Athens and Salonica areas	Disagreements, frustration, and tension between the parties of a working relationship which arise from the incompatibility of goals, aims, ideas, and values, and aiming at one party deterring the other from gaining the resources or conducting an activity necessary for its own advancement	Seven-point Likert scale	Trust, Understanding, Dependence, Commitment, Communication, Adaptation, Cooperation
<b>Chung et al. (2006)</b>	National survey of Japanese 250 retail buyers	Disagreements	In-depth interview and scale	Retailer long-term orientation with a supplier(-), Trust(-), Economic dependence(-), Satisfaction(-)
<b>Brown et al. (2006)</b>	Conflict within 433 wholesaler-supplier relationships was studied. These wholesalers primarily handled either durable goods (e.g. office equipment, hardware, jewellery) or non-durable goods (e.g. officesupplies, groceries, books and newspapers, tobacco products)	Manifest conflict within the marketing channel as the level of disagreement between the wholesaler and its supplier	10 salient business issues <b>(Brown et al., 1991)</b>	Normative contracting(-), Explicit contracting(+), Distributive and procedural justice (+), Wholesaler satisfaction(-)

(continued)

Table A1

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>Jaramillo et al. (2006)</b>	Responses from 138 salespeople who work for a large retailer selling high-end consumer durables at 68 stores in 16 states were used to examine the process through which ethical climate affects organizational variables which discovered that ethical climate results in lower role conflict and role ambiguity and higher satisfaction, which, in turn, leads to lower turnover intention and organizational commitment and organizational commitment is a significant predictor of job performance	(1) the existence of a written code of ethics, (2) the communication of ethical expectations to employees, (3) a commitment from management to ethical values, and (4) perceptions about the enforcement of ethical codes. Are employees aware of what is expected of them? Do employees get incompatible requests	Ethical climate - Schwepker (2001) seven-item scale Role conflict and role ambiguity - Singh, Verbeke, and Rhoads (1996) three-item scale	Ethical climate(+), Role ambiguity(+), Role conflict(+)
<b>Avlonitis and Panagopoulos (2006)</b>	134 managers, 46 managers working for pharmaceutical, 37 for food companies, and 51 for companies selling machinery	No clarity of roles	Existing measurement scale	Role ambiguity, Type of selling situation
<b>Román and Luis Munuera (2005)</b>	280 financial services salespeople mainly specializing in selling high-involvement financial products (e.g. mortgages, life insurance) to final consumers	Dimensions of congruency-in-congruency or compatibility-incompatibility	Multiple-item Likert scale	Role conflict(+), Pay systems
<b>Vinhas and Anderson (2005)</b>	29 prominent manufacturers in diverse industries	Not observable	Survey	Conflict of interest, Concurrent channels, Customer hetero/homogeneity, Competitive market, Customers' behaviour, Purchase in group, Standardised brand offering, Differentiated offers, Ownership clarification, Compensation, Market growth

(continued)

Table AI

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>Sahadev and Jayachandran (2004)</b>	217 distributors of branded computer hardware products located in the two southern states (namely, Kerala and Tamil Nadu) of India. Distributors belonging to six different suppliers participated in the survey	Disagreement	Scale by <b>Ganesan (1993)</b>	Supplier expertise(-), Problem solving strategy(-), Behavioural-based coordination strategy(-), Collaborative communication(-), Cooperation(-), Trust(-)
<b>Peters and Fletcher (2004)</b>	42 organizational teams (237 respondents)	No consensus and misunderstanding	Scale	(1) the degree of self-disclosure, (2) the degree and richness of knowledge each partner has of another and, (3) the ability to predict and anticipate each other's reactions and responses Direct communication strategies, Cohesion, Coordination, Openness Accommodation(-), Confrontation(-), Collaboration(-)
<b>Bradford et al. (2004)</b>	81 four-person networks. The networks, composed of MBA students, engaged in a mixed-motive exercise developed by <b>Beggs et al. (2000)</b>	Disagreements within networks based on task and non-task related incompatibilities	Scale developed	
<b>Rose and Shoham (2004)</b>	Data for this study were collected from Israeli manufacturers in three industries, chosen for diversity of products and markets (food, plastics and high tech). To be included, firms had to be manufacturers, exporters and use independent channels of distribution	A situation in which one channel member perceives another channel member(s) to be engaged in behaviour that is preventing or impeding it from achieving its goals	Scale by <b>Jehn (1994)</b>	Organizational context variables (team spirit and inter-organizational connectedness)
<b>Duarte and Davies (2004)</b>	Sample is a large marketing channel distributing financial services to the public in the UK (887 response). Trust was found to mediate the impact of the way power is used on the agent's perception of cooperation, satisfaction, and conflict, emphasizing the pivotal role of trust in understanding the behavioural aspects of channel behaviour	Conflict - feeling of hostility, frustration and anger Power - the difference between the firm's dependence on its partner and the partner's dependence on the firm coercive power - principal's use of threats, legalistic pleas and negative activities/impositions Non-coercive power - the agent's perception of the value of the assistance provided by the principal	Likert scale measurement	Power Asymmetry in favour of Partner(+), Partner's use of non-coercive power (-), Partner's use of coercive power(+), Trust(-)

(continued)

Table A1

Study	Context	Conceptualization of conflict	Operationalization of conflict	Antecedents/ linkages
<b>Hwan Choi et al. (2004)</b>	210 salespeople	Dysfunctional behaviour	Existing scale	Supervisory trust, Participation, Information controls
<b>McFarland (2003)</b>	290 sales people, each working at a different dealership from across the United States for a Fortune 500 company that manufactures and sells heavy farm equipment through an extensive dealer network	Role conflict occurs when there is perceived incompatibility between role expectations and demands; role ambiguity occurs when information is lacking about role expectation	<a href="#">Venkatesh et al. (1995)</a>	Coercive sales tactics, Physical and mental stress
<b>Johnson et al. (2003)</b>	Business-to-business setting - 406 decision makers	Arises due to the different goals of the two parties	Existing scale	Perceived tension, Incompatible goals, Bad negotiation, Trust, Perceived relationship continuity, Relationship, Appraisal of salesperson, Willingness to refer
<b>Webb and Hogan Z (2002)</b>	65 channel managers from four organizations	Arises when one party seeks to gain scarce resources at the expense of another	Conflict intensity and frequency scales ( <a href="#">Eliashberg and Michie, 1984</a> )	Domain similarity, Overlap of resource requirements, Scarce resources, Misuse of channels, Goal incompatibility
<b>Nygaard and Dahlstrom (2002)</b>	Norwegian distribution system of two oil refiners – 218 managers of dual-branded retail oil outlets	Degree of incongruity or incompatibility of expectations associated	Existing scales	Role stress, Role ambiguity, Transaction specific assets, Bargaining efforts, Stress in mergers and acquisitions

Table AII Determinant variables, determinant factors, factor categories

Determinant variable	Determinant factor	Factor category
Trust	Trust	Organizational
Power asymmetry	Power asymmetry	Organizational
Coercive power	Power asymmetry	Organizational
Non-coercive power	Power asymmetry	Organizational
Systematic bargaining efforts	Power asymmetry	Organizational
Interdependence	Interdependence	Organizational
Dependence asymmetry	Interdependence	Organizational
Firm's commitment	Organizational commitment	Organizational
Centralization	Transactional support	Organizational
Order hANDLING	Transactional support	Organizational
Fairness	Transactional support	Organizational
Fin support	Transactional support	Organizational
Cultural sensitivity	Transactional support	Organizational
Current-specific assets	Relationship investments	Organizational
Relational norms	Relationship investments	Organizational
Concurrent channels (Degree)	Concurrent channels	Organizational
Concurrent channels (differentiated offers)	Concurrent channels	Organizational
Concurrent channels (order ownership)	Concurrent channels	Organizational
Concurrent channels (double compensation)	Concurrent channels	Organizational
Concurrent channels (direct service)	Concurrent channels	Organizational
Concurrent channels (integrated supply contracts)	Concurrent channels	Organizational
Overall financial performance	Financial performance	Organizational
Personal communication	Information asymmetry	Interpersonal
Information asymmetry	Information asymmetry	Interpersonal
Communication frequency	Information asymmetry	Interpersonal
Perceived role ambiguity	Relation-specific activities	Interpersonal
Relation-specific activities	Relation-specific activities	Interpersonal
Opportunistic behaviour	Personal commitment	Interpersonal
Personal cooperation	Cooperation	Interpersonal
Participation	Cooperation	Interpersonal
Environmental volatility	External factors	External
Product/market volatility	External factors	External
Competitive intensity	External factors	External

Table AIII Values of r's (correlations) for determinant variables

Independent variables	No of r's	Simple mean	Weighted mean	Variance (T)	Sampling error (SE)	Corrected variance	SE/T	95% confidence interval for r	
Trust	13	0.43	0.46	0.04	0.01	0.04	0.17	0.27	0.65
Power	18	0.41	0.41	0.06	0.01	0.05	0.12	0.18	0.64
Interdependence	14	0.22	0.21	0.02	0.00	0.02	0.22	0.08	0.34
Organizational commitment	9	0.21	0.22	0.01	0.01	0.01	0.38	0.13	0.31
Transactional support	20	0.31	0.26	0.03	0.01	0.03	0.15	0.09	0.43
Relationship investments	9	0.30	0.24	0.03	0.01	0.02	0.21	0.08	0.40
Concurrent channels	6	0.34	0.34	0.03	0.01	0.01	0.48	0.23	0.46
Financial performance	11	0.24	0.25	0.03	0.01	0.02	0.24	0.11	0.39
Information asymmetry	16	0.36	0.34	0.05	0.01	0.04	0.15	0.15	0.54
Relationship-specific activities	11	0.33	0.27	0.05	0.01	0.04	0.16	0.06	0.48
Opportunistic behaviour	3	0.45	0.46	0.05	0.02	0.04	0.33	0.27	0.65
Cooperation	17	0.34	0.28	0.05	0.01	0.04	0.14	0.08	0.48
External factors	6	0.18	0.16	0.01	0.01	0.01	0.42	0.08	0.25

Table AIV Summary of correlations of determinant variables with channel conflict

Independent variables	Minimum correlation	Maximum correlation	Range	Mean
Trust	0.16	0.78	0.62	0.43
Power	0.04	0.93	0.89	0.41
Transactional support	0.04	0.64	0.60	0.31
Relationship investments	0.09	0.61	0.53	0.30
Financial performance	0.03	0.61	0.58	0.24
Interdependence	0.02	0.43	0.41	0.22
Organizational commitment	0.10	0.47	0.37	0.21
Concurrent channels	0.12	0.57	0.45	0.34
Opportunistic behaviour	0.19	0.64	0.45	0.45
Information asymmetry	0.05	0.79	0.74	0.36
Cooperation	0.01	0.82	0.81	0.34
Relationship-specific activities	0.08	0.84	0.76	0.33
External factors	0.03	0.29	0.26	0.18

Table AV Definitions of all determinants of channel conflict

Trust	The confidence a supplier has in an exchange or channel partner's reliability and integrity (Morgan and Hunt, 1994, p. 23)
Power	The ability to cause someone to do something he/she would not have done otherwise (Gaski, 1984)
Transactional support	The organizational aspects of cooperative work or joint working including order handling, fairness, financial support, cultural sensitivity and centralization
Relationship investments	The seller's investment of time, effort, spending and resources focussed on building a stronger relationship with the channel members
Overall financial performance	How the company is performing financially
Interdependence or dependence asymmetry	A firm's need to maintain an exchange relationship to achieve desired goals which is reciprocated by the other firm's need (Frazier, 1983; Gundlach and Cadotte, 1994)
Organizational commitment	An enduring desire to maintain a valued relationship, may take the form of affective, behavioural, obligatory or normative commitment
Concurrent channels	The tendency of individuals in a relationship to opt for personal short term gains at the cost of a more stable long term relationship. Usually occurs when distribution happens through multiple channels to the same geographic territory or to the same customer group
Opportunistic behaviour	The amount, frequency, and quality of information shared between exchange partners, and are manifested through bilateral or collaborative communication, information exchange and sharing
Information or communication asymmetry	Coordinated and complementary actions between exchange partners to achieve mutual goals (Anderson and Narus, 1990; Morgan and Hunt, 1994) which is manifested through coordination and joint actions
Cooperation	Activities that are carried out at the interpersonal level by individuals to maintain and grow a channel relationship
Relationship-specific activities	External factors include environmental volatility, product/market volatility and competitive intensity
External factors	

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