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FACULTY OF ECONOMICS

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**THE GAP BETWEEN BUYERS AND SELLERS AND ITS
INFLUENCE ON CONFLICTS WITHIN INTERNATIONAL
DISTRIBUTION CHANNELS**

DOCTORAL DISSERTATION

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AUTHORSHIP STATEMENT

The undersigned GREGOR PFAJFAR, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the doctoral dissertation entitled *The gap between buyers and sellers and its influence on conflicts within international distribution channels*, written under supervision of prof. Maja Makovec Brenčič, PhD and co-supervision of prof. Aviv Shoham, PhD.

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VRZELI MED PRODAJALCI IN KUPCI TER NJIHOV VPLIV NA KONFLIKTE NA MEDNARODNIH TRŽNIH POTEH

Povzetek

Tržne poti in distribucija se uvrščata med najbolj kompleksne raziskovalne pojave v napredni ekonomiji in s tem trženjski literaturi, njun pomen pa ima daljnosežne posledice za uspešnost današnjih podjetij. Tržne poti so most med podjetjem in trgov (Coughlan et al., 2006, str. 2) oziroma med proizvajalci in kupci (Jain, 2001, str. 349; Keegan & Schlegelmilch, 2001, str. 426). Tržne poti so vertikalni tržni sistemi medsebojno odvisnih institucij, kjer si vsak člen tržne poti prisvoji zaželeno tržno pozicijo, odvisno od svojih ciljev, vrednot, pričakovanj in referenc. Ko zaželene pozicije na tržni poti ni mogoče zadržati zaradi interakcij z ostalimi členi na tržni poti, obstaja možnost nastanka konfliktov na tržni poti. Potencial za konflikte je še posebej visok v okoliščinah selektivne in ekskluzivne distribucije, predvsem zaradi obstoja visoke funkcijske medsebojne odvisnosti med členi na tržni poti (Robicheaux & El-Ansary, 1975, str. 14-17). Kompleksnost proučevanja se poveča z razširitvijo na mednarodne trge, kjer se vloga tržnih poti razširi na pridobitev dostopa do tujega trga, poslovanje na več trgih hkrati in izoblikovanje vloge notranjega igralca na vsakem izmed teh trgov (Schary & Skjøtt-Larsen, 1998, str. 59). Razlike v medkulturni komunikaciji so pomemben vir konfliktov na mednarodnih tržnih poteh, pri čemer kulturne vrednote vplivajo na izbiro vedenja člena tržne poti (Burke, 1997, str. 100). Vendar pa poleg kulturnih vrednot tudi drugi faktorji vodijo do konfliktov (npr. razlike v osredotočenosti na aktivnosti, času, veljavnih virih znanja, razlikah v zaznanem statusu in v odnosu do okolja) (Beverland, Steel & Dapiran, 2006, str. 386).

Osrednji predmet proučevanja v doktorski disertaciji so konflikti znotraj mednarodnih tržnih poti, kjer proučujemo vire obstoja konflikta, kot tudi njihove posledice za izvozno uspešnost slovenskih podjetij. Namen doktorske disertacije prispevati k razumevanju konfliktov na tržni poti, ki izhajajo iz mednarodnih trženjskih strategij in različnih kulturnih vrednot na nivoju prodajalcev in kupcev na medorganizacijskem trgu ter obenem razpoznati pristope k razreševanju konfliktov. Primarni cilj doktorske disertacije je oceniti in ovrednotiti povezavo med konflikti na tržni poti in izvozno uspešnostjo podjetij, kot tudi oceniti posredne učinke za številne raziskovalne konstrukte. Splošen konceptualni model ima cilj preveriti kulturne, standardizacijske/adaptacijske vrzeli in vrzeli v skladanju standardizacijskih in adaptacijskih strategij ter vrzeli v odvisnosti in moči posameznega člena na tržni poti, ki vodijo v konflikte in nadalje do izvozne uspešnosti z metodami razreševanja konfliktov.

Kvalitativna raziskava med 12 predstavniki slovenskih podjetij je odkrila nove vire konfliktov, ki jih prej vsaj po vedenju avtorja ni bilo moč zaslediti v literaturi medorganizacijskega trženja. Ti viri vključujejo: a) izbiro poslovne aktivnosti, b) poznavanje tujega trga, c) nivo internacionalizacije, d) vstopno obliko na tuje trge, e) izmenjavanje informacij med trgi, f) delitev dobička, in g) konkurenco med podružnicami glede omejenih virov. Dodaten doprinos k teoriji konfliktov prinaša tudi klasifikacija teh in v teoriji že navedenih virov konfliktov glede na različne nivoje v organizaciji in glede na to, ali nastajajo na nivoju posameznika, skupine ali celotne mreže povezanih podjetij. V tem delu raziskave smo prišli tudi do zanimivih ugotovitev glede povezave med konflikti in izvozno uspešnostjo. Medtem ko slovenski prodajalci potrjujejo povezanost med konflikti in njihovo izvozno uspešnostjo, njihovi pripadajoči kupci te povezanosti ne vidijo. Slednji rezultat lahko interpretiramo s preusmeritvijo moči na tržni poti na stran kupca.

Kvantitativna raziskava je bila izvedena med 105 prodajalci in 101 njihovim pripadajočem kupcu. Ugotavljamo, da vrzeli v percepciji med prodajalcem in kupcem glede proučevanih spremenljivk praktično nastajajo v vseh primerih obravnavanih povezav med spremenljivkami. Z vidika kulturnih vrednot ugotavljamo, da ima odmik moči pozitivno povezavo z

destruktivnimi konflikti samo v primeru vzorca prodajalcev, medtem ko na vzorcu kupcev izrazito izstopa vrednota moškost, ki ima pozitiven vpliv na emocionalne, delovne in destruktivne konflikte. Moč na tržni poti se je izkazala kot močan pojasnjevalni dejavnik konfliktov. Glavna vrzel nastaja v uporabi moči informacij in moči nagrad. Presenetljiva ugotovitev, ki je v sosledju z zgornjim argumentom preusmeritve moči na tržnih poteh, je nezaznavna kupčeva odvisnost od prodajalcev, medtem ko prodajalci odvisnost od kupcev zaznavajo in potrjujejo, da ima negativen vpliv na emocionalne in destruktivne konflikte. Z vidika mednarodne trženjske strategije ima največjo moč vpliva na konflikte prav standardizacija/adaptacija tržnih poti. Ugotavljamo, da standardizacija tržnih poti na strani prodajalca pozitivno vpliva na konstruktivne konflikte, medtem ko adaptacija tržnih poti na strani kupca pozitivno vpliva na emocionalne in destruktivne konflikte. Konstruktivni konflikti so se izkazali kot pozitivni dejavnik vpliva na izvozno uspešnost na primeru vzorca kupcev, medtem ko je negativna stran konfliktov, zaznana s strani prodajalcev, negativno vplivala na izvozno uspešnost v primerjavi z lanskim planom, pričakovanji lastnikov in pričakovanji predstavnikov na tujih trgih. Strategije razreševanja konfliktov uspešno ublažijo vpliv konfliktov na izvozno uspešnost. Kar se je izkazalo za presenetljivo je, da se pasivno agresivna strategija, ki je sicer v literaturi omenjena kot distributivna strategija razreševanja konfliktov, obnaša bolj kot integrativna strategija. Zato tudi predlagamo, da naj raziskovalci v prihodnje vključijo še druge strategije razreševanja konfliktov in tako naredijo korak stran od dvodimenzionalne klasifikacije strategij, ki v literaturi prevladujejo zadnji dve desetletji.

Znanstveni prispevek doktorske disertacije je moč oceniti na treh različnih nivojih: teoretičnem, metodološkem in praktičnem nivoju. Prvič, teoretični prispevek disertacije je lahko viden v predstavitvi zunanjih (mednarodnih) vplivov na konflikte na tržni poti, medtem ko so dosedanje raziskovalne študije ocenjevale pretežno notranje vzroke za nastanek konfliktov na tržni poti. Poleg tega disertacija ocenjuje vzroke konfliktov in njihove posledice za izvozno uspešnost na nivoju posameznika (prodajalca oziroma kupca), medtem ko so predhodne študije pretežno vključevale nivo vodstvenih delavcev ali kar podjetje kot celoto. Metodološki prispevek je primarno viden v kompleksnosti ocenjenega konceptualnega modela, ki izhaja iz kulturnih vrednot na nivoju posameznega podjetja na eni strani in izvozne uspešnosti na drugi strani. V literaturi vsaj glede na vedenje avtorja ni moč zaslediti teoretičnega modela, ki bi vključeval vzroke in posledice konfliktov ter na osnovi teh izsledkov predlagal pristope k razreševanju konfliktov in obenem bil tudi statistično testiran. V danem primeru gre za študijo na dveh straneh tržne poti, saj so podatki zbrani tako s strani prodajalcev kot tudi s strani kupcev, kar nam omogoča zanimivo primerjavo. Metodološki prispevek je tudi testiranje nove lestvice za izvozno uspešnost (Ruvio et al., 2004), kakor tudi nova operacionalizacija lestvice za odvisnost (Zhou, Zhuang & Yip, 2007). Nenazadnje pa raziskava združuje ekonomski in vedenjski pristop k oceni členov na tržni poti, ki pa sta bila do sedaj v literaturi obravnavana posebej (Stern, Reve, 1980, str. 53). Zaključimo lahko, da obširna študija nudi celovit pregled vzrokov in posledic konfliktov na mednarodni medorganizacijski ravni, kar razpoznavamo kot glavni teoretični prispevek disertacije, medtem ko vpliv vseh raziskovanih dejavnikov na konflikte in izvozno uspešnost podjetij lahko predstavlja pomembno pridobitev za slovenska podjetja, izsledki raziskave pa lahko pripomorejo k večji uspešnosti in učinkovitosti razvoja, vodenja in upravljanja tržnih poti slovenskih podjetij na mednarodnih trgih.

Ključne besede: konflikti, mednarodne tržne poti, standardizacija/adaptacija trženjskega spleta, kulturne vrednote, odvisnost/moč na tržni poti, izvozna uspešnost.

THE GAP BETWEEN BUYERS AND SELLERS AND ITS INFLUENCE ON CONFLICTS WITHIN INTERNATIONAL DISTRIBUTION CHANNELS

Summary

Distribution (marketing) channels and distribution rank among the most complex research phenomena in the modern economy and thereby marketing literature, while its importance has long-term consequences for the companies' success. Distribution channels are the bridge between the company and the market (Coughlan et al., 2006, p. 2), or between the salespeople and the buyers (Jain, 2001, p. 349; Keegan & Schlegelmilch, 2001, p. 426). Distribution channels are vertical marketing systems of interdependent institutions, where each channel member occupies a desired channel position, depending on its goals, values, expectations and frame of reference. When a desired channel position cannot be maintained because of interaction with other channel members, there is a possibility of channel conflicts. The potential for conflict is particularly high in circumstances of selective and exclusive distribution, since there is a high level of functional interdependence among channel members (Robicheaux & El-Ansary, 1975, p. 14-17). The research complexity increases with the expansion to international markets, where the role of distribution channels expands to gaining entry into a foreign market, serving many markets at the same time and establishing presence as an insider to each market (Schary & Skjøtt-Larsen, 1998, p. 59). The differences in intercultural communication are important source of conflicts within international channels, where cultural values influence the selection of channel members' behavior (Burke, 1997, p. 100). However, there are also other factors that lead to conflicts (e.g. focus of activity, time focus, valid sources of knowledge, differences in perceived status, and the relationship to the business environment (Beverland, Steel & Dapiran, 2006, p. 386).

The main research subject of the doctoral dissertation is conflicts with international distribution channels, where we investigate the sources of the conflict existence, as well as its consequences for the export performance of Slovenian companies. The purpose of the doctoral dissertation is to contribute to the understanding of the distribution channel conflicts stemming from the power and dependence in the channel. It should also add to the understanding of selected international marketing strategies and different cultural values at the level of salespeople and buyers, while accounting for approaches to conflict resolution, providing a test of a newly-developed model. The primary objective of the doctoral dissertation is to evaluate the link between distribution channel conflicts and firms' export performance, while also evaluating mediatory effects for several constructs. The general model has the objective of evaluating the cultural, power, dependence, standardization/adaptation, and standardization/adaptation fit gaps, leading into conflict and then to export performance with conflict resolution partially mediating their impacts, where the gaps might also be used to explain export performance directly.

The qualitative study, carried out among 12 representatives of Slovene companies, found new sources of conflicts that, at least to the knowledge of the author, were not elaborated in B2B marketing literature before. The sources include: a) business activity choice, b) knowledge about the foreign market, c) level of internationalization, d) entry mode, e) transfer of information between markets, f) profit distribution, and g) competition between subsidiaries for scarce resources. An additional contribution to the theory of conflict is the classification of newly and previously discovered conflict sources based on different levels in the organization and the fact, whether they arise at the level of an individual, a group or a whole network of connected firms. We found a fascinating result, as Slovene sellers confirm the connection between conflicts and export performance, while their corresponding buyers do not. We

interpret the result by arguing that there has been a shift in power within distribution channels to the side of the buyers (heterarchy).

The quantitative research executed among 105 sellers and their 101 corresponding buyers revealed that perceptual gaps occur practically in case of all investigated phenomena. Among cultural values power distance positively influences destructive conflicts only in the sellers' sample. Masculinity is reported to have distinctively positive influence on emotional, task and destructive conflicts only in buyers' sample. Power within distribution channels was found as a strong source of conflicts. The main gap arises in the use of informational and reward power. A surprising result was found in the non-perceived dependence of buyers on their suppliers, while suppliers confirm their dependence on buyers, showing a negative relationship to emotional and destructive conflicts. This is in line with the upper finding of the shift of power within distribution channels. Within the international marketing strategy standardization/adaptation of distribution channels present the biggest influence on conflicts (channels standardization at the sellers side positively impacts constructive conflicts, while channels adaptation at the buyers side positively impacts emotional and destructive conflicts). Constructive conflicts were found to positively impact export performance in the case of buyers, while the negative side of conflicts perceived by sellers negatively impacts export performance in relation to last year's plan, owners' expectations and sales rep expectations on foreign markets. Conflict resolution strategies successfully decreased the influence of conflicts on export performance. A surprising result was that the passive aggressive strategy, otherwise labeled as distributive conflict resolution strategy, behaved more like an integrative strategy. Thus, future researchers should include other conflict resolution strategies and make a step away from the two-dimensional strategy classification, which has prevailed in literature for the last two decades.

The scientific contribution of the dissertation can be evaluated at three different levels; theoretical, methodological and practical level. Firstly, the theoretical contribution of the dissertation can be seen in the representation of external (international) influences on channel conflicts, while the previous research studies mostly evaluate internal causes for distribution channel conflicts. In addition, the study evaluates the antecedents of conflicts and its outcomes for export performance at the individual level of a salesperson, while previous studies were done on the level of management or the company as a whole. The methodological contribution is primarily represented in the complexity of the evaluated conceptual model, stemming from cultural values of an individual firm on the one hand and to export performance on the other hand. There is at least to the author's knowledge no theoretical model that would include the antecedents and consequences of conflicts, and based on those findings propose the approaches to conflict resolution, and also be statistically tested. In addition, the study is dyadic, as it is collecting the data from salespeople, as well as from their buyers, offering an interesting comparison. The tests for a new export performance scale (Ruvio et al., 2004) and a new operationalization of the dependence scale (Zhou, Zhuang & Yip, 2007) are also new methodological contributions. Furthermore, the study unites economical and behavioral approaches of the channel members' evaluation, which were examined separately in the channel theory (Stern, Reve, 1980, p. 53). In sum, the comprehensive study of all the causes and consequences of conflicts in international business-to-business (B2B) markets can be seen as the major theoretical contribution of the thesis, while the influence of all the researched factors on export performance of Slovenian firms may represent an important contribution to the Slovenian business sector, and the research findings to more efficient and effective performance of Slovenian firms on international markets.

Keywords: conflicts, international distribution channels, standardization/adaptation of marketing mix, cultural values, dependence/power within channels, export performance.

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1 INTRODUCTION

1.1 PROBLEM DESCRIPTION

The study of distribution channel relationships has attracted scholars from various science disciplines for decades. The stream of research is depicted among others in the influencing journal; *Journal of Marketing Channels* (issued since 1992). Similarly, the concept of conflict in business setting got its place in the academic literature in the midst of the previous century (cf. Pondy, 1960). Scholars, among others, develop and publish their ideas through the *Journal of Conflict Resolution* (issued since 1957) and the *International Journal of Conflict Management* (issued since 1990). Despite a wide variety of academic sources the conceptual and theoretical challenges still exist in both areas of research. In fact, in order for channel research to progress, new contingency theories of distribution channel relationship need to be developed (Shamdasani, Keh & Chan, 2001, p. 34). As scholars argue there are various factors that impact a channel exchange relationship (e.g. channel context, market conditions and structure, cultural differences, trade regulations and boundaries, etc.) and must be taken into account when we want to understand how channel relationships are created and function in different environments. In spite of this many firms have adopted the relationship marketing philosophy to develop long-term channel relationships; the issues regarding channel conflict still deserve our further investigation (Zhou, Zhuang & Yip, 2007, p. 309). In sum, there are still some understudied exchange relationship factors resulting in a vast variety of channel members' behavior, calling for our attention.

The understanding of, the environment where conflict occurs, where various types of conflicts emerge and how effective conflict management techniques are applied is also valuable information for practitioners. As the development of long-term relationships is one of the most important components of business success on business-to-business (B2B hereafter) markets, the characteristics of such relationships like trust, commitment, cooperation and conflict should be studied. When two businesses are functionally interdependent, which is the case in a distribution channel inter-firm conflict is inevitable. Channel members or boundary managers in particular should attempt to manage conflict from developing into a relationship harming dysfunctional level (Frazier, 1999). It is important to recognize the positive, functional consequences of conflict, which are most commonly associated with improved business processes, value-added strategy for customers and also new ways to attain competitive advantage (cf. Anderson & Narus, 1990). Furthermore, the study of conflict episodes will give channel members a much clearer picture on how to react in a fast changing environment. Thus, the conflict among distribution channel members is at the central focus of our research.

The conflict with the distribution channel is a problematic area of research, as it adds in the research plan, the time component and different levels of measurement. Distribution

channel relationships are established over time, starting at the stage of getting to know each other and the relationship growth stage, to the development of trust and commitment between partners and finally the relationship dissolution. The appearance of conflict at different stages may have various dissimilar implications for long-term relationship building among channel members. Nevertheless, conflict can be measured at the personal, interpersonal, intra-organizational and inter-organizational level, which introduces even larger complexity of the investigated phenomenon. There are suggestions that task-related conflicts are more intra- or inter-organizational, leading to improving business processes, while emotional conflicts arise at the personal level and usually present high friction in the relationship. However, the challenge is not only of a practical nature, but also theoretical, as researchers have to this day been faced with some confusion that has arisen over “the terms and typologies used for the classification of conflict episodes (Speakman & Ryals, 2010, p. 187).” Scholars question whether conflict is really just an inherent feature of any organization, or is it rather a complex sequence of adaptive behavior episodes not occurring in isolation but frequently and simultaneously facing constantly changing environment. Thus, we are particularly interested in the examination of the development of conflicts, various conflict sources and its consequences for firm’s (export) performance.

The doctoral dissertation aims at research questions referring to the behavior of distribution channel members and characteristics of distribution channel relationships. Scholars argue that dependence within dyadic relationships is a logical starting point for investigating the behavior of distribution channel members (Stern & Reve, 1980; Zhou, Zhuang & Yip, 2007). Interdependence between both partners is a central and one of the most often studied constructs in channel research, as it is in its essence the necessary condition for a channel system to even exist (Li & Dant, 2001, p. 34). Channel researchers have demonstrated that high interdependence lowers conflict (Kumar, Scheer & Steenkamp, 1995, p. 348), enhances performance (Heide & John, 1988, p. 20; Lusch & Brown, 1996, p. 32) and leads channel members to commit themselves to enduring relationships (Dwyer, Schurr & Oh, 1987, p. 11). Scholars argue that dependence of one channel member is in opposite direction to its channel counterpart power. Power sources (e.g. informational, expert, referent, legitimate, reward, coercive) were found to be highly correlated among each other (Katsikeas, Goode & Katsikea (2000, p. 187), while the use of coercive power would increase channel conflict (Gaski, 1984, p. 9), and the use of reward power would decrease it (Gaski & Nevin, 1986, p. 132). However, very little attention has been given to the mediation effects of power through conflict resolution strategies on other variables such as (export) performance of channel members (Rahim, Antonioni & Psenicka, 2001, p. 192).

Our research problem stems from export dependence of Slovenian companies, which occurs primarily due to small and saturated market. In order to sustain its competitive advantage on the domestic market and develop its services and products further, companies need to internationalize to foreign markets. Irrespective of the chosen market, either being

geographically and culturally near market (where most of the Slovene companies are), or a distant market, one of the major challenges pertain the choices of effective distribution channel management and its connection to marketing strategy adaptation/standardization. As multinational companies will standardize or adapt their marketing strategy taking into account all relevant environmental factors (Shoham, 1999), firms will adapt their products to foreign countries. This is the case in high cultural power distance (Roth, 1995), high export dependence and low cross-national similarity (Calantone et al., 2006), while standardize in case of high-tech industrial products (O'Donnell & Jeong, 2000), managers' high familiarity with foreign market (Helm, 1998), high cross-national similarity (Katsikeas et al., 2006; Sousa & Bradley, 2009), high dynamics and low dependence on foreign task environment (Grewal et al., 2008). However, most commonly the perceptions regarding international marketing strategy standardization/adaptation differ among channel members. We believe that in combination with other channel characteristics (power, dependence) this difference in perceptions may create tension and lead to conflict. We find the gap analysis between sellers and their buyers (sales reps, agents, distributors) in the international B2B distribution setting of a particular value for practitioners and also further distribution channel theory development.

1.2 PURPOSE AND OBJECTIVES OF THE DISSERTATION

The description above showed us the diversity of the selected scientific area of research. Thus, it offers many challenges. First, we may find a challenge in how to define and measure conflict due to various types of conflict sources and levels of occurrence within and between organizations. Second, the very same question pertains to various conflict sources; as for instance the conceptual distinction (theory and measurement) between dependence and interdependence as central concepts in the distribution channel research has only recently been acknowledged in literature (Li & Dant, 2001). Nevertheless, there is also a practical and scientific question at what stage and under which influencing factors the escalation of conflict leads to cooperation and improving relationships; and when it threatens the very existence of the relationship. We find ourselves in front of an intriguing dilemma, as some researchers view cooperation as the exact opposite of conflicts (cf. Pondy, 1992), while some see it as an important conflict resolution strategy (cf. Deutsch, 1990).

Thus, the **purpose** of the doctoral dissertation is to study conflicts (e.g., task and emotional; Rose & Shoham, 2004) within international distribution channels as a central concept in an integrative model. The study will integrate intra- and inter-firm aspects of conflicts, their antecedents and export performance consequences into a research model and test it using data from Slovenian international companies. The sample will include international firms and the foreign entities (agents, distributors) representing them, where the conflicts will be measured in the relationship between those business entities. In other words, the observed units will be companies, which are doing business internationally and

have developed distribution channels on international markets. The observation will go forward to distributors and exporters, as well as own subsidiaries, as conflicts may arise externally (inter-firm conflicts), as well as internally (intra-firm conflicts). The findings might generalize for other similar Slovenian firms. The study will evaluate the extent to which marketing mix strategies are standardized versus adapted and its consequences for conflicts with distribution channels. The levels of conflicts, coupled with conflict resolution strategies will, in turn, determine international performance. In essence, the purpose of the doctoral dissertation is to contribute to the understanding of the distribution channel conflicts stemming from the power and dependence in the channel, as well as from the selected international marketing strategies and different cultural values at the level of salespeople and buyers, while accounting for approaches to conflict resolution, providing a test of a newly-developed model.

The **primary objective** of the doctoral dissertation, which can be seen in the empirical research contribution, is to evaluate the link between distribution channel conflicts and firms' export performance, while also evaluating mediatory effects for several constructs. First, the study will evaluate cultural values, measured at the individual level of salespeople and matching buyers, using a Hofstede's cultural dimensions. Second, the study will evaluate the standardization versus the adaptation of the marketing mix and the extent to which these levels fit the international target market in question. Third, the study will evaluate the dependence structure along the distribution channel and examine the power of certain distribution channel members. Finally, the goal is to evaluate the model at two points of the dyad, as the data will be collected from salespeople in international Slovene companies and from their buyers (e.g. distributors, agents, etc.) in the channel of distribution. In sum, the general model has the objective to evaluate the cultural, power, dependence, standardization/adaptation, and standardization/adaptation fit gaps, leading into conflict and then to export performance with conflict resolution partially mediating their impacts, where the gaps might be used also to explain export performance directly.

The fundamental **research question** in the dissertation is, which are the factors of international marketing strategy, connections between them and gaps between the salesmen and the buyers that influence the conflicts within distribution channels. Therefore, the primary **research hypothesis of the doctoral dissertation** presumes that distribution channel conflicts come from:

- differences in cultural values of salespeople and their buyers (increasing conflicts),
- levels of standardization versus adaptation of marketing mix strategies (the former increasing conflicts perceived by buyers; the latter, perceived by salespeople),
- the amount of power that is exercised upon certain distribution channel members, inversely the dependence on one or more distribution channel members, and
- the gaps between these strategies and the levels mandated by the market in question (increasing conflicts).

In the doctoral dissertation we presume that these conflict determinants, together with distribution channel conflicts, also directly impact export performance. Conflict resolution strategies will then moderate the impact of conflicts on performance. We expect higher conflict potential in cases of higher involvement between the companies, leading to greater interdependence as a source of conflict (i.e. Gadde & Håkansson, 2001; Zhuang & Zhou, 2004; Laaksonen, Pajunen & Kulmala, 2008, etc.). In addition, we presume the type of companies (high tech vs. low tech) and the stake of ownership in the partner firm (agent/distributor vs. own subsidiaries) to play a role in determining the level of conflict.

The doctoral dissertation tackles relevant international marketing issues stemming out of buyer-seller relations in business markets. We use an interactive approach to explain the role, importance and type of long term exchange relations between organizations, which were built over time through social/personal interaction among organizations and people from each side (Håkansson, 1982, p. 83), being simultaneously stable and dynamic (Harrison, 2003, p. 2). Furthermore, the proposed research model in the doctoral dissertation includes two prominent interacting dimensions, conflict-cooperation and power-dependence, which will be studied separately, as well as in relation to each other. All in all, the proposed research builds on early findings of acknowledged authors, concerning international relations (e.g. Rosson & Ford, 1982; Axelsson & Easton, 1992; Ford 1997), purchasing (e.g. Hallen, 1982), networks (e.g. Johanson & Mattsson, 1987), power (Gaski, 1984) and the nature and development of patterns of interaction in relationships (Liljegren, 1988).

Conflict, dependence and power in the channels, as three major research constructs in the doctoral dissertation research, were at the focus of international research in the late 80s and in the early 90s (Johanson & Mattsson, 1987; Morgan & Hunt, 1994; Young & Wilkinson, 1989). At that time conflicts represented “sick” relationships and therefore had to be avoided (Wilkinson, 2001, p. 26). At that time we observe the division of relationship theory into two theoretical streams of research: (1) relationship marketing (cf. Morgan & Hunt, 1994) with trust and commitment in dyadic relationships at its research focus, and (2) the interaction approach (cf. Håkansson, 1982) that later evolved into an industrial network approach with a network relationship atmosphere at its research focus. If the development of the relationship marketing theory caused scholars to divert its attention away from conflicts (Frazier, 1999), has network approach that got its home in “so-called” IMP (Industrial Marketing and Purchasing) Group of scholars studied conflict closely together with cooperation. Later research views networks without conflict as typical relationships, where actors do not put much effort into their interaction (Ford, Gadde, Håkansson & Snehota, 2006). Up to a decade ago, only few papers analyzed performance impacts of conflicts in the network context (Gemunden, 1997); however, performance has gained prominence as a research issue (Wilkinson, 2001). The interaction approach has evolved and it now views conflicts as important part of networks, where any dyadic relationship operates in the context of many other inter-connected relationships (Harrison,

2003). Hence, the present research aims to conclude with the explanation of how the interaction dimensions discussed above (conflict, dependence and power) affect the distribution channel (network) as a whole in a Slovenian export context, which might be applicable also to similar smaller and export dependent European economies.

1.3 SCIENTIFIC CONTRIBUTION OF THE DISSERTATION

The challenges in the marketing theory and practice are similar as in the past, only the pace of change and the complexity of modern business are constantly challenging traditional ideas (Wilkinson & Young, 2002, p. 82). The beginning of marketing theory dates back to a time when markets first emerged and ideas were shaped under influence of Socratic Philosophers' for the good life and exchange at Medieval time, when macromarketing concepts emerged. Increasing wealth and power of nations and the integration of human behavior theories led the development of social sciences in the 18th century and by the 19th century the micromarketing interests of firms emerged. By the beginning of the 20th century micro- and macromarketing had become an integral part of the general economic literature (Dixon, 2002, p. 87). The philosophy of science that turned out to be popular to describe marketing phenomena has become critical realism (Eeaston, 2002, p. 103).

Within marketing philosophy business marketing became recognized as a separate academic discipline no later than in the early 1930s, when Frederick (1934) published his textbook *Industrial Marketing*. If the predominant research area was organizational buying behavior until the early 1990s, the emerging field of relationship marketing attracted most of scholars since then (Plank, 1997, p. 236). The B2B marketing discipline was highly dynamic in the 1970s and 1980s with new knowledge generated and increasing number of B2B scholars, while later the pace of development slowed down. A discipline manifested itself in a distinctive number of core research subsets (Backhaus, Lügger & Koch, 2011, p. 948): (1) new product development (cf. Griffin, Gupta, Fisher, Song); (2) buyer-seller relationship marketing (cf. Anderson, Dwyer, Frazier, Ganesan, Heide, Kumar, Morgan); (3) business networks (cf. Håkansson, Ford, Easton, Gadde, Ritter); (4) quantitative methods (cf. Fornell, Joreskog, Bagozzi); (5) market orientation (cf. Slater, Narver, Jaworski, Kohli); (6) case study research (cf. Yin, Strauss); (7) services marketing (cf. Anderson, Bolton, Oliver, Parasuramana, Zeithaml). Topics like personal selling and organizational buying behavior that were at the initial research focus became deserted by B2B researchers over time, although still remain under-researched. The growth and diversification of the discipline alerts us to dynamic challenges in the B2B marketing research, especially to the topic of buyer-seller relationships that is slowly becoming a dominating topic of scientific discussions. The challenge to contribute to the growing body of knowledge is high, however can still be evaluated at three different levels; theoretical, methodological and practical level.

The theoretical contribution of the dissertation can be seen in the diversity of theories that the dissertation addresses. We unite the market-based view and the resource-based view as dominant strategic management approaches, and internalization theory as the dominant theory in international business to explain export performance. It has been argued that there is much promise in going back to fundamental theories of performance to explain the relational activity of multinational companies (Matysiak & Bausch, 2012, p. 178). In this respect, the important contribution of the dissertation is the development of international marketing thought in the scientific area of conflict and conflict management. The research problem is at the cross-section of distribution channel, international marketing, relationship marketing and network marketing theories. Theoretical contribution is also the representation of external (international) influences on channel conflicts, while previous research studies mostly evaluate internal causes for distribution channel conflicts. In addition, the study evaluates the antecedents of conflicts and its outcomes for export performance at the individual level of a salesperson, while previous studies were done on the level of management or company as a whole. We contribute by adding knowledge to the industrial networks approach of studying dyadic relationships by explaining how the interaction dimensions of relationships affect the distribution channel (network) as a whole. In sum, the research covers some of most widely acknowledged interaction dimensions, as well as offers wide possibilities for applications in the network theory.

The methodological contribution is primarily represented in the complexity of the evaluated conceptual model, stemming from cultural values, power and dependence of an individual firm to its export performance. On the one hand we have a lack of research on cultural values in the distribution channels, while on the other hand there are slightly more research studies on distribution channel conflicts in general, as well as export performance and mediatory effects on its relationship. Thus, Amason (1996, p. 124) studies the effects of functional and dysfunctional conflict on decision-making process, Vinhas and Anderson (2005, p. 508-509) explore how conflict impacts channel structure, Menon, Bharadwaj and Howell (1996, p. 301) study the effects of conflicts on the quality and effectiveness of the marketing strategy; while some authors (Lusch, 1976, p. 5; Jehn & Mannix, 2001, p. 240; Rose & Shoham, 2004, p. 942; Rose et al., 2007, p. 296; Webb & Hogan, 2002, p. 338) also explain the direct influence of conflicts on channel performance. In contrast, previous research explored several antecedents of conflicts, from goal incongruity (Song, Xile & Dyer, 2000, p. 51), intensity in relations (Brown & Day, 1981, p. 265), centralization, formalization and specialization (Barclay, 1991, p. 147), to communication barriers (Jaworski & Kohli, 1993, p. 65-68) and standardization versus adaptation of management processes (Shoham et al., 2008, p. 121-125). However, there is to our knowledge no theoretical model that would unite those concepts, include the antecedents and consequences of conflicts, and based on those findings propose the approaches to conflict resolution, and also be statistically tested.

The use of the structural equation model and Lisrel to test the relationships between proposed constructs operationalized with some new scales is the major methodological contribution. The test is based on a questionnaire with carefully selected and prepared scales. In this respect the methodological contribution is twofold. First, this is the first study to test export performance scale developed by Ruvio et al. (2004). Second, most studies were done at the aggregate level of power sources (e.g. coercive vs. non-coercive), while the added value of this study is the research on the individual power base level, including information power source, which was most commonly forgotten, as it was added to the original French and Raven (1959) typology later by Raven and Kruglanski (1970) (Raven, 2008). In addition, we offer reliability and validity tests for both scales that were not reported by their authors. In sum, conceptually we offer further development of the theory, also as we are among the first scholars who suggest that there is a difference in perceptions of investigated phenomena depending on the industry type and company size.

Opposed to other studies in this area of research, which focus either on the manufacturer or reseller/distributor perspective in the distribution channel, our study uses **dyadic approach** to evaluate channel member behaviors. The dyadic approach has several advantages in contrast to the predominant network approach (Zhou, Zhuang & Yip, 2007, p. 309): (1) the relationship exchange between two channel members is the fundamental activity in every distribution channel network; (2) the dyad provides a sufficient boundary from which to investigate a wide variety of relational forces outside the focal dyad; and (3) the researchers who have been using dyadic approach to study channel relationships have progressed faster and farther. In addition, the collection of data from salespeople, as well as from their buyers, was not done only quantitatively but was also supplemented by in-depth interviews. The use of multiple methods increases the value of our research and makes the results more reliable.

The study unites economical and behavioral approach of the channel members' evaluation, which were examined separately in the channel theory (Stern & Reve, 1980, p. 53). Here we can also observe *the practical contribution* of the doctoral dissertation. Based on the findings, practitioners will be able to assess what type of conflicts most commonly occur in their relationship to foreign sales representative (agent, distributor) and what type of conflict resolution strategies are used to come to positive, functional outcomes of the conflicting situation. Furthermore, managers will be able to assess what type of power in distribution channels leads to positive and what to negative conflicts between organizations. In those terms, they will learn how to adapt their behavior to come to favorable economic outcomes.

The study also offers the possibility of comparing results across neighboring markets, which were taking part in the study. There was, at least to our knowledge, only one study (Schuh, 2000) done in the Central Eastern Europe, where the author tries to support the international marketing standardization across these countries based on case studies,

making our research the first quantitative study in this field in the region. Thus, no significant differences were reported in standardization versus adaptation strategy between Western and Eastern economies so far (Szymanski, Bharadwaj & Varadarajan, 1993). In essence, the comprehensive study of all the causes and consequences of conflicts on international B2B markets can be seen as a major methodological contribution of the thesis, while the influence of all the researched factors on export performance of Slovenian firms may represent an important contribution to the Slovenian business sector, and the research findings to more efficient and effective performance of Slovenian firms on international markets.

1.4 LIMITATIONS OF THE DISSERTATION

In the theoretical aspect the main limitation is the heterogeneous conceptualization of many theoretical concepts used in the study (cf. conflicts, conflict resolution strategies, dependence). By choosing a certain definition or classification of the construct we limit our findings to the specific area of research. Furthermore, we were limited by the number of items per scale due to a high number of constructs used in the study. The length of the questionnaire significantly lowered the response rate and rate of questionnaires that were fully completed. By omitting some constructs from the research and thereby shortening the questionnaire, we could have gotten an even higher response rate. However, still in most cases of constructs we were able to avoid mono-method bias, which refers to a single version of a construct measure. Using multiple measures of key constructs and testing it in the pilot study enabled us to assess whether they really behave as they should.

The findings in this study are bound by limited empirical evidence. Conflicts as a sensitive topic require a need to develop an appropriate research technique for approaching the phenomenon, as sensitive topics usually involve “some kind of negative feelings, behavior or attitude, which in a research situation may cause anxiety, resistance and unwillingness to share information” (Tidström & Hagberg-Andersson, 2008, p. 5), which might also be a reason why so many of the returned questionnaires were not fully filled in. This was particularly the case at the stage of qualitative study, as some of the respondents claimed they “do not experience conflicts, only misunderstandings.” When the quantitative method was used, the problem of topic sensitivity was not being minimized, as many of respondents needed to be contacted personally. As a consequence, revealing some topics was considered difficult for some of the respondents.

Due to the nature of data collection (i.e. contacting sellers first, who provided the contact of their representatives, agents, etc. on foreign markets) and extremely low response on the buyer side, after a few months of data collection the decision has been made to rethink the strategy of data collection. In order to increase the response on the buyers’ side, the buyers were contacted directly through phone and not only through sellers, who already agreed to fill out the questionnaire from their point of view. Thereby, it is difficult to match pairs in

our research and also difficult to assess the gap between seller and buyer, as proposed. Therefore, the model will be assessed for sellers and buyers separately, and the gap will be measured at the general aggregate level, which limits our findings. Nevertheless, the complexity of the model and the technical limitations of Lisrel program to test the model with structural equations limit our findings to a path analysis between latent variables.

Our study as most of other studies in this field (e.g. Francis & Collins-Dodd, 2000; Katsikeas, Leonidou & Morgan, 2000) adopts a firm-level unit of analysis. This makes it difficult to identify specific antecedents, for instance of export performance as it fails to capture the difference in marketing strategy approaches required by different circumstances on various international markets (Morgan, Kaleka & Katsikeas, 2004). However, our study uses multidimensional measures of export performance, in contrast to studies only using individual measures (e.g. export ratio), representing both economic and strategic aspects of export performance (Shoham, 1998), which we can treat as an advantage compared to other studies. Similarly, as we were measuring conflict as perceptions of an individual, we neglect higher-level conflicts. We take into account perceptions of channel members who are most important clients, which limit the number of companies to only those who have already established relationships. Furthermore, as conflict is of dynamic nature, instead of measuring it at one time in the history of the company, we could evaluate conflict episodes over time by repeated measurement. Besides measurement limitations, we observe limitations at the stage of research analysis. As it is hard to determine the sequence of conflict sources to be added into hierarchical regression model, we chose to start modeling on the basis of the more frequently studied relationships. In sum, we end up with the concepts and hypothetical relationships among them based on the theory review and pretested questionnaire.

1.5 THE STRUCTURE OF THE DISSERTATION

The starting point of the dissertation is an evolutionary overview of the development of the distribution channel theory, which serves as a backbone on which we attach all other concepts, including conflicts with distribution channels. First, we examine important theoretical differences and conceptual overlaps of distribution (marketing) channels and supply chain management theory. We offer a new, fresh perspective on the process of distribution uniting previous models and suggestions into a model, where a significant role of distribution channel decision-making play conflicts and power among channel members. We continue the development of a channel thought by introducing an international aspect of distribution, offering the review of different types of international resellers that international marketers have at disposal when going abroad. Further on, we focus on channel member's behavior and relationship building, where we introduce important relationship marketing concepts (trust, commitment) and offer a distinction from the network approach theory. Here we already plant a seed for the development of the thought on conflicts as an important part of relational atmosphere between distribution channel

members. We conclude this chapter by explaining how distribution channels can be managed and offer an overview of distribution channel flows and management techniques that are applied to increase efficiency of the channel.

Next, we move on to conflicts within distribution channels. First, we offer historical interdisciplinary view of the conflict theory development, which is coupled with definitions of conflict changing through time. We specifically focus on explaining how conflicts were mostly perceived as negative frictions in the channels or elsewhere, and how scholars have only recently identified positive business aspects of conflicts. We devote a subchapter to elaborate a long list of different types of conflicts, which mostly overlap with the major sources of conflict. Here we are trying to establish a theoretical ground and reasoning why we chose exactly those five antecedent factors as elaborated in the next chapter. As many scholars argue, that the consequences of conflict (either positive or negative) particularly depend on the way they are managed, we conclude the chapter by offering an overview on conflict resolution strategies. We offer a historical overview of the development of conflict management models and unite different strategies in a newly developed integrated model.

The third chapter serves as a preparation stage for the conceptual model development. Here we are evaluating the antecedents of distribution channel conflicts, which are defined in the previous chapter, and assess their consequences for the internationalization of Slovenian firms. First, we elaborate the development of the standardization/adaptation of marketing mix theory, offering some initial thoughts under what kind of conditions distribution channel members will standardize their approach toward international markets and when they will adapt it. We argue that cultural values of the firm and individual play an important role in the international marketing strategy and channel strategy play. At that point, we offer an overview of theoretical models explaining culture with a particular focus on Hofstede model, which has been a most widely used model in the international marketing literature. We finish the debate on culture by explaining the distinction between static and dynamic cultural models that has lately arisen in literature. At the center of this chapter we posit dependence in distribution channels, which has in theory been recognized as a central concept of the distribution channel theory development. Dependence has been often studied together with its opposite, that is power in distribution channels. Here we elaborate on overlaps between concepts, alert at differences between dependence and interdependence that has often been neglected by literature; and deeply elaborate different power sources and their potential for conflicting behavior of channel members. We conclude the third chapter by defining export performance, explaining the diversity of its measurement and link it to distribution channel conflicts.

The fourth chapter is devoted to build on a research framework for the conceptual model formation and empirical verification of conflicts with distribution channels, its antecedents, conflict resolution strategies and international performance outcomes. We start the chapter

by explaining the research structure and move on to the research hypotheses development. After presenting the conceptual model that is based on the hypothesized relationship links we evaluate the validity and reliability of the used constructs and offer the operationalization of the constructs. We conclude the chapter by explaining the process of data and methods used to gather and analyze the data. Following, the fifth chapter presents the research results where we first present the outcomes of the qualitative study and move on to the statistical evaluation of the results of the quantitative study and empirical assessment of the conceptual model.

The sixth chapter concludes the dissertation. Here we offer a radical assessment of the theoretical and empirical part of the dissertation and enumerate the contributions and conclusions from the theoretical, methodological and practical perspective. In the conclusion we elaborate on themes that stayed under-researched or the dissertation newly opened and waits for future empirical assessment.

2 DISTRIBUTION CHANNELS AND CONFLICTS

Distribution (marketing) channels and distribution are commonly researched concepts in the marketing literature, while their importance has long-term consequences for the companies' success. Distribution channels are according to McCammon and Little (1965, p. 265) one of the most complex research phenomena in the modern economy, including studying economical, political and social system, which usually unites the analysis of several decision makers in the wide geographical area. Distribution channel theory was at first not unified. Ruyter, Wetzels and Lemmink (1996, p. 23) talk about two theoretical paradigms, which give a scientific explanation to distribution channels concept; that is political-economical paradigm (also economic approach) and relationship marketing paradigm (also behavioral approach). The authors of the first paradigm (Stern & Reve, 1980, p. 53) understand distribution channels as "social system that is composed of interactive parts of main economic and socio-political forces that influence the collective behavior and performance." I follow throughout the dissertation the second paradigm, which authors (Etgar, 1978; Coughlan, 1985) see distribution channels as the network of communications and relationships, being built on mutual trust, commitment and values. The last theoretical approach was theoretically concluded by Michaelidou, Arnott and Dibb (2005, p. 46), who talk about distribution channel characteristics. They expose involvement, perceived risk, loyalty, similarity and hedonism as those characteristics that substantially influence consumer behavior. In sum, distribution channels are part of company's marketing, while its study brings important findings for the development of marketing as a function in the company (Ferber, Blakertz & Hollander, 1964, p. 344).

While the theoretical approaches toward distributional channel understanding differ, the theory itself is not clear how to explain the concepts of distribution channels and distribution. Some authors (Neves, Zuurbier & Campomar, 2001; Mallen, 1964) think that

both concepts mean the same, while other authors (Coughlan et al., 2006; Hollingsworth, 1973; Keegan & Schlegelmilch, 2001; Kotler, 2004) talk about the interconnectivity, as they describe distribution channels as the system of power relations and mutual expectations with a unified goal; that is the distribution of products or services. I base my dissertation on the following definition of distribution channels: "Distribution (marketing) channel is a set of interdependent organizations involved in the process of making a product or service available for use or consumption" (Coughlan et al., 2006, p. 2; Kotler, 2004, p. 505). Mallen (1964, p. 29-30) extends the definition of distribution channels as a flow between a salesperson and a buyer, explaining that in the case of distribution channels there is an exchange of physical property, promotion, negotiations, financing, risk, purchasing and payments. The concept of distribution channels might be looked at from the viewpoint of internal and external environment in the company. Distribution channels represent the subsystem of business marketing in the company (Mahin, 1991, p. 381), however they are also a complex organization of connected business subjects on the market (Hollingsworth, 1973, p. 53-54). The distribution channel, named also sales channel or marketing channel, is composed of a set of intermediaries, particularly in that part of the value network (t.i. system of partnerships and connections) that looks forward to the customer (Kotler, 2004, p. 504). All authors have unified belief that the decisions regarding distribution channels are among the most important decisions in the company, while the choice of the right distribution channel strongly influences other marketing decisions (Coughlan et al., 2006, p. 2; Kotler, 2004, p. 505).

Distribution channels are the bridge between the company and the market (Coughlan et al., 2006, p. 2), or between the salespeople and the buyers (Jain, 2001, p. 349; Keegan & Schlegelmilch, 2001, p. 426). On one hand, the distribution channels have to correspond to the needs of targeted market segments, while on the other hand they have to satisfy the needs of distribution channel members, of which support is essential for the future success of marketing strategy in B2B markets (Hutt & Speh, 2001, p. 355). The distribution channel is an important part of the marketing strategy and the company's positioning strategy, where it often represents the main distinguishing factor in relation to the competition. At the same time, the distribution channel experience strongly influences the consumer's perception of a brand and his/her final satisfaction (Coughlan et al., 2006, p. 1-2). The latter is even more important in the international markets. Compared to domestic distribution channels the companies in the international environment face higher complexity of involved factors in distribution channels, different distribution requirements, as well as inability to transfer the domestic approach to the foreign market. Even more, the complex systems of international distribution channels might represent a barrier to the successful entry into foreign market, where the physical distribution is mostly easier to overcome compared to the system of complex relationships between distribution channel members (Bradley, 2002, p. 322). In brief, the concepts of distribution and distribution channels still differ.

The concept of distribution channels must be distinguished from the physical distribution (distribution in the following), which is more or less connected to the much wider concept of supply chain management (Schary & Skjøtt-Larsen, 1995, p. 17-18) that includes a purchase of production resources, their effective manufacturing into final products and their distribution to the final destination. Physical distribution, often widely named as market logistics, includes “infrastructure planning, needed to satisfy the demand; and the execution and control of physical flows of material and end products from the resource point to the usage point with the purpose to satisfy the requirements of customers and achieve profit” (Kotler, 2004, p. 551). The theory distinguishes between in-bound (internal) logistics that describes the process of material and products flow from the suppliers to the factory; and out-bound (external) logistics, which is defined as a transfer of products from the factory to the buyers and includes different aspects of transport, inventories control, procurement management and warehousing (Keegan & Schlegelmilch, 2001, p. 427-432). This was also confirmed by Czinkota, Ronkainen and Moffett (2005, p. 528), who claim that international logistics can be divided into two phases; material management (this is the same as in-bound logistics above) and physical distribution (the same as out-bound logistics above).

Distribution is the strongest link between the customer and the supply process (Schary & Skjøtt-Larsen, 1998, p. 60), where local market relationships and knowledge of local transport and distribution are essential therefore the local control over distribution is needed (Brennan & Turnbull, 1999, p. 484). Distribution is often misinterpreted, as it is equated with supply chain (Coughlan et al., 2006, str. 560). However, the distribution is beside product design, procurement, production and demand management considered to be only one of the basic tasks of the supply chain (Schary & Skjøtt-Larsen, 1998, p. 22). As Hamel and Prahalad (1985) found the distribution is the most crucial element of international (global) strategy, as it enables the products to reach the market and thereby become the guardian of global market share. Also Schary and Skjøtt-Larsen (1998, p. 60) confirm that from a marketing perspective distribution channel members such as subsidiaries, distributors and agents have to fulfill sales contact with customers as their key function and thereby serve local markets.

The distribution is the key to control over the supply chain, as it is the stage closest to the customers, interpreting the consumption patterns and preferences that drive the activities within certain supply chain (Mühlbacher, Leihs & Dahringer, 2006, p. 536). On the contrary, the distribution purpose is to manage a physical process, while its activities are controlled by manufacturing. However, both definitions conclude that distribution is the most important integral part of the supply chain, having an influence on customer loyalty and the performance of the chain itself (Schary & Skjøtt-Larsen, 1998, p. 191). In essence, manufacturer distributor partnerships have lately received high attention in the research literature (Frazier, 1999, p. 226), while the end-customers had signaled through its

preferred distribution channel usage an increased desire to concentrate their purchase with fewer distributors (Anderson & Narus, 1990, p. 45).

Schary and Skjøtt-Larsen (1998, p. 59) explain that there are three distribution tasks from the international marketing perspective: “gaining entry into a foreign market, serving many markets at the same time and establishing presence as an insider to each market”. International business brings along some specific barriers, such as tariffs and non-tariff barriers, exchange rates, economical, political and financial risk, as well as differences in business practices (Hollensen, 2011, p. 314). In addition, companies within the international distribution channels face a variety of obstacles to the movement of goods, including differences in transportation services and transport regulation, telecommunications, public warehousing, wholesalers and distributors (Coughlan et al., 2006, p. 10). Furthermore, the differences in product requirements result in higher inventories in the supply chain, as well as have an impact on the standardization or adaptation of the international marketing strategy. In sum, the international barriers are a matter of adaptation, while the differences that will remain will be related to older practices and also to the distribution, where the “channel structure reflects the position of small retailers and their distributors” (Schary & Skjøtt-Larsen, 1998, p. 23-24). As it is seen from the literature review, presented above, the concepts of marketing channels and distribution are connected and conceptually interrelated. However, as the concept of marketing channels also includes the relationships between salesmen and buyers, we only discuss and use this concept, which encompasses different aspects of the main research question. Namely, we are evaluating the role of the international marketing strategy in the context of channel relationships, which has been rarely mentioned or even theoretically conceptualized within the distribution literature.

Let us first develop the understanding of **existing and potential conflicts within distribution channels**. According to Robicheaux and El-Ansary (1975, p. 14-17), distribution channels are vertical marketing systems of interdependent institutions, where each channel member occupies a desired channel position, depending on its goals, values, expectations and frame of reference. When a desired channel position cannot be maintained because of interaction with other channel members, there is a possibility of channel conflicts. As the authors explain, the potential for conflict is particularly high in circumstances of selective and exclusive distribution, since there is a high level of functional interdependence among channel members. Anderson and Narus (1990, p. 42) report a positive link between relative dependence and influence by other channel member and a negative link between relative dependence and influence over the other channel member, where the firm with greater relative dependence also has a greater interest in sustaining such a relationship. In essence, if there is no interdependence, no inter-organizational conflict can arise, while the behavior of a channel member that is obstructing the progress of the goal attainment or prohibiting a desired behavior patterns of

other channel members, leads to the state of frustration and that to conflict (Robicheaux & El-Ansary, 1975, p. 22).

Conflicts not only arise in domestic channels but also even more frequently in **international distribution channels**. Although the distribution channels are economic institutions (Stern & Reve, 1980, p. 52), the cross-cultural aspect of relationships and its impact on behavioral dimensions comprises an important part of international distribution channels management (Johnson, Sakano & Onzo, 1990, p. 641). As Nicholson and Stepina (1998, p. 35) found, as business becomes increasingly internationalized, the understanding of cultural traits becomes the basis for success or failure. However, as Appelbaum, Shapiro and Elbaz (1998, p. 211) stress, the attempt to resolve cross-cultural conflicts by only using traditional methods from North America, such as compromising, forcing, persuading, problem solving, etc.; will not be adequate. As the authors state, the potential researcher, doing a cross-cultural study, should also evaluate mistrust and miscommunication as a source of conflict. In literature, trust is perceived as one of the most significant aspects of B2B marketing (Mouzas, Henneberg & Naude, 2007, p. 1016) and it has been conceptualized in two different ways. Dwyer et al. (1987, p. 14) understand trust as a constituent component of relationship quality, whereas Morgan and Hunt (1994, p. 22) argue that it is a necessary requirement and determinant of business relationships. Sahay (2003, p. 556) adds that trust plays a particularly key role in supply chain relationships, whereas Appelbaum, Shapiro and Elbaz (1998, p. 211) claim that in the case of no communication among distribution channel members, a trusting relationship is difficult to develop, while mistrust is perceived as a condition for a conflict.

As the first steps toward understanding cross-cultural conflicts were already made Bandyopadhyay and Robicheaux (1998, p. 192) researched the cross cultural influence strategies of suppliers (information exchange, recommendation, request, promise, threat and legal plea) and satisfaction in marketing channels. They found that in western countries recommendations affect dealer satisfaction positively whereas requests and threats affect it negatively, while in countries of Far East recommendations and legal pleas impact on dealer satisfaction positively. Swierczek and Onishi (2003, p. 187) researched Hofstede's conceptual framework of cultural differences on Japanese and Thai managers, and found the significant differences in business practices, leading to potential conflicts based on different perceptions of the management styles of the researched cultures. In addition, Kolman et al. (2003, p. 87) reported significant differences between the Central European countries and Western European countries, in spite of the short geographical distance, explaining that experience gathered through the years of transition may soon be outdated. The same was found by Nicholson and Stepina (1998, p. 35), who found work related to cultural values, as a central tenet of society's culture, on a sample of four thousand managers, professionals and students in USA, Venezuela and China. The authors report strong support for the researching statement that cultural values vary across those three destinations. As Burke (1997, p. 100) explains, cultural values are related to personal

demographic and work-setting characteristics and influence the selection of channel members' behavior. However, beside cultural values other factors also drive conflicts. This is especially evident between marketing and sales in distribution channels, such as differences in beliefs about the valid scope and focus of activity, time focus, valid sources of knowledge, differences in perceived status, and the relationship to the business environment (Beverland, Steel & Dapiran, 2006, p. 386). While most of the previous studies in the area of distribution channels have contributed particularly to the understanding of behavioral dimensions within distribution channels, studies that took into account the cultural context of the inter-firm interactions were rare (Brown & Day, 1981; Etgar, 1976; Kale & McIntyre, 1991, p. 32).

The literature discussed above is the basic basin of knowledge, which will serve us to build on and define distribution channels and conflicts with those distribution channels in international setting on B2B markets. Thus, in the following subsection we first examine the role of the distribution channel, the behavior of channel members and discuss how to manage them. Based on the deep understanding of relationships in international distribution channels, in the second subsection, we define conflicts, its sources, and consequences and provide conflict resolution strategies to manage conflicts in distribution channels. These basic concepts and its understanding will serve us to build a conceptual model of conflicts within distribution channels, its antecedents and consequences for export performance.

2.1 DEFINING DISTRIBUTION CHANNELS

2.1.1 The process of distribution

Running a distribution channel is not just a single event but also a **process** of “making a product or service available for use or consumption” (Coughlan et al., 2006, p. 4). Similarly, Rosenberg (1974, p. 67) characterizes the distribution channel by producers and various middlemen, who joined in order to perform activities necessary to move goods from the points of production to the points of consumption.

When looking from the perspective of the logistical process (whether customer picks up goods or manufacturer delivers goods) and contact process (whether manufacturing is acting – push strategy, or customer is acting – pull strategy), we differentiate between four different types of distribution channels (Schögel, 2001, p. 12): (1) stationary channels (pull strategy and customer picks up goods), (2) networked channels (push strategy and customer picks up goods), (3) “home order” channels (pull strategy and manufacturers delivers goods), and (4) door-to-door channels (push strategy and manufacturer delivers goods).

Distribution channel research in 1980s that built on research in the 1970s was focused on themes of conflict and power, particularly in the setting of the automotive industry. Later, in the 1990s we witness the emergence of several new concepts like service marketing and relationship marketing, where the development of concepts like trust, cooperation and commitment was at the research focus (Johanson & Silver, 2003, p. 3). All those are nowadays considered an important part of distribution channel relationship management and deserve our further attention.

Distribution as the **function in the organization** can be organized in various ways. First, a distribution unit may be an integral part of the marketing department and may have to report to corporate marketing director. Second, it can be part of an operating division mostly for physical activities, or part of the section that deals primarily with distribution as transportation or traffic function. When the financial control is vital in the latter case, the distribution unit would report to the comptroller. Furthermore, there is a distinction between the distribution personnel being located in the corporate unit or in the regional offices, and serves as a liaison between different divisions and parts of the company. Nevertheless, distribution is considered as a cost center or a service unit with a small number of staff, high fluctuation, a little direct authority over division management and a lack of highly politically and financially skilled personnel. In sum, distribution as a function in the organization is very much vulnerable to intra-organizational cooperation and relationships, which may lead to conflict within the company and thereby reduce the effectiveness of distribution in the whole channel (Rosenberg, 1974, pp. 68-69).

There were several attempts in the literature to design a channel planning/process model (e.g. Stern et al., 1996; Rosenbloom, 1999; Berman, 1996). Most of the models propose a sequence of steps from the review of existing internal resources and determining channel objectives, to the selection of specific channel members and the evaluation of their performance. One of the most comprehensive channel design models that was based on the previously mentioned channel planning steps was given by Neves, Zuurbier and Campomar (2001, p. 521). The authors argue that the channel planning process starts with the understanding phase that includes a description of the existing channels, environmental analysis, asset specificity analysis and existing contracts analysis. Second, the objectives and goals phase follow, where each channel member has to perform and adjust gap analysis between company objectives and consumers' needs or buying processes. The implementation phase that follows includes the channel selection and building contracts. Finally, channel management should be put in place to monitor and revise channel actions.

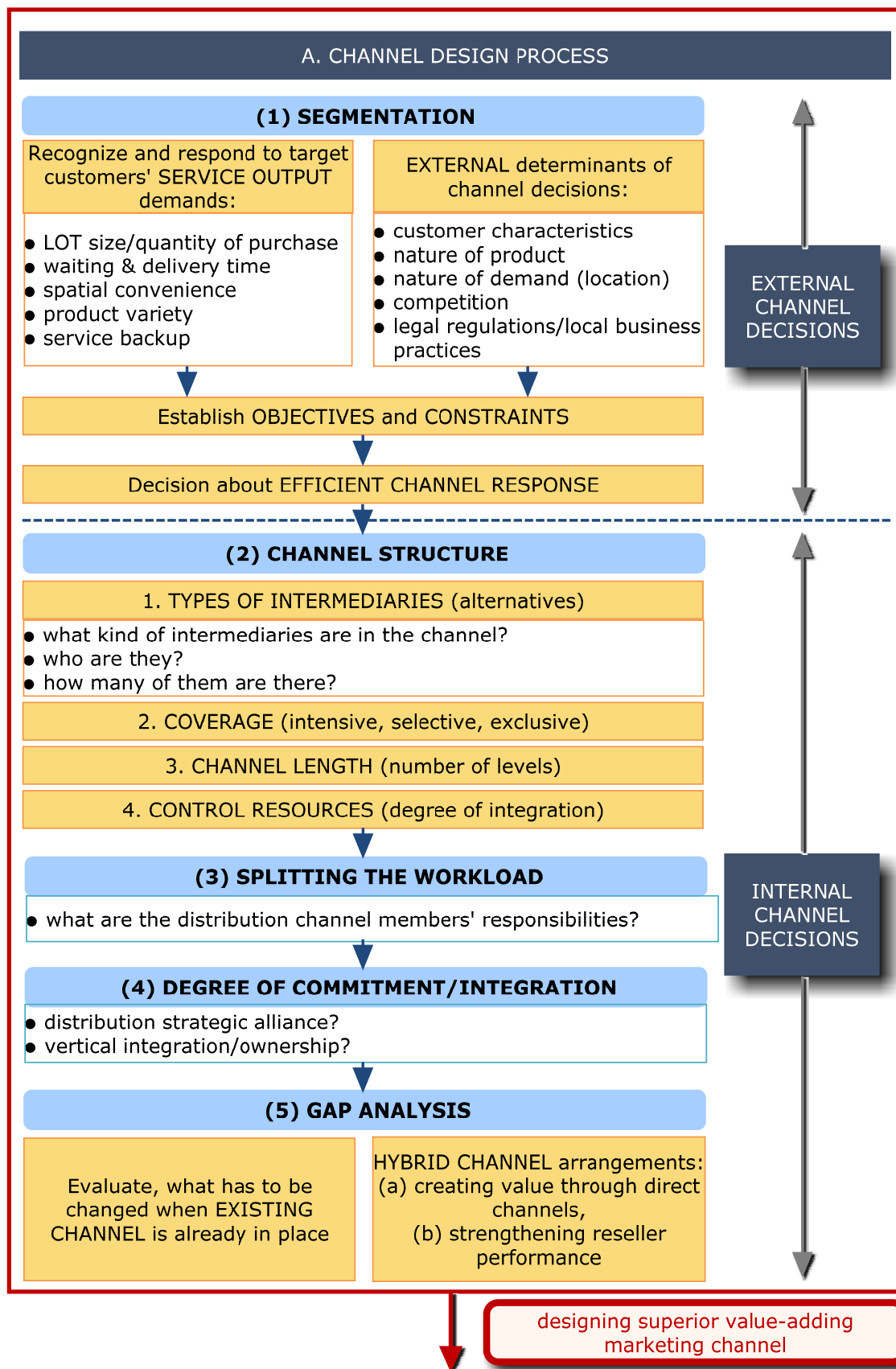
Lately, we have observed some changes and upgrade to the proposed model. Coughlan et al. (2006, p. 17) propose a framework for channel analysis and management, consisting of two major processes; including designing the right channel and implementing that channel design. Designing the right channel is the first stage, involving segmentation of the market, choosing target segments and responding to those channel end-users in the most efficient

way possible. The efficiency includes choosing the intermediaries, and optimal allocation of channel work among them. In short, the design process should match the supply and demand side of the channel, which is meeting end-customers' demands with a minimum possible cost. At the end of the first stage a company has to have an overview over customer's needs along five desired service levels: (1) quantity of purchase (the number of units the channel permits a typical customer to purchase on one occasion); (2) waiting and delivery time; (3) convenience (the degree to which a marketing channel makes for an average consumer to buy a product); (4) product and service variety; and (5) service backup (additional services including installation, credit, delivery and repairs) (Kotler et al., 2009a, p. 635). The most important part is closing the gap between the ideal channel system (based on end-user analysis), existing channel system (based on competitive analysis) and 'management bounded' system (based on constraint analysis) (Stern, Sturdivant & Getz, 1993, p. 2). The second stage of implementation first requires a good understanding of channel power sources and dependence, as well as the identification of potential conflicts. The result of this stage is the so-called channel coordination, the optimal channel design that can be effectively executed on an ongoing basis (Coughlan et al., 2006, p. 18). The result of the integration of models mentioned and the context of this dissertation is our own vision of the distribution channel process, depicted in Figure 2.1.

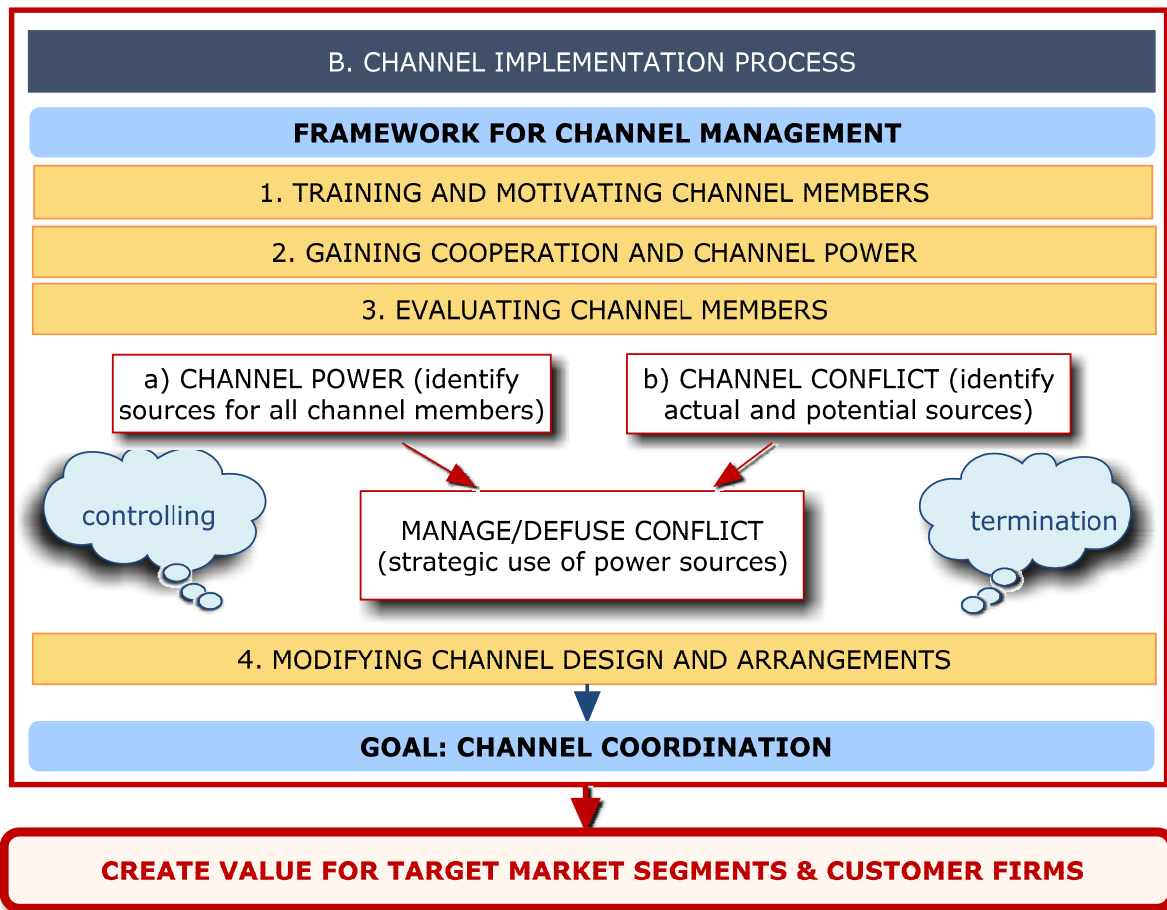
Distribution channels are links between producers and final customers, where the international marketer has a choice to distribute either directly (dealing with a foreign firm) or indirectly (dealing with an intermediary based in a home country). The choice of a particular channel link is strongly influenced by various factors. Hollensen (2011, pp. 551-562) differentiates between *internal* and *external determinants of distribution channel decisions*. The characteristics of the host markets include customer characteristics, nature of demand, competition, legal regulations and local business practices.

Customer characteristics include the evaluation of the size, geographical distribution, outlet preferences, shopping habits and usage patterns of targeted consumer groups. Due to higher geographical dispersion, buying habits in smaller quantities and greater number of customers consumer product channels tend to be longer than industrial product channels. Channel decisions are also influenced by the geography of the country, the development of transportation infrastructure and customer perceptions about the particular product, which is influenced by their incomes, experience with the product, and level of country's economic development, which brings a channel manager to evaluate the *nature of demand*. The evaluation of *competition* allows the channel manager to recognize, which channels competitors are using and where customers are accustomed to find particular products. Competitors may have exclusive agreements with major wholesalers in a specific market, which creates effective barriers to entry for any other firm excluding it from key channels. Nevertheless, *local business practices* (e.g. multi-tiered distribution system in Japan) and specific *laws* that prohibit the use of particular channels or intermediaries (e.g. distribution of alcohol through state-owned outlets in Scandinavia) also affect channel decisions.

Figure 2.1: Distribution channel design and implementation process



continued on the next page



Source: adapted from Anderson & Narus, 2004, p. 272; Coughlan et al., 2006, pp. 18-26; Hollensen, 2011, p. 551; Kotler et al., 2009a, pp. 638-641.

In spite of all been said, to evaluate how distribution channels actually evolved to the current state a historical explanation is advised, although very rarely used in the literature (Bairstow & Young, 2012).

Among internal factors of a channel design *nature of product* plays a key role in determining the **structure of the channel**, particularly **market coverage**. Intensive distribution through a large number of different types of intermediaries is usually required for low-priced, high-turnover, brand-preferred, non-technical convenience products that require limited service (self-service) and are in the mature stage of the product life cycle. Exclusive distribution through only one chosen intermediary in the market is common for high-priced, low-turnover, brand-insisted, technical and distinctive (special) products that are new to the market and require extensive service and personal selling. Selective distribution falls between both described options, offering selective market coverage by choosing a number of intermediaries for each market. As Hollensen (2011, p. 551) notes distribution channels account for 15-40 % of the retail price of goods and services.

Table 2.1: Variables affecting channel length

	<i>Use INDIRECT (long) channel when</i>	<i>Use DIRECT (short) channel when</i>
<u>MARKET variables:</u> Number of customers Customer location Industry types	Many Dispersed Many (horizontal)	Few Concentrated Few (vertical)
<u>CUSTOMER variables:</u> Sales potential per account Purchase decision significance Customer size Negotiation level	Low Unimportant Small Buyer	High Important Large Top management
<u>PRODUCT variables:</u> Technical complexity Sales price Product design Problem solving	Simple Low Published prices First costs Standard features Routine	Complex High Bid prices Life cycle costs Customized features Application engineering
<u>CHANNEL variables:</u> Number and availability of intermediaries	Favorable	Unfavorable

Source: Mahin, 1991, p. 410.

Channel length is determined by the number of levels of middlemen or different types of intermediaries in the distribution channel. Longer channels are usually associated with convenience goods and mass distribution (Hollensen, 2011, p. 552). If a manufacturer or a service provider directly sells to the final customer through its own distribution, sales force or other method (e.g. Internet), then we speak about *direct channel* or a *zero-level channel*. When a company is using one intermediary such as a retailer or distributor (e.g. car dealers), it is using a *one-level channel*. *Two-level channels* typically include a wholesaler and retailer (B2C markets) or manufacturer's representative and industrial distributor (B2B markets). There are channels with even more levels (e.g. six-level channel for food distribution in Japan). In effect, the longer the channel the harder it is for manufacturer to obtain information about consumers and exercise control over the channel (Kotler et al., 2009a, pp. 627-628). Table 2.1 depicts more details on variables affecting channel length.

The structure of the channel is also determined by the **degree of integration**, which is closely associated with the level of control that the company wants to achieve through its ability to influence the decisions and actions of other channel member. On the one hand, vertical integration offers a control of channel members at different levels of the channel (e.g. manufacturer wants to be "in-touch" with final consumers and acquires distributor). On the other hand, horizontal integration enables control of channel members at the same level of the channel (e.g. manufacturer acquires a competitor). Therefore, it is clear that international marketers will be concerned about channel control, if they want to establish

international brands and a consistent image of product quality and service worldwide (Hollensen, 2011, p. 551-555).

2.1.2 The international aspect of distribution channels

The understanding of the nature and development of international distribution channels is key to the present research. Data networks, especially the arise of *internet* stores, enabled end-users in the international environment to bypass traditional channels and deal directly with the producers and service providers. This so called *intermediation* process, where physical distributors and dealers of goods and services are under increasing pressure of direct sales through Internet, leads producers directly to compete with resellers, which results in a **channel conflict**. Furthermore, not only has potential channel conflict been linked to cannibalization of existing distribution channels, but also to the global nature of Internet, as it creates price transparency, which creates conflict due to different prices charged by the producer in various markets. As the author concludes, this limits the attractiveness of Internet's value proposition, which makes most of the companies stay with the declining distribution network too long (Hollensen, 2011, pp. 551, 568-569).

To some extent, "inter-firm relationships have been acknowledged as a driving force in internationalization" (Axelsson & Agndal, 2000). The international studies soon found that "establishing, developing, and maintaining successful business relationships with distant partners is not an easy task, ..., as the major barrier is cultural distance, ..., while ethnocentrism negatively affects cultural sensitivity and the quality of relationship between exporters and importers" (Trang, Barrett & Tho, 2003). Carr (2002), who explored cultural impact on relationships, found that stereotypes are present at the early stage of the relationship and could hinder the later progress of the potential partnership. In addition, a few studies (e.g., Mainela, 2001; Leonidou & Kaleka, 1998; Leonidou, 2004; Styles & Ambler, 2004) have focused on the international aspect and have incorporated the empirical or theoretical contribution of the influence of relationship components on export performance. Because the Slovenian economy highly depends on exports, developing successful relationships in international and especially neighboring markets is very important. In addition, most of the exports and added value of Slovenian firms is created in international B2B markets, where business relationships and their components are important performance drivers.

In this section I address the relationship between the marketing theory and the distribution channel theory and provide interesting insights. Johnson, Sakano and Onzo (1989) explain that for firms conducting business in international markets, success partly depends on effective delivery to their customers, and partly of their knowledge to maintain good relationships. As Moberg and Speh (2003) claim, relational research is an essential component of the supply chain management theory development because supply chain management "requires that multiple trading partners work together to improve the

efficiency and effectiveness of logistic operations for each member of the supply chain.” Min and Mentzer (2000) also confirm this statement, adding that supply chain management extends the concept of functional integration beyond a firm to all the firms in the supply chain, in which the primary goal is for each member of a distribution channel to help the others improve the competitiveness of the chain and strengthen relationships. In addition, Keller (2002) explains that successful partnerships and relationship integration throughout the distribution channel are necessary to improve efficiency and profits compared to firms that are operating more individually. The author also suggests that firms should concentrate on motivating customer-conscious employees through internal marketing, which will yield higher relationship performance in the external supply chain (Keller, 2002). Wu et al. (2004) provide an even more detailed overview of distribution channel relationships because they study the behavioral determinants of supply chain management (trust, power, continuity, and communication – all of these are also components of relationship marketing) that impact supply chain commitment; according to their findings, this is crucial for a higher level of integration. Frazier (1999) adds that in circumstances when one firm exercises a great power, it might influence other firm’s beliefs, attitudes and behavior, and thereby change channel relationships. To sum up, it is important for firms to realize the benefits of integration and therefore they must first build a proper type of inter-firm relationship, which is discussed further in the section that develops a conceptual model.

When expanding internationally the major differences between domestic and international channels are no longer business processes and additional functions in the marketing channel. Not only will the international companies need to cover additional geographical areas and submit to export/import regulations of each country, but also expect the division of channel member functions to vary from one country to another (Anderson & Narus, 2004, p. 285-287). The availability of distribution channels in particular countries depends on culture, tradition and stage of the country’s economic development. In developing countries channels of distribution are scattered, inefficient and also insufficient, while in contrast in Japan for example there are usually too many channels involved in the distribution of one single product (Jain, 2001, p. 349). Thus, the extensive network of channels of distribution may (as in particular case of Japan) represent one of the main barriers for foreigners to enter the market (Hollensen, 2011, p. 552). Furthermore, the resource-based theory explains that resources, which are classified into four categories, i.e. products, facilities, business units and business relationships; play a key role in the internationalization process of a firm (Ciabuschi, 2002). Essentially, channel members face a challenge of being prepared to alter their channel strategy fast, as international market conditions usually shift faster and more dramatically than in the case of domestic markets (Anderson & Narus, 2004, p. 290).

Distribution channels are the link between producers and consumers (Jain, 2001, p. 350), and there are various ways of creating this link, either directly or indirectly (with an

intermediary). Most international marketing textbooks (cf. Anderson & Narus, 2004; Coughlan et al., 2006; Jain, 2001) mention four choices business market managers have concerning the selection of international channels and resellers:

1. **Domestic reseller-exporters:** operating within the supplier's home country; divided into two general categories: a) agents (e.g. manufacturer's export agent, export management company, domestic trading company), who do not take title to goods and are paid on a commission basis (Johansson, 2006; Mühlbacher et al., 2006; Osland et al., 2001); b) merchants (e.g. export merchants, cooperative exporters), who take title and physical possession of goods, perform export, distribution and marketing, and make profit from resale of products (Anderson & Narus, 2004).
2. **International reseller-importers:** based in the target country and are specialized in importing goods from abroad (e.g. export buying agent, brokers, import jobbers, distributors), but differentiate in terms of compensation, taking title to goods and marketing functions they perform (Cadogan et al., 2002; Hollensen, 2011; Johansson, 2006).
3. **Countertrade arrangements:** include exchange of goods or services for reciprocal promise to purchase other party's goods and services (e.g. barter, clearing arrangements, offset arrangements, switch trading) (Anderson & Narus, 2004; Jain, 2001).
4. **Market directly in target country:** the most risky and resource intensive strategy; however in certain countries a necessary step to market success. It includes what some authors (e.g. Hollensen, 2011) call hierarchical entry modes, from establishing branch offices or/and production facilities with own sales representatives who manage marketing activities (Dahlen et al., 2003), or in case of "resource rich suppliers" acquire local distributor to handle channel functions on that foreign market (Anderson & Narus, 2004; Hitt et al., 2004)

2.1.3 The channel members' behavior and relationships

The buyer supplier relationships have been the subject of theory building and empirical model testing for many years, particularly within the Industrial Marketing and Purchasing Group (IMP) with the interaction model (Håkansson, 1982), while other examples include network models (Jarillo, 1988), channel models (Heide *et al.*, 1992) and partnership models (Helper *et al.*, 1995) (in: de Burca, Fynes, 2001). We apply a definition by Agndal and Axelsson (2002), who said, "a business relationship is considered to exist between two parties when it requires interaction between these two parties". Therefore mutual relationship orientation between the buyer and seller is required. A firm's profitability and B2B marketplace success depends directly on its working relationships that are embedded in business networks comprised of connected relationships. As these relationships and business networks enable companies to achieve outcomes (joint value) that they could not achieve acting alone, firms should engage in working relationships and business networks (Anderson & Narus, 2004, p. 21, 27).

Several authors argue (Axelsson & Agndal, 2000; Ciabuschi, 2002; de Burca & Fynes, 2001) **IMP Group's interaction approach** (Håkansson, 1982) claims that studies of business marketing and purchasing should focus less on transactional process and more on the ongoing interactions between suppliers and buyers. In addition, Wynstra, Axelsson and van der Valk (2006) explain, "ongoing interactions in business relationships are particularly relevant given the fact that most firms tend to engage in a limited number of long-lasting relationships". As Grönroos (1996) explains, the products and services are produced and consumed in interactive processes between the seller and the buyer, the idea embedded in the IMP Group conceptual framework. The framework, as explained by van der Valk, Wynstra and Axelsson (2005), follows the structure-conduct-performance logic, developed by Porter (1991), explaining that interaction is made up of certain processes (conduct), which is affected by the buyer-supplier interface (structure), while depending on the design of the interaction and the processes, a certain result regarding the purchase is expected (performance). Ciabuschi (2002) adds, ongoing interaction should be promoted to aim at coordinating supplier and buyer activities, which can be achieved by two types of processes, which is through communication and adaptation.

IMP scholars describe and analyze business networks using a model with three vital distinguishable components: **actor bonds**, **activity links** and **resource ties**. Actors are firms in the network performing activities and controlling resources (Anderson & Narus, 2004, p. 30), while actor bonds represent the strategic positioning of a firm (e.g. number of suppliers, involvement), significantly impacting the interaction between the buyer and supplier (Gadde et al., 2010, p. 145). Actors may have very different roles in networks, from architects who facilitate the building of specific networks, caretakers who focus on and take care of activities that enhance network performance, and lead operators, who formally connect actors into already existing and ongoing networks (Snow, Miles & Coleman, 1999, in Anderson & Narus, 2004, p. 32). Activities are usually described as transactions (e.g. order management cycle, inventory management process, etc.), which create value through transforming resources (Anderson & Narus, 2004, p. 30). Creating links among those activities has to do with the routines, procedures and systems in the two firms with a goal improving efficiency and reducing resource utilization in relation to (repetitive) activities (Gadde et al., 2010, p. 145). Resources contain anything that may present a specific value to actors, including personnel, technical know-how, capital, equipment, etc. (Anderson & Narus, 2004, p. 30). Every company in the network holds a specific set of capabilities and resources and to take the advantage of it firms must find a way to bind them to its own and learn through the whole process. In other terms, finding the match in resource ties means developing new ways of utilizing resources, which is in turn associated with the process of getting greater value from business relationships (Gadde et al., 2010, p. 145).

Relationships within business networks and networks itself exist at **multiple levels**. First, the relationships are built at the level of individuals as part of their work-related activities. Second, the relationships occur at the functional level within one firm (e.g. relationship between manufacturing and marketing department) or across firms (e.g. relationship between marketing department in a supplier firm and purchasing department in a buyer firm). Finally, we may think of relationships at the business unit level, where firms along the distribution channel or network are engaging into firm working partnerships (Anderson & Narus, 2004, p. 22).

Relationship marketing has many definitions. Morgan and Hunt (1994) explain that relationship marketing relates to all the marketing activities performed to establish, develop, and maintain relations. Hutt and Speh (2004) add that relationship marketing comprises activities that lead to successful exchanges with buyers. On the other hand, Gummesson (2000) states relationship marketing is a synonym for networking, marketing from the viewpoint of relations, and mutual business activity. Parvatiyar and Sheth (2000) go even further, explaining the concept as a process of never-ending mutual activities between the company and buyers in order to establish and enrich their value with lower cost involved. The extended definition by Grönroos (1996) also includes relationship marketing goals, which are defined as establishment, development, and maintenance of relations and thereby creating profit, but sometimes breaking the relation-bonds when necessary so that all the goals of the participants can be achieved. In sum, relationship marketing is “reorienting the positions of suppliers and customers through a business strategy of bringing them together in co-operative, trusting and mutually beneficial relationships” (Veloutsou, Saren & Tzokas, 2002, p. 435).

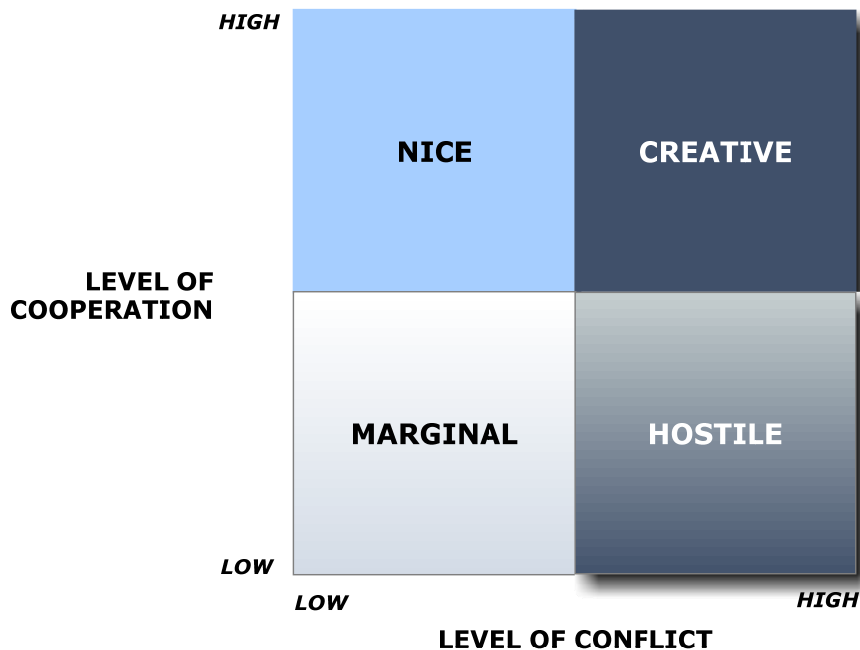
The relationship marketing theory identifies several relationship marketing components that can be evaluated. Žabkar and Makovec Brenčič (2004) speak about values, trust, and relationship commitment. Furthermore, Rojšek and Matajič (2002) identify two groups of relationship marketing components; the socio-psychological factors of individuals’ behavior within interchange episodes (e.g. trust, commitment, a long-term relationship, interpersonal relationships, etc.) and organizational variables (e.g. adaptation in inter-firm relationships, specific investments in a relationship, and contractual terms). In addition, Harker (1999) found seven conceptual categories of relationship marketing: creation (attracting, establish, getting), development (enhancing, strengthening, enhance), maintenance (sustaining, stable, keeping), interactive (exchange, mutually, co-operative), long-term (lasting, permanent, retaining), emotional content (commitment, trust, promises), and output (profitable, rewarding, efficiency). Most research on emotional content and output (e.g., Dwyer et al., 1987; Coulter & Coulter, 2002; Fullerton, 2005; Morgan & Hunt, 1994; Peterson, 1998; Sanchez & Iniesta, 2004; Woo & Ennew, 2004; Žabkar & Makovec Brenčič, 2004) has addressed commitment and trust as the two central constructs of relationship marketing (Morgan & Hunt, 1994). However, later studies explored the relationship between commitment and export performance (Cicic, Patterson & Shoham,

2001; Katsikeas, Piercy & Ioannidis, 1995; La, Patterson & Styles, 2005; Morgan, Kaleka & Katsikeas, 2004; Styles & Ambler, 1994) and also investigated the importance of component parts of these constructs (Mouzas, Henneberg & Naude, 2007), pointing at the distinction between internal and external commitment (Styles & Ambler, 2000). There were also some recent trials on how the commitment to organizations (Kelley & Davis, 1994), products (Martin & Goodel, 1991) or brands (Perrachio & Meyers-Levy, 1997) impact the relationships between sellers and buyers. As Frazier (1999) states, inter-firm relationships have an impact on relationships with end-customers; however there is a lack of empirical research within this field.

The IMP school and network approach talk about **interaction atmosphere** that encompasses the nature of relationships in the network. On the one hand, it is characterized by *collaborative* features like commitment and trust, while on the other hand there are features related to *confrontation* in the interaction, such as conflict and power. The authors of this school claim that each firm in a network holds its specific position and the change of this position increases the tension in both, collaborative and confrontational dimension (Gadde et al., 2010, p. 114). Conflict and power are closely connected as confrontational dimensions in the interaction, as conflicts are considered as potential outcomes of the attempts to exert influence over other party, primarily arising when one perceives its partner hindering to attain its own goals (Gadde et al., 2010, p. 116).

“Interaction in business relationships is always characterized by both conflict and **cooperation**, because the parties have both contradictory and shared interests” (Gadde et al., 2010, p. 116). As Gemünden (1985) already found business partners should neither iron out an existing conflict nor let them escalate, therefore the absence of conflict in a relationship would only reflect that partners did not explore collaborative ways of partnership. Furthermore, conflict is “the very essence of what an organization is” (Pondy, 1992, p. 259) and its absence leaves the organization with no reason for being as the organizations are precisely the opposite of the cooperative system. Conflict clearly becomes problematic particularly on a short-run as it might hinder the efficient day-to-day operations and needs to be properly managed to become a breeding ground for creativity. Basically, the effective relationship interaction will always require both cooperation and conflict (Gadde et al., 2010, p. 116-117). When speaking about collaborative relationships, Anderson and Narus (2004, p. 26) talk about the development and management of a series of exchange episodes, where “exchange in one relation is contingent upon exchange (or non-exchange) in the other relation” (p. 27).

Figure 2.2: The correlation between conflict and cooperation, and corresponding relationship characteristics according to the IMP school



Source: Gadde et al., 2010, p. 117.

Buyer-supplier relationships bear **economic consequences**, including relationship costs (e.g. direct transaction costs, relationship handling costs, direct procurement costs, supply handling costs, etc.) on the one hand, and relationship benefits (e.g. cost and revenue benefits) on another. Gadde et al. (2010, p. 137-138) argue that one of the main reasons why economic consequences differ among various relationships is the extent of *involvement* among the parties. When one party is choosing a low-involvement approach, it is avoiding adaptations and interdependence. The second important dimension of relationships is the *regularity* of the transactions in the individual relationship, explaining the level of continuity in the relationship or how often the firm is using the potential of switching among business partners. When using both dimensions to describe a specific relationship, we come across four different variations. First, there are relationships of low regularity and low involvement, where the partners are increasing efficiency from price pressure, while the relationship is simply described as **market exchange**. When having high regularity and low involvement, we are facing **simple relationships**, where regularity enables routines and low involvement makes changes of suppliers easy when necessary. **Complex buying situations** occur when the relationship is described by high involvement and low regularity, which is appropriate mostly in cases of purchases of complex systems and equipment, which are bought at irregular intervals. Finally, high involvement and high regularity lead to **complex relationships**, where both partners gain cost and revenue benefits through mutual adaptation over time (Gadde et al., 2010, p. 138-142).

Trust and **commitment**, as two important functions of each relationship interaction evolving over time, reduce uncertainty and manage ambiguity in the relationship. The

network approach, based on the interaction theory, stresses the importance of social interaction for the development of trust between business partners (Gadde et al., 2010, p. 114). Building trust and commitment take a long time to develop, where social relationships between individuals involved in business is crucial. However, even small changes (e.g. change in power, escalation of conflicts, etc.) may greatly impact the relationship, while trust and commitment may dissolve fairly quickly (Gadde et al., 2010, p. 119). We offer further explanation in the following paragraphs.

Trust

Several prominent authors (e.g., Dwyer et al., 1987; Anderson & Weitz, 1989; Moorman et al., 1992, 1993; Ganesan, 1994; Morgan & Hunt, 1994; Håkansson et al., 2004; Young, 2006) have positioned trust “as a significant, if not pivotal, aspect of business relationships” (Mouzas et al., 2007, p. 1016). In the last two decades, the study of “trust in business and industrial marketing has experienced phenomenal growth” recognizing “trust as central to business functions” (Young, 2006, p. 439). Despite this, Young (2006, p. 439) still points out that the “conceptualization of trust in business relationship literature remains limited” and calls for a “deeper conceptualisation focusing on trust and in particular on its nature.” Similarly, Mouzas et al. (2007, p. 1016) refer to a need for “clarification and theoretical scrutiny” of the concept of trust in industrial relationship settings. Trust as defined by Gadde et al. (2010, p. 118) is firm’s confidence in business partner’s reliability and integrity, where the relationship is characterized by behavior described as honest, fair, competent, helpful, responsible, benevolent and consistent (Morgan & Hunt, 1994, p. 23).

Addressing the issue of trust in the link between internal and external relational dimensions, Elster (2000) sets out a good basis for tackling the issue of trust as a “*conditio humanae*.” Placing trust within the context of internal organizational relationships, Asch (1952), Erikson (1959), and Barber (1983) link trust to the psychological health of the actors engaged. According to Morris and Moberg (1994), and Mayer et al. (1995) “trust is important and useful in a range of organizational and inter-organizational activities” (Elangovan et al., 2007, p. 4). Furthermore, Ballantyne (2000a, 2000b) directly positions trust as an important element of internal marketing within the company. In contrast, the study of trust in external buyer-seller relationships has received much more attention (e.g., Anderson & Narus, 1990; Morgan & Hunt, 1994; Young & Albaum, 2003; Young, 2006), and firmly anchors the belief that trust is an essential part of long-term and value-adding marketing relationships (Morgan & Hunt, 1994; Young, 2006). Although entire issues of journals and a large number of papers (see Möllering et al., 2004; Young, 2006) have been devoted to trust, this doctoral dissertation approaches trust as a customer’s expectation regarding long-term relationships with the company. All in all, when norms like mutuality, solidarity, flexibility and conflict resolution are part of personal relations, the main prerequisites of building trust are fulfilled (Vaaland & Håkansson, 2003, p. 134).

Commitment (in general)

Commitment is viewed as a central construct in the relationship marketing literature (Morgan & Hunt, 1994). Commitment is understood as an implicit or explicit pledge of the continuity of a relationship between exchange partners (Dwyer et al., 1987). While some, think that “commitment is the most advanced phase of partners’ interdependence”, which is beneficial for both companies, as manufacturers can obtain improved product developments, increased margins and market shares and distributors gain deeper market penetration and higher customer satisfaction (Wetzels, Ruyter & Birgelen, 1998). Fullerton (2005) also talks about commitment from an opposite aspect, as it is supposed to undermine customer loyalty and thereby relationships, which leads to forsaking of alternatives and mutuality with only one company. However, we will follow the definition of Sanchez and Iniesta (2004), who claim “commitment is a psychological state generated by an individual’s perceptions, beliefs and emotions which provoke the willingness or intention of developing and maintaining a stable and durable relationship, because the individual wants it or feels that he/she should make it, and which manifests itself in a behavior which bears certain obligation”. Commitment is manifested in behavior such as willingness to make short-term sacrifices, (personal) investment into relationship, and confidence in the stability of the relationship (Gadde et al., 2010, p. 118), as both parties believe that ongoing relationship is so important that requires maximum efforts of maintaining it (Morgan & Hunt, 1994, p. 23).

Relationship commitment

However, there are several authors (Morgan & Hunt, 1994; Sanchez & Iniesta, 2004; Fullerton, 2005), who researched relationship commitment as affective commitment, while also distinguishing among continuance commitment. The authors commonly came to one major conclusion, that continuance commitment (customers can be committed to the relationship because they feel that ending the relationship involves an economic or social sacrifice or because they have no choice but to maintain the current relationship – it is rooted in switching costs, sacrifice, lack of choice and dependence) has a much smaller effect on switching intentions than affective commitment (affective commitment exists when the individual consumer identifies with and is attached to their relational partner). In addition, Sanchez and Iniesta (2004) debate the meaning of distinction by stating that, “a person is envisioned as having acted in such a way (‘made a commitment’) or being in such a state (‘being committed’)”. In other words, there is a distinction between attitudinal commitment and behavioral or manifest commitment, whereas the authors also discuss cognitive and emotional dimension of the latent commitment (Fullerton, 2005).

Market commitment and market orientation

Market commitment is the “organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior relationships and performance for the business” (Narver & Slater, 1990). Their study also indicates that market commitment consists of three behavioral

components: customer orientation, competitor orientation, and inter-functional coordination. Although market commitment is usually evaluated by collecting data on the amount of funds prepared by a distributor for investment abroad or the level of commitment to international markets (Johanson & Vahlne, 1977), we used internationalization motives as factors for fostering marketing commitment. Motivation describes how one's behavior is initiated, energized, sustained, directed, and stopped (Morgan, 1997). It is also argued that motivation is a process whereby individuals make choices among various activity alternatives (Vroom, 1964). Both definitions identify factors that affect individual choice behavior. The theory about the motivation to internationalize distinguishes between factors that initiate export (i.e., stimuli) and factors that sustain an ongoing export operation at an increasing level (i.e., motivators; Katsikeas, Piercy & Ioannidis, 1996; Morgan, 1997). In the search for a classification of motives, we build on Kacker (1985) and Treadgold and Davies (1988), who distinguish between "push" and "pull" motives. According to Tatoglu, Demirbag, and Kaplan (2003), push factors initially predominated, including the mature state of the domestic market, intense competitive pressures, a restrictive trading environment, and other factors. This formed the basis of the reactive school of thought (Alexander & Myers, 2000). Several authors have questioned the main assumption of the reactive approach (Alexander & Quinn, 2002) and instead, scholars proposed focusing on the attractive characteristics of a host-country environment and promote pull motives, which have led to the development of a proactive school of thought (Alexander & Myers, 2000). Parallel to this, research has distinguished between internal and external environmental motives (Morgan, 1997; Katsikeas, Piercy & Ioannidis, 1996). Internal motives are associated with influences in the corporate environment of the firm, whereas external motives originate in the firm's domestic or foreign external environment (Leonidou & Kaleka, 1998). While previous studies tended to adopt one or the other approach, recent attempts seek to align the two streams (Alexander & Myers 2000; Tatoglu, Demirbag & Kaplan, 2003). Thus, proactive motives are forces based on a firm's unique internal skills (Leonidou & Kaleka, 1998), whereas reactive motives explain a firm's export engagement as a response to environmental pressures (Czinkota, Ronkainen & Moffet, 2005). On the whole, motives for internationalization should explain export performance because previous studies (Narver & Slater, 1990) have already indicated that there is a positive relationship between market commitment and two decision criteria: long-term focus and profitability (other research also uses profitability as one of the indications of export performance).

Market commitment is theoretically linked to a much wider concept of marketing orientation, which theoretically also encompasses relationship marketing theory. Marketing orientation is a central philosophy within the marketing literature (Morgan & Strong, 1998) and, although both terms have been very frequently used in literature, there is still inconsistency in their definitions and applications (Deng & Dart, 1994). Marketing as a business philosophy strives to achieve long-term profitability by focusing organizational activities toward satisfying the needs of distinctive market segments. In contrast,

orientation deals with the generation of market intelligence about current and future customer needs, and capability to satisfy those needs, integrating and disseminating such intelligence across departments, and the organization's response to market opportunities (Deng & Dart, 1994; Morgan & Strong, 1998). Furthermore, Kohli and Jaworski (1990) explain how market orientation reflects the extent to which a firm's actions are consistent with (its) marketing philosophy, whereby the operationalization of marketing (as an organizational function) is closely connected to market orientation. In sum, according to Narver and Slater (1990), market orientation is a firm's response to consumer needs and tastes, reflected in a distinct organizational culture, which puts the "customer" at the center of the firm's strategy and operations (Mavondo and Farrell, 2003). However, the terms consumers and customers should be understood here in their broadest possible sense.

Marketing literature (e.g., Han et al., 1998; Jiminez et al., 2008; Mavondo et al., 2005) outlines two theoretical frameworks for distinguishing and conceptualizing market orientation (Kohli & Jaworski, 1990; Narver & Slater, 1990). On the one hand, Kohli and Jaworski (1990) propose an information process-based model (Jiminez et al., 2008; Mavondo et al., 2005) in which market orientation is described by three key activities: (1) market intelligence generation pertaining to current and future customer needs, (2) intelligence dissemination across departments, and (3) organization responsiveness to market intelligence. On the other hand, Narver and Slater (1990) emphasize the cultural perspective of the concept (Jiminez et al., 2008) and view a firm's market orientation as a result of its (1) customer orientation (sufficient understanding of buyers to be able to create superior value for them), (2) competitor orientation (understanding of short-term strengths and weaknesses, and long-term capabilities and strategies of key current and potential competitors), and (3) inter-functional coordination (coordinated utilization of company resources in order to create superior value for customers). Although the two conceptualizations differ in their perspective and emphasis (Mavondo et al., 2005), they share some similarities, including the same key components, such as: (1) the need for and interest in knowledge of customers and competitors, and their needs and wants, (2) the need for coordination between functions and departments, and (3) the ability to respond to market opportunities (Jiminez et al., 2008; Mavondo et al., 2005).

Product commitment

Martin and Goodel (1991) explain that the concept of product commitment relates to "the loyalty of consumers towards a product class or brand". According to their study, product commitment includes a behavioral dimension (purchase consistency) and an attitudinal dimension, whereby the latter relates to affective, situational, and behavioral variables, which are supposed to shape the level of commitment within an individual. The authors also talk about low and high product commitment. Based on their description of high product commitment, we can say that in such cases the product is well-insulated from competitive threats, has a stable market position, is perceived as a good value or as a justifiable expenditure, buyers may exert considerable effort in searching for those

products and may be willing to pay a premium price. On the contrary, Waller and Ahire (1996) argue that managers in companies that promote relationship quality must also see the link between the quality of their products and their customer's perceptions of the quality of their products. They claim that those managers who do not see this link may also not see the importance of improving product quality and therefore the importance of implementing relationship improvement techniques. Our study follows the argument of both studies, building on previous research. There is evidence that product commitment is positively related to comparative ads for products that evoked affective and cognitive motivations simultaneously (Putrevu & Lord, 1994); that product commitment is a weak predictor of consumption (Wansink & Ray, 1992), and that product commitment is not subject to various cultural stimuli (Schmitt, Pan & Tavassoli, 1994). However, there is no empirical evidence that there is a link to relationship marketing concepts. Many studies explain that, before a selling organization can actually begin the relationship-building process with the customer, the organization should have an internal focus (Cann, 1998). How to achieve employees' commitment to their organization and products internationally is a question often faced by many multinationals. Researchers often examine commitment as a relation between a company and a salesperson in a foreign market, because recent research has indicated that high export performance is achieved only if there is commitment within the specific distribution channel (Cohen & Roussel, 2005). All in all, although many firms have nowadays adopted the relationship marketing philosophy to develop long-term inter-firm relationships, the issues regarding channel conflict still deserve further development and investigation (Zhou, Zhuang & Yip, 2007, p. 309).

2.1.4 Channel management

Typically, the distribution channel management is divided between **channel relations** and **physical distribution** (Rosenberg, 1974, p. 67). Therefore, it is hard to plan and execute the overall strategy of channel conflict management and this is the reason, why the primary focus of the dissertation is based on channel relations. Furthermore, "because conflict occurs in patterns within the distribution channel, it can be identified, anticipated, and possibly controlled" (Rosenberg, 1974, p. 68). Thus, effective channel management may include management of conflicts as well.

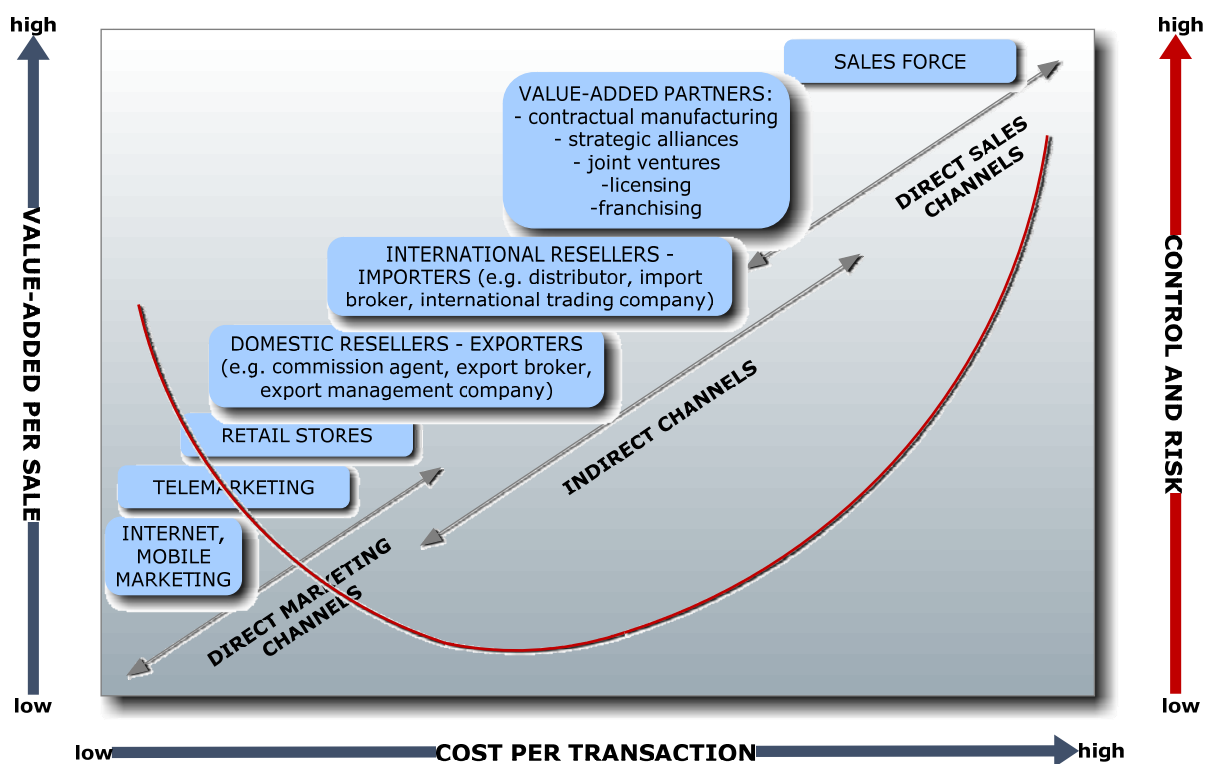
Managing distribution channels includes several tasks, from screening and selecting intermediaries, motivating and controlling. In the beginning of a market entry it is usually most reasonable to choose a local partner and most buyers tend to prefer doing business with locals rather than foreigners. A proper selection of a local distributor includes following five selection categories (Hollensen, 2011, p. 559):

1. **Financial and company strengths:** ability to finance initial sales, maintain inventory and finance growth, ability to formulate and implement marketing plans, ability to raise funds;

2. **Product factors:** product complementarity (synergy or conflict with the current product portfolio?), familiarity with the product, quality management system, technical know-how, patents, conditions of physical facilities;
3. **Marketing skills:** marketing management expertise, experience with target customers, ability to provide adequate market coverage, customer service, sales force, market share, on-time deliveries, participation in trade fairs;
4. **Commitment:** willingness to invest in advertising, drop competing product lines, invest in sales training, keep sufficient inventory, devote attention to product with positive attitude;
5. **Facilitating factors:** track record with past suppliers, government relations, network of relationships with influential people and other manufacturers, knowledge of the business.

Each channel alternative will provide a different level of distribution service, generate different sales and operate with different costs (see Figure 2.3). Kotler et al. (2009a, p. 637) provides evidence that the use of multiple channels (the use of two or more marketing channels to reach one customer segment) increases customer contact and thereby its profitability in comparison to single channel users.

Figure 2.3: Evaluating intermediaries – value added per sale, the cost per transaction, control and risk of different channels



Source: adapted from Anderson & Narus, 2004, p. 288; Kotler et al., 2009a, p. 637; Hollensen, 2011, p. 334-405.

Strauss, El-Ansary and Frost (2006, p. 287) among intermediaries include wholesalers, retailers, brokers, and agents. Anderson and Narus (2004, p. 288) offer a more comprehensive classification of international marketing channels and resellers. They differentiate between domestic reseller - exporters (export management company, manufacturer's export agent, commission agent, domestic trading company, export broker and cooperative exporter) and international reseller - importers (import broker, managing agent, international trading company and import jobber).

Strauss et al. (2006, p. 289) examine **functions of a distribution channel** that need to be performed to move products from producer to consumer. The authors classify those value-added functions as transactional, logistical and facilitating. Transactional functions include process transactions, matching products to buyer needs, making contact with buyers, negotiating price and using marketing communication to make them aware of their products and services. Logistical functions that are often outsourced to third-party logistics specialists include physical distribution activities like transportation and inventory storage, as well as the function of aggregating product. Finally, facilitating functions include market research and financing, both major functions performed by channel members.

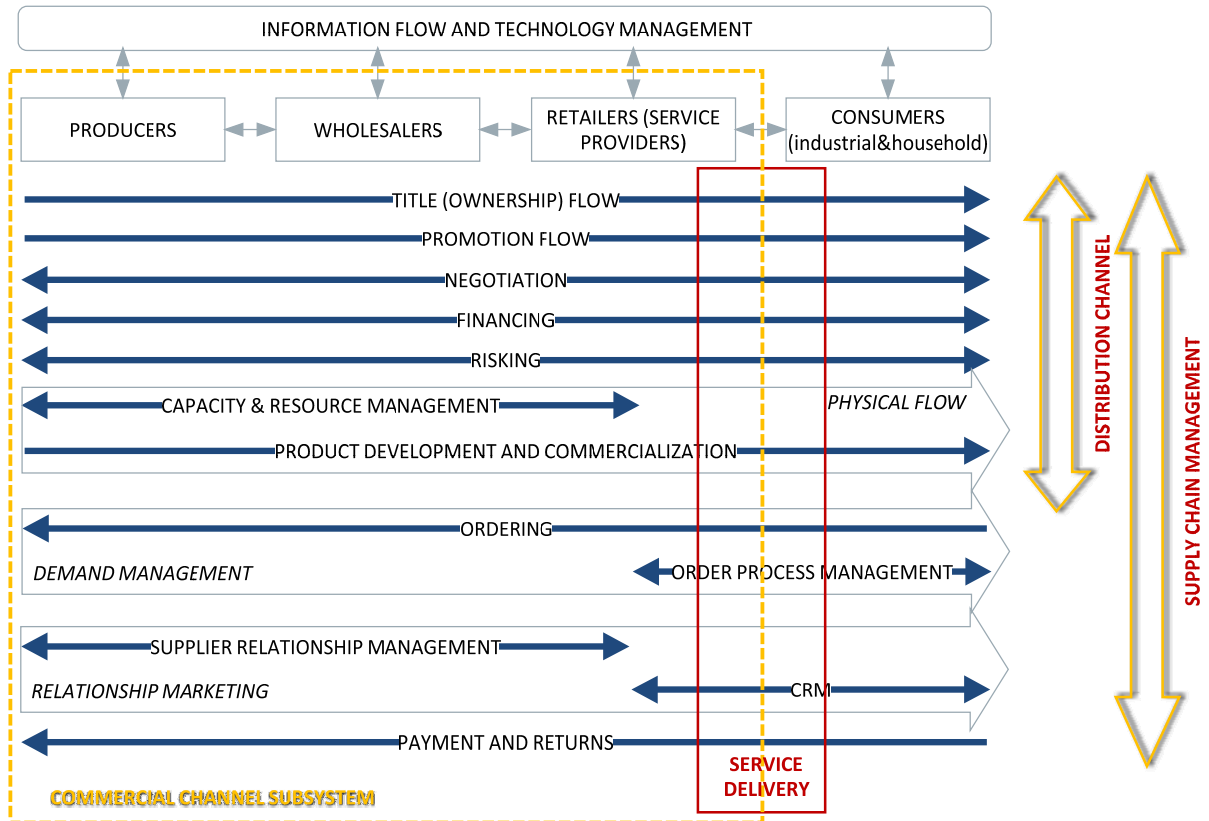
After the channel system has been chosen, the company has to select, train, motivate and evaluate individual intermediaries for each distribution channel (Kotler et al., 2009a, p. 638). *Motivating* channel members may include training, market research programs and other capability-building programs, clearly differentiating between monetary and psychological rewards. However, due to geographical and cultural distance as well as the fact of not owning the intermediaries, the process of motivating channel members is difficult. As Hollensen (2011, p. 561) suggests it is important to keep a regular personal contact with agent and distributor, which does not only stimulate interest but enables the assessment of channel member performance and control.

Physical distribution (movement of firms' finished goods and services to its customers) is often described as a second part of **logistics**, which role is to effectively coordinate it with the first part termed material management (movement of raw materials, parts and supplies into and through the firm). The primary concerns of physical distribution are order handling, transportation, inventory and storage/warehousing (Hollensen, 2011, p. 562).

Distribution is the beginning and the end of the supply chain and is often the key to control over the chain as it is closest to customers (Schary & Skjott-Larsen, 1995, p. 191). The idea today is that these chains are not linear but are more networks of suppliers, distributors, transporters, customers, etc. Thus, we speak of supply networks, which due to today's dynamic markets, increasingly require companies to develop complex channel strategies including multi-channels to market (Kotler et al., 2009a, p. 618). Distribution channels perform a variety of tasks either directly to the customer or through a variety of intermediaries. Most commonly those tasks are associated with marketing flows, which

include physical-, title-, payment-, information-, and promotion flow (Coughlan et al., 2006, p. 12). Figure 2.4 depicts how tasks of supply chains and distribution channels are connected and overlap.

Figure 2.4: Supply network management and marketing flows in distribution channels



Source: adapted from Coughlan et al., 2006, p. 12; Kotler et al., 2009a, p. 625-626.

Schögel (2001, p. 11) explains that channel management is about activities necessary to bridge the gaps (distance and time) between production and consumption. The role of channels is customer acquisition, consulting, customer care and customer retention. On the contrary, logistics is focused on physical component to provide the right product, in the right place, at the right time, in the right quantity and in the right quality. Therefore, channel management first needs to analyze the situation, select marketing channel, configure the channel mix and coordinate it, and finally perform the distribution controlling. What it is suggested, when selecting the channel do not try to sell everything to everybody and everywhere, but be adaptive. Adaptive channels are supposed to improve the effectiveness of channel partnerships (Anderson & Narus, 2004, p. 281). As Schögel (2001, p. 25) explains, creating a successful **channel-mix** means to answer the question of which customers should a firm sell to, which products and services and through which channels.

Anderson and Narus (2004, pp. 273-292) define five steps of designing superior value-adding marketing channels: (1) assess the value of potential augmenting service offering elements to customers, (2) envision a distinct value proposition for each targeted market segment, (3) reformulate the augmenting service offering for each targeted market segment to strengthen the envisioned value proposition, (4) configure the channel network (think in terms of business processes and functions, consider different streams of competition and plan lean enterprises, adopt a channel network strategy and build a channel network model), (5) finalize marketing and distribution arrangements (e.g. balance exposure and coverage in marketing channels, choosing right channel partners, build international marketing channels, etc.).

The development in the area of information and logistics technologies led to emergence of **modular channels**, which are characterized as complex networks of relationships among firms, where one firm acts as the system integrator fostering the channel network, selecting channel firms to participate and managing relationships between them (Anderson & Narus, 2004, p. 279). With the rise of modular channels **hybrid channels** emerged, which are used to describe the situation when firms combine features of both conventional and modular channels to reach its target customers. Most often this is the case when business market managers decide to complement conventional supply channel network with backup support from a modular channel (e.g. for technical support in high-tech industries) (Anderson & Narus, 2004, pp. 279-281).

A **multichannel strategy** is often used when a firm adopts target marketing and uses a separate channel to reach each segment (Anderson & Narus, 2004, p. 281). Thus, the ultimate goal is to extend the firm's market coverage. Despite the increasing number of companies using multiple channel strategy, their design and antecedents in particular have been left unexplored. Important factors to consider when using a multichannel strategy were identified as market maturity, economies of scope, product sophistication, market sophistication and firm's competitive strength (Coelho & Easingwood, 2008, p. 32). Furthermore, the customer volatility and heterogeneity, and conflict in the environment positively impact the use of multiple channels, while intermediary heterogeneity and volatility decrease the need for such channel strategies (Coelho & Easingwood, 2005, p. 199). It has been found that a high level of conflict in the channel restricts the number of channels the companies are using (Coelho & Easingwood, 2008, p. 39). All in all, the use of multichannel strategy creates conflict with intermediaries, affects the level of cooperation in the channel and finally the channel performance.

Adaptive channels are a special type of hybrid channels where all channel members from supplier, reseller, to third-party service provider and customer firm agree to share complementary capabilities to meet specific, often critical but infrequent customer requirements. The companies which embrace this concept usually "view their distribution channels as webs of capabilities embedded in an extended enterprise", [...], where by

sharing their resources and capabilities they can take advantage of opportunities they cannot exploit alone (Anderson & Narus, 2004, p. 381-382). This type of channels requires high level of channel interactivity which is shaped by personal and situational characteristics and a match/mismatch between customers' perceptions and preferences for the interactivity mode (human, medium, message and product) (Florenthal & Shoham, 2010, p. 29). Adaptive channels can be achieved through three types of channel management changes. First, channel members can redesign its processes and routines to cope with unpredictable and unusual demand for their products and services. Second, channel members can broaden its market offerings to products and services that they usually do not provide. Finally, channel members can improve service quality through substitution of superior capabilities between members throughout the distribution channel (Anderson & Narus, 2004, p. 382-387). Nevertheless, a successful channel structure is market driven, efficiently balances cost, coverage and control; and is adaptable, offering a continuous improvement (Bellin, 2006, p. 119).

2.2 CONFLICT WITHIN DISTRIBUTION CHANNELS

The main research subject of the doctoral dissertation is conflicts with international distribution channels, where we investigate the sources of the conflict existence, as well as its consequences for the export performance. The definition of conflict, as it will be used as a basis for understanding and further research, was given by Robicheaux and El-Ansary (1975, p. 18), who explain that channel conflict is “a state or situation in which one channel member perceives another as an adversary engaged in behavior designed to destroy or thwart him or gain resources at his expense”. The authors also add that channel conflicts can be functional or dysfunctional. According to Stern and El-Ansary (1992, p. 289) the dysfunctional aspect of conflict explains its definition, as “a situation in which one channel member perceives another channel member to be engaged in behavior that is preventing or impeding it from achieving its goals”. The word conflict is derived from a Latin word *confligere* and means to collide with behavior by a channel member that is in the opposition to its channel counterpart (Coughlan et al., 2006, p. 244). According to Anderson and Narus (1990, p. 44) conflict can be explained as the overall level of disagreement in the relationships, determined by the intensity, frequency and duration of disagreements. Research findings from several authors (Gaski, 1984, p. 11; Gaski & Ray, 2003, p. 161) explain the positive relationship between the level of conflict and influence by the channel member, and conversely, the negative relationship between the conflict and influence over other channel member. In sum, the higher the influence of a firm over other channel members, the less conflict encounters, as for such dysfunctional conflict is the best for other channel members, to comply with the dominating firm (Anderson & Narus, 1990, p. 44).

International marketing activities take place in a complex environment of variety of interactions between people and goals of at least two organizations and distribution channels (Robicheaux & El-Ansary, 1975, p. 14), where each interaction represents a potential for the nascent stage of the conflict. Rugman and Verbeke (2000, p. 25), who used the resource-based theory of a firm to explain the relationship between multinational enterprises and public policy, found the consistency between multinational enterprise's goals and government goals in both home and host country to be the first important component of international relationships. According to their research, the distribution issues (conflicts) arise, when the interactions between multinational enterprises and both home and host governments are assumed to be driven by goal conflict, which is reflected in an incongruity of the micro-efficiency driven behavior of multinational enterprises and the macro-efficiency or distributional objectives of governments. However, as Robicheaux and El-Ansary (1975, p. 15) state, there is a certain minimum level of cooperation required, such as a conflict-opposite behavior, in order to achieve channel member's goals.

As Hunter and Tietven (1997, p. 36-59) explain, conflicts may arise, when producers and retailers do not recognize the lifetime value of a customer in the same manner, as their customer loyalty programs are not congruent with their profit goals. Conflicts within international distribution channels are more often present, when dealing with more fragmented retailing that may require delivery to layers of wholesalers in order to ensure adequate coverage within a given market, as there might be difficulties in ensuring that the distribution channel is not broken through "inadequate inventory management, poor order placement and control or erratic delivery" (Schary & Skjøtt-Larsen, 1998, p. 60). In essence, conflict behavior in distribution channel is inherent and inevitable, as it arises from the functional (task) interdependency in channel relationships, as well as from the lack of consensus among channel members regarding their specific role in the channel. I study the conflicts as a deviation in role behavior of distribution channel members on the individual basis. Each channel member has a set of role prescriptions, determined by norms and standards of their suppliers and buyers, its values and commonly shared ideals. Role prescriptions enable channel members to predict each other's behavior to a certain limited degree, and thereby avoid potential conflicts (Robicheaux & El-Ansary, 1975, p. 15-17).

Banner (1995, p. 32) explains that conflicts are result of attachment or loyalty to something, which can occur at three distinct levels: physical level (attachment or loyalty to a physical thing), level of the mind (ideas, beliefs, values, concepts, religion, etc.) and level of identity. Jehn and Chatman (2000, p. 57) add that we can distinguish among three types of conflicts, task, relationship and process conflict. These stem from Etgar's (1980, p. 73) classification of conflicts to attitudinal and structural-based intra-channel conflicts. However, the recent intra-organizational research (Amason, 1996, p. 125; Rose & Shoham, 2004, p. 943) divides conflicts into two types: task and emotional conflict. As Amason (1996, p. 125, 144) explains, task conflict can be defined as perceived or recognized

disagreements within a group about the tasks to be performed, where the primary focus is on judgmental differences regarding the ways to achieve common objectives. In opposition, emotional conflict is defined as perceived or recognized interpersonal incompatibilities within groups that are based on friction and personality clashes (Rose, Shoham, 2004, p. 943). Taken together, there is a theoretical distinction between emotional and task conflict, which is according to Menon, Bharadwaj and Howell (1996, p. 303) negatively correlated in a domestic, intraorganizational settings. As Rose and Shoham (2004, p. 943) explain, both types of conflict are very frequent in international channels of distribution, where “the dissimilarities in backgrounds, differential goals and divergent frame of reference of international partners should produce emotional conflict; while cultural differences should also increase the diversity of perspectives considered and opinions expressed, producing task conflict.”

The research studies reveal several causes for conflict, mainly coming from role deviation in distribution channels (Robicheaux & El-Ansary, 1975, p. 18-25). According to Coughlan et al. (2006, p. 251) most conflicts originate from differences in channel members' goals, their perception of reality and regarding their considered operating area of autonomy (domain conflict). As ordinary manufacturers go into foreign markets by many different routes and channel members have to compete for the same customers this will eventually, when a channel member becomes redundant, turn into conflict. However, as Robicheaux and El-Ansary (1975, p. 18-25) report the role behavior is not only determined by other channel members' role prescriptions, as every channel member possesses his own role behavior requirements, which he/she brings to his/her channel position. In sum, major causes of frustration and stress, as preconditions to conflict, include differing role prescriptions, issue differences (allocation of economic rewards and access to scarce resources), differing perceptions of reality, and goal incongruence among channel members.

Rosenberg (1974, p. 73) identifies several drawbacks and benefits of conflicts in international distribution channels. It is understandable that conflicts lead to a decrease in efficiency in the distribution and consequently to increased costs. A negative aspect of conflicts is also the resistance to resolve future conflicts and emotional disruptions and the damage created through subjectivity and distorted judgments. However, the positive aspect of conflict is definitely the motivation for managers to actively review the activities and it could be used as an indication of the need for change and management performance evaluation. Therefore, the conflict resolution approaches should be studied. Robicheaux and El-Ansary, (1975, p. 24-25) explain that dysfunctional conflicts can be eliminated without decreasing or eliminating stress, as it usually arises in the situation, when “other alternatives cannot provide as much goal satisfaction as that experienced in their present alignment.” In general, conflicts may be resolved by developing superordinate goals for the channel (e.g. organizational objectives of all channel members must be compatible with explicit channel objectives), domain consensus and an uncertainty absorption point in the

channel system (Anderson & Narus, 1990, p. 45). Moore, Birtwistle and Burt (2004, p. 762) explain that the use of sanctions as a method to resolve conflicts is regarded as an extreme, often ineffective mean of resolving conflicts. However it represents the first step of the shift towards more collaborative methods of decision-making.

Neves, Zuurbier and Campomar (2001, p. 521) propose a model for the distribution channel planning process, where they explain that channel members may avoid potential conflicts by precisely planning the channel selection (e.g. evaluating and understanding the business environment, including the available chains; gap analysis of company's objectives and buyers' needs with adjustment strategy; building contracts) and channel management during the channel interaction. Rosenberg (1974, p. 69) also claims that because conflicts occur in patterns within the distribution channel, they can be identified soon enough, anticipated and controlled. Numerous academics report local management involvement, relaxation of centralized control and behavior modification (achieved via the processes of management socialization) to be the most effective methods of conflicts resolution within international distribution channels (Moore, Birtwistle, Burt, 2004, p. 762).

Research on antecedents and consequences of marketing managers' conflict-handling behavior (Song, Xile, Dyer, 2000, p. 50) identifies two conflict resolution strategies: avoiding and collaborative behavior of the managers. The very same can be transmitted to channel members behavior. Richardson (1995, p. 19) explored avoiding (unassertive and uncooperative) as an active mode of conflict resolution ("through avoidance we may be actively achieving our goals – although they may be distinct from the goals of the organization/individual we are opposing"). In addition, the author also explained three other conflict resolution strategies: (1) Competition (assertive and uncooperative), (2) Collaboration (assertive and cooperative), and (3) Accommodation (unassertive and cooperative). Banner (1995, p. 32) advises that the key to eliminating conflict is assuming the whole identity, stop judging other people and situations, taking 100 percent personal responsibility for your reality, live in the present moment, and when something appears to be conflicting, there is a message hidden in that situation. Although there are several conflict definitions and resolution strategies that were explained above, nobody has evaluated conflicts on international markets along the distribution channel on both levels (on the level of suppliers and on the level of buyers, presenting its distinction and comparison), giving an emphasis on cultural antecedents and antecedents, which are based on the international marketing strategy. In the subchapters that follow we further examine the concept of conflict, its antecedents and conflict management strategies.

2.2.1 Conflict in different sciences throughout the history

Many different scientists have studied phenomena related to conflict; however most of the early contributions come from the disciplines of philosophy, biological science and sociology (Rahim, 2011, p. 2). The work of Darwin, Marx and Freud is considered to have

major theoretical influence on the early writings on conflict in social psychology and thereby the modern organizational theory. All three scholars stressed the competitive and destructive aspects of conflict, while no later than late nineteenth and early twentieth century philosophers and sociologists started to view conflict with a positive connotation (Deutsch, 1990, pp. 237-238).

At the beginning the studies of conflict in the social psychology were greatly influenced by writings of Darwin, Marx, Freud, the game theory, and studies of competition and cooperation. All three major theorists emphasized the competitive and destructive aspects of conflict. Those aspects of conflict are visible in Darwin's writings about 'the competitive struggle for existence' and 'the survival of the fittest', Marx's work on class struggle between two hostile and directly antagonistic classes of proletariat and bourgeoisie; and Freud's view of psychological development as a constant struggle between biologically rooted id and socially determined superego. Thus in the emerging social psychology studies we observe how authors view conflict from the perspective of a "competitive struggle" (Deutsch, 1990, p. 237-238).

In the late 1920s and 1930s **competition-cooperation** studies were influenced by Kurt Lewin, who theoretically discussed three basic types of psychological conflict (Deutsch, 1990, p. 240): "(1) *approach-approach* – the individual stands between two positive valences of approximately equal strength; (2) *avoidance-avoidance* – the individual stands between two negative valences of approximately equal strength; and (3) *approach-avoidance* – the individual is exposed to opposing forces deriving from a positive and a negative valence." The notable step forward was when studies began to move from only studying the outcomes of competition and cooperation to social psychological processes, which would influence the following outcomes to occur. These are: (a) *communication* (open and honest communication of relevant information between parties in cooperative process vs. a lack of communication or misleading communication in competitive process); (b) *perception* (increased sensitivity to similarities and minimization of differences in cooperative process vs. increased sensitivity to differences and minimizing the awareness of similarities in competitive process); (c) *attitudes toward one another* (trusting, friendly attitude and willingness to respond helpfully to other's needs in cooperative process vs. hostile, suspicious attitude and readiness to exploit other's needs in competitive process); and (d) *task orientation* (cooperative process: conflicting interest become mutual problem that is resolved through collaborating effort, legitimacy of each other's interests is recognized, the objective is to enhance mutual resources; competitive process: solution to conflict is possible only by imposing one side interests on the other, the objective is to enhance one's own (coercive) power and minimize the legitimacy of other side's interests, while the scope of the issues in conflict is increased) (Deutsch, 1990, p. 241-242).

The **game theory** (*Theory of Games and Economic Behavior*, von Neumann & Morgenstern, 1944) is a major contribution to studies of conflict and perhaps its greatest

contribution is the formulation of the problem of conflict of interest in the mathematical terms. Moreover it further explains that parties in conflict have interdependent interests and therefore their fate lays together. Here we can draw a link to cooperative and competitive conflicts, as the game theory is most often associated with pure competitive conflict (zero-sum games), although it recognizes the coexistence of cooperative and competitive interests in conflict (coalition games or non-zero-sum games). Thus, social psychologists argue that the course of the conflict will be determined by the nature of the mixture of cooperative and competitive processes (Deutsch, 1990, p. 242-243).

The records of conflict in **philosophy** date back to ancient history, when the classical philosophers *Plato* and *Aristotle* discussed social conflict and the need for leadership and order in society to keep conflict to minimum. They believed that tension within society is natural and some conflict is inevitable, however that is also presents a threat to the success of the state and should be removed if possible. Their findings were further developed in the seventeenth century, when Thomas *Hobbes* and John *Locke* introduced their social contract theory, where they suggested the government should establish order and social relations to control the conflict. Hobbes went even further and proposed this absolute power to be granted to sovereignty, a monarch, who could only effectively control social conflict. Their conclusion was that social conflict can only be present as a flaw in the politics (Rahim, 2011, pp. 2-3).

A distinctive shift in the views on social conflict in philosophy happened during the nineteenth century, dominated by two German philosophers *Hegel* and *Marx*, who viewed conflict with positive consequences. On the one hand, Hegel's philosophy was concentrated on the notion of the dialectic, which developed into a meaning of process of change through the conflict of opposing forces. According to him each concept or thesis faces its opposite or antithesis, where conflict can be resolved by coming to the third position called synthesis, resulting in a broadened knowledge. On the other hand, Marx addressed conflict between classes (struggle between bourgeoisie or business class and proletariat or working class) in society, seeing it as a mechanism of change and development. According to his believe class conflict rooted in economic disparities, can dissolve only by establishing a new, classless society. This is also reflected in the closing words of his famous Communist Manifesto: "The Communists...openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communist revolution. The proletariats have nothing to lose but their chains. Workingmen of all countries, unite!" (Deutsch, 1990, p. 238; Rahim, 2011, p. 4).

The philosophical theory of conflict developed further during the twentieth century, when John *Dewey*, influenced by Hegel's dialectic process and Darwin's theory of evolution made a significant contribution by studying the relationship between humans and the environment, which is interrupted by obstacles or conflicts, where individuals adapt

through a change of their accustomed modes of conduct and beliefs. His major conclusion was that actions taken to manage conflict depend on a conflicting situation (Rahim, 2011, p. 4).

A very important scholar, who challenged the classical views of the role of social conflict in human development and had a huge influence on the stream of research on conflict in society, came from **biological science**. We are talking about the English biologist Charles **Darwin**, who is most known for his “theory of natural selection”, where he indicated that biological species survive and grow by facing environmental challenges, meaning that without a struggle or conflict, as appears ideal to much of classical philosophers, the progress of human race would be declining (Rahim, 2011, pp. 4-5). Darwin’s words that “all nature is at war, one organism with another, or with external nature” stressing “the competitive struggle for existence” and “the survival of the fittest” had not only impacted human evolution theories but also evolution of conflict and found its way into many other aspects of science (Deutsch, 1990, p. 238).

The **psychology** theory influenced during the period of Darwin also viewed conflict as a competitive struggle. A major contribution to the theory development is assigned to **Freud**, who viewed human psychosexual development as a “constant struggle between the biologically rooted infantile id and the socially determined, internalized parental surrogate, the superego” (Deutsch, 1990, p. 238). Freud’s words describing this conflicting struggle may indicate his view of conflict as an unwelcome necessity, coercion, reluctant compromise or even war. In other words, the conflict is a reflection of the perceptions, values, beliefs, motivation, ideology and other psychological states and characteristics that individuals acquired through personal experiences and are activated, when a person takes a similar role or is pushed in similar situations (Deutsch, 1990, p. 239).

The scientists in the field of **sociology** made a theoretical breakthrough particularly for organizational sciences. Georg **Simmel**, a German sociologist that lived at the end of nineteenth century, acknowledged the dual nature of conflict by confirming its functional and dysfunctional outcomes. His general conclusion was that a certain amount of conflict is as essential as cooperation, stability and order, as it may be instrumental to strengthen the solidarity in a group. However, this belief was not shared by all scholars. George Elton **Mayo**, whose larger contribution is his emphasis on cooperation for enhancing organizational effectiveness, viewed conflict as dysfunctional. In fact, he believed that conflict with management is a deviation that threatens the effectiveness of organizations. He defined conflict as “an evil, a symptom of the lack of social skills, and its alleged opposite, cooperation, as symptomatic of health” (Pondy, 1967, p. 307). Also Talcott **Parsons**, whose structural functionalism theory has largely influenced social science after World War II, viewed conflict and change as abnormal and dysfunctional during times when society is naturally stable and functional. Although Parson’s theory was a dominant theory for analyzing societies till 1960s, he already gained some opposition during the

1950s. Major critics referred to theories inability, its conservatism to maintain status quo, which also led to its inability to deal with conflicts and a process of change. Lewis **Coser**, whose work titled “The Functions of Social Conflict”, was a reflection and expansion of Simmel’s work, stressed productive potential of conflict, which in turn influenced the renewal of interest in conflict among scholars (Rahim, 2011, pp. 5-7).

When conflict was recognized as an important social concept, the **organizational conflict** caught much more attention by scholars as was indicated by the study of Rahim (1981) where organizational conflict was the fifth most frequently mentioned topic on organizational behavior courses for MBA students among sixty-five investigated topics. The *classical view* on organizational conflict that dominated the organizational and management literature in the first half of the last century still did not appreciate different impacts that conflicts have on organizations, and viewed it as damaging to organizational efficiency and should therefore be minimized. **Frederic Taylor** prescribed a list of principles (e.g. constant cooperation between managers and workers, fitting workers to their respective tasks, development of organizational structures, etc.) that would make conflicts between labor and management disappear. **Henry Fayol** also saw organizations from a close system perspective (and not as a part of distribution channel), where imposing organizational structures with clear lines of authority, hierarchy and division of labor would encourage harmony and cooperation, thereby suppressing or eliminating conflict in the organization. **Max Weber**, who was often described as a father of sociology and most known for bureaucracy as a structure of organization, left no space for conflict in his model of organizational structure, claiming that bureaucracy is most appropriate for organizational effectiveness. Among all classical organizational theorists, only **Mary Parker Follett** recognized the constructive value of conflict in organizations, noticing that the nature of conflicts can be a good measure for progress. She further believed that problem solving or the integrative approach is the only way to effectively manage conflict, giving some indications on how the modern view on organizational conflict is going to develop (Rahim, 2011, p. 7-9).

Contrary to the viewpoint of classical organization theorists the modern view understands the presence of intraorganizational conflict not necessarily as a signal of any organizational weakness, but is rather an instrument of social change and influence in the organization. Because conflicts are inevitable in the organizations, it is important to include procedures for conflict management into the design of a system that recognizes and solves problems the organization faces. To conclude, no later than in the second half of the previous century did organizational theorists recognize the need for conflict management in organizations. Furthermore, modern scholars in the field of organizational theory recognized that certain level of conflict is essential to productivity. However, as Rahim (2011, p. 11) argues, a moderate level of conflict is essential to attain and maintain an optimum level of organizational effectiveness, as too little conflict may lead to mediocracy, stagnation and groupthink, while too much conflict may cause organizational disintegration. In spite of

those findings, there are still writers who believe conflict has only dysfunctional outcomes and recommend its elimination. Recent studies show that managers are interested in acquiring skills to effectively manage conflict, whereas there appear to be differences in manager's perceptions of conflict depending on the type of organization they are coming from. Managers of profit organizations associate high conflict with low quality, while managers of non-profit organizations with high quality. Nevertheless, recent events show a growing interest in conflict research among scholars from various disciplines. The formation of the International Association for Conflict Management, Conflict Management Division of the Academy of Management, and the foundation of the International Journal of Conflict Management in 1990 are just a few examples of ways how to keep research on conflict alive in the future (Rahim, 2011, p. 10-14).

2.2.2 Defining conflicts within distribution channels

As early definitions of conflict have focused on a wide variety of organizational phenomena, Pondy (1967, p. 298) classified those definitions into several categories arguing to adopt a broad definition that would encompass all those phenomena: (1) antecedent conditions (e.g. goal/policy differences, scarcity of resources), (2) cognitive states of individuals described as their perceptions of conflicting situation, (3) emotions or affective states (e.g. tension, anxiety, stress, hostility, etc.), and (4) conflicting behaviors (from passive resistance to overt aggression).

There is no generally accepted definition of conflict in literature, but rather two main approaches (Thomas, 1992, p. 268). The first approach followed Schmidt and Kochan (1972), who offered a more narrow definition associating conflict with competitive intentions like deliberate interference with other party's goals. This definition was widely popular within industrial relations literature (e.g. labor union actions, strikes, etc.). The second approach followed Pondy (1967) who went further upstream on conflict process and included in the definition events that occur prior the choice of conflict resolution style. As research on conflict handling styles has been widely popular since late 1980s, researchers adopted a second approach and proposed general definitions of conflict, which could be classified into three broader categories (Putnam & Poole, 1987): perception of incompatibility among parties' concerns, interdependence between parties, and as a part of interaction atmosphere. Conflict has also been defined as "the process which begins when one party perceives that another has frustrated, or is about to frustrate, some concern of his (Thomas, 1992, p. 265)." And more, conflict is an inevitable natural outcome of human interaction. Both parties involved are led by a perceived divergence of interest, a belief that both parties are attaining their objectives at the same time, is incompatible (Rahim, 2011, p. 1)

In the conflict literature we can observe a theoretical distinction between *conflict as a process* and *conflict as the structure* in which that process occurs. As any process is

defined as the temporal sequence of events occurring when the system operates (e.g. behavioral activities of the conflicting parties), a basic sequence of events – frustration, conceptualization, behavior, outcome – became a skeleton of a conflict process model in the broader conflict literature. On the other hand, the structural view defines a system with more or less stable conditions, which control the system process (e.g. norms or standardized procedures as parameters of a social system structure shaping conflict process). In contrast to the behavioral and social psychological perspectives, the structural model theories main objective was to capture the rich variety of causal forces influencing conflicting parties. Four different classes of variables were identified: (a) *social pressures* (normative forces on conflict parties from different stakeholder groups); (b) *behavioral predispositions* (preferred conflict handling styles and habits of conflict parties); (c) *rules and procedures* (e.g. decision rules, negotiation procedures), and (d) *incentive structures* (parties stakes in the conflict and the degree of conflict interest between parties) (Thomas, 1992, p. 266-267).

The concept of conflict attracted high attention among scholars, but all have found that there is no single clear meaning to it. The definitions are either too narrowly (March and Simon (1958, p. 112) defined, it as a “breakdown in a standard decision making”, where the parties involved would have difficulties in selecting an alternative) or too broadly (Pondy, 1967, p. 297) where conflict can be understood as a dynamic process being part of organizational behavior). Based on the review of numerous conflict definitions Baron (in Rahim, 2011, p. 16) concluded that they overlap in the following elements: **opposing interests** between individuals or groups that must be **recognized** for conflict to exist; **beliefs** by each side that the other will thwart its interests; **actions** by one or both sides that actually lead to other’s goals impediment; and a **process** of interactive relationships between individuals or groups out of which conflict emerges. Rahim (2011, p. 16) concludes with his own definition of conflict, calling it an “interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities (i.e., individual, group, organization, etc.).”

Rahim (2011, p. 17) claims that in order for conflict to occur, it must exceed the **threshold level of intensity** to be recognized as a conflict by involving parties. According to his belief the threshold level of intensity is the point where conflict cannot be ignored anymore. As there are differences in threshold of conflict awareness or tolerance among individuals, some will experience conflict sooner than others.

Conflicts in IMP THEORY

Conflict is an inherent feature of business relationships and, as a dynamic force in business relationships, it may lead to the development of social interactions and trust, as well as to higher innovation activity and, consequently, to higher performance (Håkansson et al. 2009). In the IMP literature conflict has been linked to and studied together with cooperation since buyers and suppliers have both contradictory and shared interests in a

business relationship (e.g., Gadde & Håkansson, 2001). Furthermore, since Håkansson's study (1982) the simultaneous occurrence of conflict and cooperation prevailing in firms' interaction' has been viewed as an important aspect of the interactions' atmosphere, which by definition affects and is affected by the interaction processes in business relationships (Gadde & Håkansson, 2001). "Conflict is opponent centered and direct, in which the goal or object sought is controlled by the counterpart" (Coughlan et al., 2006, p. 244). Lewicki, Weiss and Lewin (1992, p. 211) argue that conflict is researched at least in six major literature areas, the micro level (psychological literature), the macro level (sociological literature), labor relations, economic analysis, third-party dispute resolution, and bargaining and negotiation literature. The study in the dissertation focuses on a sociological perspective that includes intra- and inter-organizational conflicts.

Conflict and competition

The distinction between conflict and competition has been a source of confusion in scientific literature. While in the relationship marketing literature the state of **competition** can be seen as conflicting, the distribution channel literature offers a clear distinction, explaining that competing parties fight against the obstacles in the environment, while conflicting parties fight against each other (Coughlan et al., 2006, p. 244).

Conflict is sometimes, when equated by incompatible behavior, considered as a subset of competition, as all incompatible situations lead to competition. However conflict only occurs when both parties become aware of this incompatibility and wish to interfere with the attainment of each other's goals (i.e., analogy in sport: according to this conceptualization golf is a competitive game and football conflicting one). Another theoretical approach, contrary to the previous one, places competition as a subset of conflict, as scholars argue that conflicts occur along continuum of *cooperative to competitive* (Rahim, 2011, pp. 17-18). A cooperative process is portrayed by open and honest communication, it tends to increase sensitivity to common interests, leads to trusting and friendly attitude, while it defines conflicting interests as mutual problems to be solved by collaborative effort. In contrast, a competitive process experiences a lack of communication or misleading communication, tends to increase sensitivity to differences, leads to suspicious and hostile attitude, while it views a solution to conflict only as imposed by one side or the other (Deutsch, 1990, pp. 241-242).

When drawing a parallel to game theory, we face three possible outcomes. Purely cooperative conflicts are labeled as "conflicts of coordination" or "positive-sum games", as they have positive outcomes for both parties, also known as the "win-win" approach in negotiation literature. In contrast, purely competitive conflicts are termed "zero-sum games" or "negative-sum games", as positive outcomes for one party are equally matched in negative outcomes for the other party, also known as the "win-lose" approach in negotiation literature. However, most real life conflicts are mixed, characterized by cooperative and competitive interests, also known in literature as coalition games or non-

zero-sum games (Rahim, 2011, pp. 17-18). The win-lose and lose-lose conflict management methods have several distinct characteristics: orientation we vs. they rather than we vs. problem solving, while each side looks at issues from its own point of view instead of defining a problem in terms of mutual needs (Darling & Heller, 2011, p. 36-37).

Measuring conflict

When one wants to measure a true level of conflict in the channel relationship, one of the possible measures of manifest conflict in distribution channels is the so-called **index of manifest conflict** (Coughlan et al., 2006, p. 246). As the result of their study, Brown and Day (1981, p. 271) came up with the measure of manifest conflict that is the sum of multiplications of importance, frequency and intensity of each particular conflicting issue (see the formula below).

$$Conflict = \sum_{i=1}^N Importance_i \times Frequency_i \times Intensity_i$$

(1)

When measuring level of conflict, you first need to count up the issues that affect a channel relationship in a conflicting way. For each issue the channel member is asked on a scale from zero to ten (very unimportant to very important), how important each issue is for the channel member's goal achievement (e.g. profitability). Besides importance, the channel member is asked on a scale from zero to ten (never to always) how often the two parties discuss and disagree over each particular issue. After the importance assessment, the channel member is asked to assess on a scale from zero to ten (not very intense to very intense), how intense this disagreement is during a typical discussion over each of the previously identified issues. In essence, if any of these elements accounts very low, for a particular issue, this issue cannot be considered as a genuine source of channel conflict.

As Coughlan et al. (2006, p. 247) explain the conflict measurement may be the first step to finding a solution to conflicts in distribution channels. It has been proven especially successful in measuring real levels of conflict in highly conflicting channels, as channel members usually exaggerate the importance, frequency and intensity of their disputes with channel counterpart due to their high emotional embeddedness in the relationships, double counting troubling issues and overlooking issues, which they agreed upon.

Conflict measurement differs, whether conflicts are covert or overt. Rosenberg (1974, p. 72) identified two conflict measurement strategies. First, the **reactive** strategy measures the intensity of the flare-up and seeks to understand the nature and magnitude of the conflict. Second, the **anticipatory** strategy measures the conflict as attitudes and intentions of channel members, before actual friction occurs. As the second strategy involves actual

research, most of the companies today do not measure conflict before it actually occurs, as its benefits do not outweigh its outcomes.

Conflict as a process

Coughlan et al. (2006, pp. 245-246) use an interesting analogy to describe a conflict. They compare the assessment of the level of conflict in channel relationships to taking a photograph. Similarly, conflict is also compared to the process of filming a movie, as it consists of episodes or incidents. The authors explain that in case of frequent episodes or incidents, each new conflict will be seen in the worst light, and conversely, when frictions are not often present, the conflict will be interpreted in a positive way.

Differing marketing goals guide channel members towards the implementation of planned and unplanned actions, where in absence of high cooperation or agreement among channel members, tension is created. External influential circumstances that fuel this tension include sales decrease, high competition, government regulation, technological change, and consumer activities. At some point, incident occurs (e.g. confrontation between two parties) or tension reaches the threshold, where it cannot be contained any longer. We come to the flare-up phase, where conflict erupts and also disrupts the short-term operations in the channel. As the intensity of the flare-up cannot be maintained for long, conflict resolution strategies should be used (e.g. negotiation, mediation, etc.) or the conflict level slowly decreases, although being unresolved. The final outcome stage may have behavioral or financial shape that have an influence back on reestablishing firm's goals, further affect their implementation or even contribute to increase/decrease of a tension in the channel (Rosenberg, 1974, p. 69).

All in all, conflict can be defined as "...the process which begins when one party perceives that the other has negatively affected, or is about to negatively affect, something that he or she cares about" (Thomas, 1992, p. 653). Viewing conflict negatively corresponds with the idea of its interference with organizational functioning, leading to hostility and mistrust among members, and sometimes even causing organizational breakdown (Ohbuchi & Suzuki, 2003, p. 61-71). How **intense** the conflict may be, can be expressed through '**Gresham's Law of Conflict**', saying that "the harmful and dangerous elements drive out those which would keep the conflict within bounds" (Coleman, 1957 in Deutsch, 1969, p. 11).

2.2.3 Types of conflicts

Early researchers treated conflict as a general social phenomenon, which was also reflected in three conceptual models (bargaining, bureaucratic and systems model) designed to classify conflict phenomenon in organizations. First, **bargaining conflict** arises in labor-management relations and between staff due to competition for scarce resources. Second, **bureaucratic conflict** is used to describe conflicts in hierarchical superior-subordinate

relations and stems from institutional attempts to control employees' behavior and reaction to it from both sides. Finally, **systems conflict** among parties in a lateral or working relationship resides in the problems of coordination (Pondy, 1967, p. 297-298).

Coughlan et al. (2006, p. 245) talk about **latent** and **perceived** conflict, making a distinction between visible and averted, hidden channel conflict. The authors explain that latent conflict will exist "when the conditions are right for contention but organization is unaware of it." In the early development of the organizational theory we find the distinction between four basic types of latent conflict: (1) competition for scarce resources; (2) divergence of subunit goals; (3) drives for autonomy, and (4) **a role conflict** (resides in the incompatible role demands or expectations received by a rather passive participant of the relationship within organization, which is viewed as a collection of prescribed role sets). The role conflict is often omitted from this list as it is often viewed as a set of conceptual relationship roles used to analyze the previous three types of latent conflict (Pondy, 1967, p. 300). However, perceived conflict occurs, when a channel member experiences contention, either in the form of opposition of viewpoints, interests, perceptions or intentions. Literature describes perceived conflict as cognitive. As it does not involve emotions and occurs at the mental level, channel members describe it as a normal state in the channel and not as conflicting at all (Coughlan et al., 2006, p. 245). There are cases when conflict is perceived although the latent conflict does not exist. The so-called 'semantic model' of conflict has been proposed in literature to handle this type of situations. According to the semantic model perceived conflict comes from misunderstandings of each other's true position and can be resolved by improving communication between both parties. However, there are cases when latent conflict exists but does not reach the level of awareness. This is due to mechanisms that limit perception of conflict: (1) suppression mechanism (applicable to conflicts related to personal rather than organizational values), and (2) attention-focus mechanisms (applicable to organizational rather than personal values) (Pondy, 1967, p. 301).

When fueled with emotions of anger, anxiety, hostility, frustration or tension, the conflict in the channel is **felt** or **affective**. This conflict is not only present at the organizational level, but organization members start to personalize it, while their behavior oriented at the punishment of their channel counterparts may not always be in the best interest of their organization (Coughlan et al, 2006, p. 245). The personalization of conflict, a step from perceived to felt conflict; causes most channel members to be concerned with the dysfunctional consequences of conflict. Conflict becomes personalized in the intimate relations when the individuals whole personality is involved in the relationship (e.g. families, colleges, monasteries, etc.) or when the "inconsistent demands of efficient organization and individual growth create anxieties within the individual" (Pondy, 1967, p. 302). If the affective conflict is not managed properly and in time, it may escalate into **manifest** conflict. Manifest conflict is expressed in the most negative behavior, including sabotage, support withdrawal, and blocking the channel counterpart's initiatives and from

achieving their goals (Coughlan et al, 2006, p. 245). At the organizational level lower-level employees use apathy or rigid adherence to the rules in order to resist mistreatment by their superiors in the hierarchical relationships. Thus, we define manifest conflict as the behavior of one member, when he/she consciously, but not necessarily deliberately blocks another member's goal achievement (Pondy, 1967, pp. 303-304).

Jehn and Chatman (2000, p. 57) differentiate between three distinctive conflict types: (1) task conflict (disagreement over work issues), process conflict (disagreements over procedures), and relationship conflict (disagreement over personal or social, but not work issues). Song et al. (2006, p. 343) define task conflict as "intellectual opposition among participants, deriving from the context of agenda."

We observe the distinction between three different **types of conflicts in the negotiation literature** stemming from the cooperation-competition theory: (1) the zero-sum conflict or a pure win-lose conflict; (2) the mixed-motive conflict, where both parties can lose, both can win and one can win and the other can lose; and (3) the pure cooperative conflict (win-win or lose-lose situation). In most cases parties define conflict as a zero-sum, where they seek to utilize various sources of power, although it is in fact a mixed-motive conflict (Deutsch, 1990, p. 254).

Researchers, who view conflict as multidimensional, having both negative and positive outcomes, made the division between **constructive** and **destructive** conflicts. Song et al. (2006, pp. 344-345) defined constructive (destructive) conflict as a state, when employees (do not) feel good about their working relationships after conflict dynamics occurred. The authors' findings (i.e. negative relationship between compromise conflict-resolution style and destructive conflict; no support for relationship between compromise and constructive conflict) suggest that constructive and destructive conflict "may not be at opposite ends of a conflict continuum, as is commonly supposed, but instead may represent different concepts" (p. 352).

Pure relational or pure task conflicts are rare. Based on Druckman's (1994) research, Ohbuchi and Suzuki (2003, p. 63) distinguish between three types of conflicts in the organizational settings. First, there is a **conflict of interest**, which they explain by a disagreement in personal interests between people. The second type is a **cognitive conflict**, which stems from disagreements in views or interpretations between people. And the third is a **value conflict**, arising due to disagreement between people and their beliefs or expectations concerning what should be. In whole, conflicts are often classified *on the basis of its sources or antecedent conditions* that lead to conflict (more about sources of conflict is written in the next chapter).

The majority of the traditional research is viewing conflicts as two-dimensional: task vs. emotional, cognitive vs. relationship, or substantive vs. affective conflict. **Substantive**

conflict, also labeled as **task conflict** (e.g. Jehn, 1997; Shoham, 1998), **issue conflict** (e.g. Rahim, 2011), and **cognitive conflict** (e.g. Amason, 1996; Ohbuchi & Suzuki, 2003) originates from differences in opinions regarding tasks, procedures, strategy, business ideas, and other business-related issues. Resolving such conflicts involves evaluation of opinion and ideas based on logic, evidence, as well as critical and innovative thinking. **Affective conflict**, also labeled as **emotional conflict** (e.g. Shoham & Rose, 2007), **relationship conflict** (e.g. Jehn, 1997), **psychological conflict** (e.g. Rahim, 2011), and **interpersonal conflict** (e.g. Ohbuchi & Suzuki, 2003) are caused by incompatible emotions and feelings regarding some or all the issues between two social entities. Actions taken by one or both parties usually include personal attacks, personality clashes, sarcasm, criticism, and making fun of other's ideas, leading to distrust, anger, frustration and hostility in the relationship.

By opposing to this traditional dichotomist view on conflicts Rahim (2011, pp. 19-20) argues that most conflicts are crosses between task and emotional conflict, labeling them as **cognitive-affective conflict**. Most of the studies up to that date already found high correlation between task and emotional conflict. The author explains that there is often emotional conflict between channel members, but they disguise it as substantive conflict, criticizing business (task) related ideas. In literature these conflicts are also known as **masquerading conflict**. On the other hand, the evolution of conflict often evolves from emotional to task conflict, first relating only to business issues, while when becoming intense, the channel members become involved in personality clashes. As this conflict transforms from the substantive to the affective stage, it is also known as **transforming conflict**.

Conflicts can be also classified *on the basis of the level of analysis*. First, we differentiate between **intraorganizational** (i.e. conflict that occurs within the organization) and **interorganizational** (i.e. conflict that occurs between two or more organizations in the distribution channel) conflict. Intraorganizational conflict may be further classified according to the organizational level (i.e. individual or group) at which it originates into intrapersonal, interpersonal, intragroup and intergroup conflict (Rahim, 2011, p. 18-23). International business literature primarily studies intra-organizational conflicts between headquarters and subsidiaries, and peer subsidiaries themselves; as well as inter-organizational conflict with multinational competitor, strategic partner or the relationship between government and multinational company. Conflicts at the intra-personal level are usually connected with intra-role conflict, problems with adjustment or psychological coping with the foreign context. Inter-personal conflicts are between expatriates and local persons, while intra-group conflicts occur in multicultural and/or geographically distributed teams. International business literature also adds an international level of analysis to all the above stated, which is labeled as trade conflict between countries and most often examined in the political science and economics (Blazejewski & Becker-Ritterspach, 2011, p. 140).

With regards to distribution channels, Kotler et al. (2009b, p. 483) differentiate between vertical channel conflict, horizontal channel conflict and multichannel conflict. **Vertical channel conflict** occurs between different levels within the same channel (e.g. a manufacturer comes into conflict with a dealer regarding enforcing policies of service, advertising, margin distribution, etc.). **Horizontal channel conflict** means conflict between members at the same level within the channel (e.g. some franchisees may be complaining about other poor performing franchisee that undermine the overall company image). **Multichannel conflict** occurs when a manufacturer sells to the same market through two or more established channels. This type of conflict can be especially intense when one channel gets a lower price and may even lead to dealer defections.

To some extent some level of conflict and tension is desirable as it may help avert obsolete approaches to management and foster continuous communication between both parties. However, a conflict source like overemphasis on short-term issues causes deficiencies in communication and failure to utilize headquarters' experience abroad. Thus, it should be avoided and eliminated. Conflict resolution should begin by the articulation of the problems, after which the causes of conflicts must be found and appropriate solutions applied. Nevertheless, for a solution of conflict to last, subsidiaries should be adequately involved in the strategy formulation, as well as its implementation (Jain, 2001, pp. 490-491).

Some speak of **pathological conflict**, which arises when disagreements are covered up, while managers do not anticipate disputes and also do not resolve them. Therefore, pathological conflict "serves to destroy, injure, or poison a relationship" (Anderson & Narus, 2004, p. 411). When speaking about conflicts present in groups, it is important to recognize the presence and links between **proportional** (conflict in a group relative to the other types present) and **perceived** (the amount of conflict perceived relative to the amount perceived by other group members) conflict (Rahim, 2000, p. 7). The study of Jehn and Chatman (2000) found that high proportional task conflict (higher task conflict relative to relationship and process conflict) is existent in high performing teams, while in high perceptual conflict presence the group outcomes are negative.

Due to incompatible activities the existence of conflict is closely connected with differences in information or belief; differences in desires, interests or values; scarcity of some resources (e.g. time, money, position); or it may reflect rivalry between individuals/companies, when one tries to outdo or undo the other. Competition was proven to produce conflict, however not all conflict occurrences reflect competition. As conflict can occur in a cooperative or competitive context, the distinction between **productive** and **destructive** (sometimes also **competitive**) conflict had been made (Deutsch, 1969, p. 7-8).

Manifest conflict (e.g. the dispute between subsidiary and headquarters regarding who keeps the profits) can often only be resolved temporarily if also **underlying conflict** (e.g.

both parties believe that keeping profits is their fair share of doing business) is dealt with or unless it is separated from the underlying conflict and thus can be treated in isolation (Deutsch, 1969, p. 10-11).

2.2.4 The nature of subsidiary – headquarters relations and causes of conflicts

In the context of international environment and marketing abroad, some conflicts are inevitable, usually emerging from differing headquarters and subsidiary points of view, their orientation and desired level of control. Jain (2001, p. 490) alerts three areas problems subsidiaries encounter in the relationship to their headquarters: (1) **slow decision-making at headquarters** (e.g. delay of received important and urgent information from headquarters cause subsidiary to miss market opportunities; too many reports that have to be filed back to headquarters decrease the importance of information and increase bureaucracy, etc.); (2) **low level of credibility in headquarters and local subsidiary management** (e.g. corporate executives tend to disregard local manager's recommendations, who has to persuade headquarters to accept their ideas even in circumstances of highly centralized multinational firms; while local management disregards headquarters directives, because they are often not informed about the reasons for those decisions, etc.); (3) **headquarters' lack of knowledge about the market conditions abroad** (e.g. companies often underestimate the importance of social, cultural, political and economic conditions on the local markets, where they operate). For more details please see the following table.

Table 2.2: Issues at headquarters and subsidiary that may cause conflicts to arise

Headquarters' concerns about subsidiary	Subsidiaries' concern about headquarters
<ul style="list-style-type: none"> ▪ Lack of qualified international personnel. ▪ Lack of strategic thinking and long-range planning at the subsidiary level. ▪ Lack of marketing expertise at the subsidiary level. ▪ Too little relevant communications between headquarters and subsidiaries. ▪ Insufficient utilization of multinational marketing experience. ▪ Restricted headquarters control of the subsidiaries. ▪ Lack of information from the local market. 	<ul style="list-style-type: none"> ▪ Excessive headquarters control procedures. ▪ Excessive financial and marketing constraints. ▪ Insufficient participation of subsidiaries in product decisions. ▪ Insensitivity of headquarters to local market differences. ▪ Shortage of useful information from headquarters. ▪ Lack of multinational orientation at headquarters.

Source: Jain, 2001, p. 491.

In the buyer-seller relationship theory we may find much wider evidence for headquarters-subsidiary relationships, which primarily deals with the differences between situations and decisions for buyers (e.g. agents, distributors, subsidiaries) versus sellers (e.g. manufacturer, headquarters). The main difference in the context of this study may come out of differences in distribution tasks, which might impact the perceptions of buyer and seller leading to possible gaps and conflict. When evaluating this issue, we need to ask ourselves what the distribution is really about, is it about adding value or just trading exchange. Regardless of the answer, the buyer and the seller are not at the same power level and they do not perceive distribution (tasks) in the same manner. It has been found that buyers are more prevention focused and place a greater emphasis on loss-related issues, whereas sellers were recognized as more promotion focused placing a greater emphasis on gain-related issues. Thus, buyers will feel better about nonlosses and sellers better about their gains when looking at the positive outcomes. From the perspective of negative outcomes buyers will feel worse about losses and sellers worse about nongains (Monga & Zhu, 2005, p. 325).

Conflict seems to be an unavoidable dimension in examining importer-exporter business relationships, where the increase in different types of manufacturer-overseas distributor relationships leads to a state characterized with less frequent conflict episodes. Furthermore, not only were perceptual differences between dyad members found, but contrary to general expectations the relationship between the developing country-based exporter and the developed country-based importer was characterized with a relatively low level of conflict (Katsikeas & Piercy, 1991, p. 7-15). When looking specifically from the viewpoint of the emotional conflict that may arise out of the buyer-seller relationship, it is important to identify which emotions are essential to the relationship. The research found four positive emotions (pride, attachment, empathy, and emotional wisdom) and six negative emotions (guilt, shame, embarrassment, envy, jealousy, and social anxiety) as key for successful buyer-seller relationship (Bagozzi, 2006, p. 453). If we look at the level of interpersonal relationships within channel dyads, conflict is often associated with **attribution** and **efficacy** as two cognitive processes in theoretical framework of interpersonal relationships. The attribution process reveals the occurrence of the conflict across several dimensions including the area of the conflict cause. The efficacy processes deals more with the expectations of the behavior and outcomes of the conflict resolution activities. The conflict itself may already reside in a different attribution and efficacy perception of partners from both sides of the dyad, although it has been found that efficacy perceptions in relation to conflict resolution are antecedent to relational satisfaction (Celuch, Bantham & Kasouf, 2011, p. 1082). In this relation, price-related issues were found to be the major source of conflict between importer and exporter, which indicated that economic outcomes still prevail as fundamental principle behind the establishment and development of any trading relationship between the parties (Katsikeas & Piercy, 1991, p. 15). As buyers and sellers react differently to price outcomes, they are like the two faces of

a transaction coin, together in a monetary exchange but not sharing the same view (Monga & Zhu, 2005, p. 333).

Since the seminal work of Ford and Rosson (1982), international marketing channel literature examines the proposed five possible **relationship development states** (new, growing, troubled, static and inert/declining). The researchers argue that each relationship development state can be evaluated and categorized by performance, experience, uncertainty and satisfaction. Indeed, it has been found by some repetitive studies (e.g. Moore, 1991, p. 57) that manufacturer-overseas distributor can fall into those five categories, while firms in time move from new to declining relationship state. However, we need to move beyond the relationship dissolution phase and investigate how different types of interactions (generative, degenerative, and neutral episodes) actually change relationships (Schurr, 2007, p. 161). The author suggests that researchers should investigate “characteristic episodes” within each relationship state and identify patterns of non-critical episodes that lay the foundations and eventually lead to critical episodes (conflicts or even relationship dissolution). The theory has lately developed towards four relationship phases (awareness, exploration, expansion, resolution). Each phase is characterized by specific traits. If joint problem solving increases buyer uncertainty in the awareness phase, communication quality and joint problem solving increase relationship-specific investments in the exploration phase. In the expansion phase we may face severe conflict resolution practices that again increase buyer uncertainty, while joint problem solving increases relationship-specific investments. When looking from the buyer’s perspective, all the relationships explained above are under the influence of seller’s reputation. On the whole, it is important to recognize that in spite conflict resolution and information exchange being important traits of buyer-seller relationships, they may not always bring the desired relationship outcomes (Claycomb, Frankwick, 2010, p. 252). We can conclude that there are at least three factors contributing to the misalignment (and possible conflict) between different channel levels: (a) relationships are at a personal rather than corporate level, (b) channel members are reluctant to share information with their partners, and (c) greater attention is given to the development of the downstream rather than upstream relationships in the channel (Kalafatis, 2000, p. 225).

It is central to develop an effective transfer of the knowledge between partners, especially as switching costs and inter-organizational trust have been recognized as significant determinants of cooperation for buyers and reciprocity and technological uncertainty for sellers. If one of the parties behaves opportunistically, the other party would bear significant switching costs to develop a new relationship with a new business entity (Kim et al., 2010, p. 863). Thus, we can observe that switching costs are an important factor of cooperation and may even prevent conflicts.

Firms in the distribution channel will behave differently to their strategic positions and market situations are different (Kim et al., 2010, p. 863). The researchers recognized a

need to focus on buyer-seller relationships in export marketing more rather than only on conventional export support activities. As strong relationships between the importer and exporter can be less easily attacked by competitors and undermined by economic and environmental change, the competition primarily occurs in terms of product and price (Piercy, Katsikeas & Cravens, 1997, p. 73-84). In domestic and global markets the trends of increased diversity require buyers and sellers to interact with dissimilar counterparts, as the impact of similarity among partners does not directly influence the quality of the relationship, because management relations are in-between (Smith, 1998, p. 3). The partners should commit resources and perform actions to develop mutual trust, though, for example, joint annual planning meetings, joint product training, sharing feedback on plans and objectives, profitability measures within channel management systems and key account management for major partners (Kalafatis, 2000, p. 225-226).

Researchers came to an intriguing result. Buyers and sellers have a better understanding of each other (smaller satisfaction gap), when they are engaged in a competitive relationship rather than within the cooperative relationship (Forker & Stannack, 2000, p. 31). Furthermore, commitment and cooperation were found to lead to importer adaptation. Adaptive importers tend to be more favorable towards effective and efficient relationship outcomes. Although, this depends on both, the distance from the exporter and the level of dependence (Leonidou et al., 2011, p. 527). The level of the sellers channel function performance has been confirmed as an important driver of customer perceptions of relationship quality (conflict being part of it), while the connection is moderated by the interdependence structure of the channel relationship (Van Bruggen, Kacker & Nieuwlaet, 2005, p. 141). Essentially, best buyer-seller relationships differ from average ones in a higher degree of joint planning and performance reviews, more customized product exchanges, less frequent conflicting situations over pricing and a more frequent utilization of all forms of communication (Paun, 1997, p. 13).

2.2.5 Major sources of conflict

When looking from a sociological point of view, a conflict is a social phenomenon, where neither the occurrence nor the outcome is completely determined by the objective circumstances (Håkansson & Vaaland, 2000). Therefore, literature on conflict sources is broad and unified. Conflict is mentioned in the IMP network approach as being part of the atmosphere surrounding a business relationship (Tidström, 2009), while it has already been included in the interaction model from the beginning (Håkansson, 1982), as a predecessor to the business network approach. It is not surprising that other elements, included in the network model, like cooperation/closeness and power/dependence are also closely connected in other literature (e.g. relationship marketing, distribution channel theory, etc.), if not even considered as sources of conflict (Gaski, 1984). The basic explanation of the conflict causes stems from its fairly broad definition, given by Deutsch (1973), who claimed that a conflict exists whenever incompatible activities occur.

Tidström and Hagberg-Andersson (2008), who confirmed the notion of incompatibility as a central to conflict construct, warned about the difference between conflict and competition, the later being integrated in the strategy and of a long-term nature, compared to conflicts, which are more of a short-term nature.

“One could speculate that there are as many sources as there are conflicts” (Laine, 2002: 5), being seldom one-dimensional and hard to track, stemming either from a complex pattern of relationships between individuals, departments and organizations or being rooted in the history of the relationship. Some of the most commonly cited conflict antecedents in the distribution channel literature are Etgar’s (1979) attitudinal sources (lack of role clarity, differing perceptions, expectations and communication) and structural sources (goal divergence, drive for autonomy and struggle for the resources). Rose and Shoham (2004) added team spirit and interorganizational connectedness, as causes to their division between task and emotional conflicts within distribution channels. In addition, Song, Xie and Dyer (2000) identified five sources to manager’s conflicts, including goal incongruity, management support for cross-functional integration, participative management, early involvement and job rotation. Others, like McLeod, Shaw and Grant (2009) focused on specific industries (in their case it was the advertising industry) and identified the following sources of conflict: involvement intensity, role ambiguity, cultural stereotyping and finally conflicts of interest. The most in-depth analysis and structured representation of conflict sources was done by Laine (2002), who proposed sources to be found on four different levels: organizational level (power/dependence, organizational culture, role confusion), individual level (incompatible perceptions, attitudes, values, preferences), operational level (actor’s perceptions of incompatibility concerning goals, the degree of mutual dependence in activities, to what extent necessary resources are shared) and external level (change in another relationship within the network). However, when looking from the network approach point of view, Tidström (2009) provides us with the most suitable categorization of conflict causes. The author identified three different groups, including the actors (organizations) involved in the relationship (difference in size, differing channels, self preservation), the dyad, understood as the relationship itself (incompatible goals, incompatible systems and routines), and the network as an external dimension (supplier late delivery, uncontrollable and influential salesmen, customer demand, political actors’ demand). Taken together, there are many different views on conflict antecedents; however none, at least to our knowledge, have yet examined the antecedents to conflict in international distribution channel or network.

Coughlan et al. (2006, p. 24) identify the following three major sources of conflicts:

1. *Goal conflict*: differences between channel member’s goals and objectives;
2. *Perceptual conflict*: differences in channel member’s perceptions of the marketplace.
3. *Domain conflict*: disagreement over the responsibility in the channel and the domain of action;

Competing goals

Differing goals of two or more partners are deep-seated to all businesses, not just distribution channels. There is substantial literature on the agency theory, stressing how competing goals between principal and agent create conflicts. The most common example that falls into this category is the manufacturer's wish to achieve rapid market penetration through low pricing, while in contrast intermediaries prefer high margins (Kotler et al., 2009b, p. 484). As Coughlan et al. (2006, p. 252) explain, channel members often believe that a change of partner or a specific person, with whom they were doing business, will solve all problems, however eventually they discover that fundamental goal conflicts still remain (see Table 2.3 for differing goals in distribution channels). Furthermore, studies have shown that most conflict in the channel is not due to actual goal clashes but personal perceptions of channel members that their goals differ. Despite potential channel goal conflicts both parties share, but often forget, their common goals e.g. customer satisfaction (Hollensen, 2011, p. 575).

Table 2.3: Channel member' differing objectives

Manufacturer's channel objectives	Retailer's/Distributor's channel objectives
<ul style="list-style-type: none">▪ Market share (by segment)▪ Profit/contribution goal▪ ROI▪ Channel member loyalty▪ Consumer brand loyalty▪ Distribution penetration▪ Inventory carrying support (volume, location)▪ Communications support▪ Market development	<ul style="list-style-type: none">▪ Satisfactory stock-turn▪ Gross margin▪ ROI on inventory/selling area▪ Promotional allowances▪ Bellow-the-line benefits▪ Distribution exclusivity▪ Continuity of supply▪ Market development▪ Credit

Source: Hollensen, 2011, p. 574.

Differing perceptions of reality

Differing perceptions of reality are present in a channel primarily because of different focuses, as upward channel members are mainly focused on product and processes, while downward channel members typically focus on customers. Therefore, their expectations of what the other party will do in a specific situation differ. Consequently they take actions in response to the same situation, which heightens the conflict even more. This source of conflicts is even more frequent in international distribution channels, where channel members come from different cultures and perceptions are already different due to different cultural backgrounds. Coughlan et al. (2006, p. 254) propose accurate, timely and frequent communication to be a key in aligning different perceptions and avoiding this type of conflict. Furthermore, it is suggested the channel member shall develop greater

sensitivity to the business culture of their counterpart, knowing their language, habits, rituals, attitudes, religion, beliefs and business customs.

Clash over domains

Conflict may also occur, when one channel member has a perception that the other member does not properly care for his/her responsibilities, given the domain they operate (Coughlan et al., 2006, p. 256). The clash of domains is the most complex of all three sources of conflicts, as it has many subdimensions. One of the most serious problems (conflicts) occurs, when channel members are competing over the same market. On the one hand, this may be achieved by **intrachannel competition** when downstream partners are also representing competitors and get too eager to represent your product in a competitor's way. On the other hand, using multiple types of channels representing the firm on the same geographical market will decrease the motivation of the downstream channel members and also cause conflict, when both types of channels compete for the same customer and the channel choice offers the same value to the same customer. This phenomenon is most commonly labeled as **dual distribution**, while other names also occur, like hybrid distribution or multiple channels. Nevertheless, **unclear roles and rights**, especially regarding territory boundaries and credit for sales often lead to conflict (Kotler et al., 2009b, p. 484). In sum, conflict over domains is the most visible and least tractable form of conflict in marketing channels among the three described sources, and usually requires a new channel strategy (e.g. giving exclusivity to a channel partner). The following table depicts the business issues as sources of conflict in more detail.

Table 2.4: Types of business issues as cases of channel conflict

<i>Business Issues</i>	<i>Type</i>	<i>Disagreement or conflict</i>
Financial	Inventory investment Trade discounts	How high are inventory stocking levels? How much intermediaries should be rewarded for their sales contract, inventorying, and after sales services?
Marketing	Large account solicitations Territorial coverage Dual product lines Full-line forcing	When should a manufacturer take business on a direct basis? Should a manufacturer implement an intensive distribution policy? Can an intermediary sell a second product line? Must the intermediary sell both popular and slow-moving items?
Management	Business strategies and programs Management succession Termination	Is the intermediary pursuing an active or passive business strategy? Has the intermediary developed managers who can perpetuate the business upon the principal's death or retirement? What constitutes a legitimate cause for cancelation of the sales agreement?
Legal	Customer restrictions Territorial restrictions	Which customers are excluded from the sales agreement? What geographical territorial restrictions apply?

Source: Mahin, 1991, p. 419.

“Conflict creates more conflict” (Coughlan et al., 2006, p. 266). When the levels of frustration and tension are high, it is hard for channel members to move on without questioning the commitment in the relationship of their counterpart. We should not neglect **intermediaries’ dependence on the manufacturer**, especially regarding product and pricing decision, as a high potential for conflict (Kotler et al., 2009b, p. 484).

Mahin (1991, p. 97) discusses **marketing-materials management conflict**, listing three causes to this type of conflict: late deliveries, inflated sales forecasts and promising customers unrealistically short delivery times. If inflated sales forecasts cause interfunctional conflict due to increased work-in-process inventories, late deliveries or false promises also, besides creating conflict between marketing and materials management personnel, create dissatisfied customers.

Coughlan et al. (2006, pp. 263-271) talk about two additional sources of conflict. Firstly, there are **gray markets**, which (as they define it) offer branded products through unauthorized distribution channel, thereby creating conflict with existing authorized channels. Hollensen (2011, p. 575) calls this parallel importing, which mainly exists for high-priced high-end products due to the fluctuating value of currencies between different countries or even a resale of an unexpected over-supply of product by official distributor for a lower price. Thus, gray marketing usually results in lower motivation of authorized intermediaries. Secondly, Coughlan et al. (2006, pp. 263-271) elaborate on the use of **threats** in relationships with other channel members, which are often used to handle conflict when the channel members have a short time to perform a deal. The later source of conflicts can be linked to *coercive power* of a channel member, which we elaborate on in more detail in chapter 3.4.

Based on research Rosenberg (1974, p. 70) has concluded that the following situations may contribute to a conflict: the differences in company sizes of channel counterparts, the introduction of a new technology forcing change, situation of high difficulty of tracing responsibilities for actions in the channel, low level of planning of distribution strategy and monitoring results, high level of the competition at any level in the channel, small scale of operations of intermediaries, etc.

Humphreys (2005, p. 508) studied the relationship between **resource dependence** and conflict escalation into violence at a country level, thereby providing one of the rare interpretations of resource-conflict link within literature. Based on past and newly gathered data on oil and diamond production, the author has found that conflict is more responsive to past natural resource production (agricultural dependence) than to the potential for future production, while the impact of natural resources on conflict is independent of state strength and mechanisms employed by the state to manage this type of conflict. The

findings might have implications for firms operating in situations, where resource dependence is high.

Barclay (1991, p. 155) suggests that **context** is the main source of conflict. One of the important contexts in respect to our study is the type of conflict we address. For instance, conflicts in work teams were found to come out of divergent interests and diversity of points of view, often described also as diverse values or ideologies (Desivilya & Eizen, 2005, p.185). An often overlooked antecedent to conflict is **the state when the relationship between members gets better** and people become familiar with each other, more open and this creates better potential for conflict (Bradford, Stringfellow & Weitz, 2003, p. 192). In the organizational behavior literature we find research evidence that *interdepartmental conflict* is a consequence of the **organizational context** (e.g. organization as a social system, the way organizational subsystems are interrelated and the way organization is structured) within which decision-making takes place. Furthermore, the dominant antecedents to manifest conflict in interdepartmental setting originate from organizational processes (the increase of conflict stems from rewarding departments for meeting their own goals opposed to wider organizational goals), organizational structure (centralization of authority increases conflict, while formalization from buyer's perspective reduces conflict), and certain interdepartmental conditions (increased conflict is a result of barriers to communication between departments and ambiguity with respect to jurisdiction of each department) (Barclay, 1991, p. 155). In general, contextual factors of any kind were found to be more important sources of conflict than individual predispositions, suggesting we must go beyond individuals and individual departments to identify the sources of conflicts (Barclay, 1991, p. 145).

One of the possible sources of conflict between different **decentralized** units of a company abroad is **transfer pricing**. The decentralized units of a company are usually profit centers, rewarded based on bottom-line performance. Thus, in the case where transfer pricing affects unit profits, it is likely to lead to a conflict among the units involved. This type of an interdivisional conflict is recognized as unhealthy and should be avoided, as it was found to have an impact on performance of a unit that perceives the other to enjoy an advantage in the transfer situation. Therefore, it is suggested to set transfer prices at a level, so that there is a balance in each division's perception of benefits of the other unit involved. The role of headquarters is to set up an organizational practice that will prevent favoritism of one unit over the other (Jain, 2001, p. 341).

Stakeholder management theory differentiates between different stakeholder groups, groups internal to the firms (e.g. employees, management, shareholders) and groups external to the firm (e.g. consumers, suppliers, local communities, government, etc.), who may engage in a whole range of possible types of competing stakes due to different norms and values. Conflicting stakes among stakeholders and between shareholders and stakeholders occur particularly when legitimacy (political equality), morality (fair

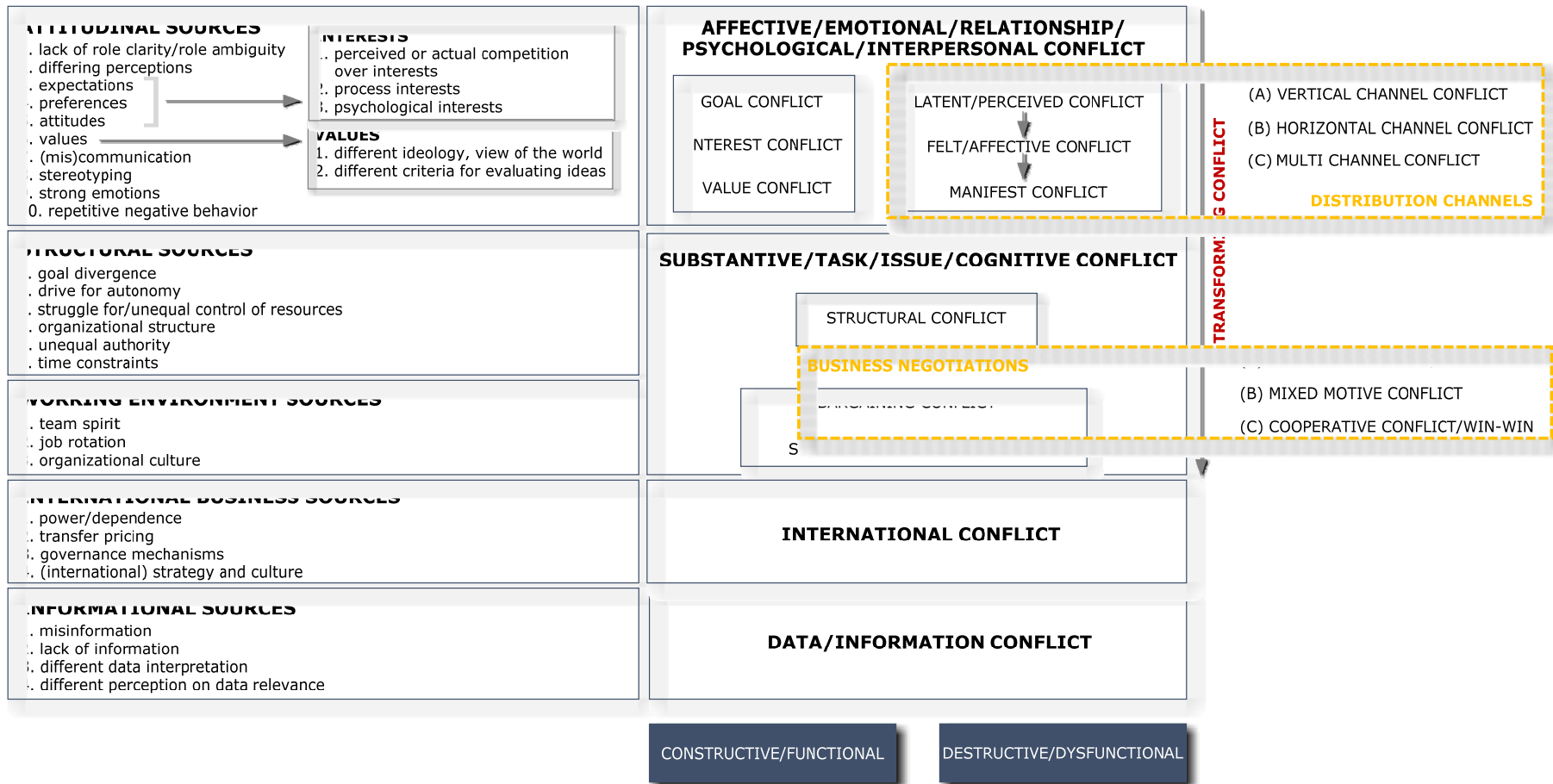
opportunity) and ethics (authenticity) differ among stakeholders (Reed, 1999, pp. 481-482).

Factors that determine the course which a conflict takes are: the process (cooperative vs. competitive), prior relationship, the nature of the conflict (scope, centrality, importance, rigidity and interconnectedness of the conflicting issues), the characteristics of the parties in conflict (personality, ideology, and position), estimations of success (importance of long-range relationships vs. pure business processes), and possibly interested third parties attitudes, resources and strength (Deutsch, 1969, p. 27-29). There are three interrelated processes that may lead to the escalation of a conflict: (a) competitive processes involved in the attempt to win the conflict; (b) processes of misperception and biased perception; and (c) processes of commitment that are a consequence of pressures for cognitive and social consistency (Deutsch, 1969, p. 12). Previous research offers several speculations regarding antecedents to organizational conflicts: buying-task characteristics (the amount of uncertainty affects buying center dynamics and thereby could also the conflict), market conditions (presence of a large number of suppliers could create conflict due to enhanced opportunities), and the phase in joint purchasing decisions could influence the relationship between conflict and its antecedents (Barclay, 1991, p. 155). The researchers (cf. Etgar, 1978; Coughlan et al., 2001; Zhou, Zhuang & Yip, 2007) have recognized the perceptual differences in the perceived realities (e.g. dependence, power) of the members in channel dyads as a source of channel conflict.

Conflict sources also come from **governance mechanisms**, which are applied to organize inter-organizational transactions most efficiently (market, hybrid, or hierarchical governance) and manage existing business relations (authority, incentives and trust as governance mechanisms). Conflict associated to formal governance mechanism usually comes from unclear formal procedures, a lack of contractual details or unawareness of predefined patterns of behavior. Thus, it is perceived as a problem and should be avoided through better planning, resulting in even more detailed routines and contracts. Conflicts related to informal governance mechanisms (social dimension) have more functional outcomes. Solving them would most likely lead to improved social interaction and better mutual understanding of both parties (Vaaland & Håkansson, 2003, p. 134). Thus, it is suggested to simultaneously evaluate market transaction costs and internal organization costs when evaluating and applying governance mechanisms (Hennart, 2010, p. 257).

The following figure gives a summary of different conflict causes and their interrelation to different types of conflict within various theoretical frameworks. The representation offers a review of conceptualization of conflict within distribution channel, international marketing, business negotiations and human resource management literature.

Figure 2.5: The interconnection between conflict causes and types of conflict



2.2.6 The consequences of conflict

Researchers who developed the schools of thought on conflict could be clearly arranged into two camps, firstly the traditional viewpoint where conflict is viewed as bad and secondly the modern or interactionist viewpoint where conflict is viewed as energizing for a company, point out problems and even unify a group (Banner, 1995, p. 31). Neither the occurrence nor the outcomes of conflict are solely and completely determined by objective circumstances, but the psychological processes of perceiving and valuing turn it into experienced conflict (Deutsch, 1969, p. 9-10).

Both, conflict and its Latin origin *collision* have negative connotations: disharmony, struggle, battle, argument, hostility, disunity, contention, friction, antagonism, etc. Therefore, in personal (individual) relationships conflict is best avoided. However, in marketing channels it is a normal state in the channel. To a certain extent it is even desirable, as it strengthens the channel and improves its performance (Coughlan et al., 2006, p. 244). Conflict, if not fundamentally pathological or destructive, has many positive functions: stimulates interest and curiosity, activates use of one's full capacities, prevents stagnation, fosters creative thinking, helps establish personal and group identities, fosters internal cohesiveness and is often considered as the source of personal and social change (Deutsch, 1969, p. 19). Scholars even speak about inverted-U curve with "low levels of conflict having little influence on channel efficiency, moderate levels keeping the channel functional, and high levels of conflict causing the channel to be dysfunctional" (Zhou, Zhuang & Yip, 2007, p. 311). Conflict has destructive consequences if the participants involved are "dissatisfied with the outcomes and all feel they have lost as a result of the conflict", while similarly conflict may have productive consequences "if the participants all are satisfied with their outcomes and feel that they have gained as a result of the conflict" (Deutsch, 1969, p. 9). Channel conflict can harm total channel performance, as it is usually generated when one channel member's actions prevent the channel from achieving its goals. This (usually) occurs due to the given interdependence of all channel members. (Coughlan et al., 2006, p. 24). However, poor channel performance may not be necessary due to channel conflicts but also due to poor channel design. Indeed, the role of a channel manager is to identify and distinguish between those two possibilities.

The consequences of conflict are very much connected to the differentiation of conflict into **functional (constructive)** and **dysfunctional (destructive)**, whereas the first is useful and drives channel members to improve their performance, and the latter hurts relationship's coordination and performance.

Negative outcomes of channel conflicts include lower efficiency within the distribution and an increase in costs, although these are virtually incalculable. As experiencing conflict may lead to a negative consequence/result/feeling, the individual is likely to resist resolving

future conflicts. Furthermore, due to subjectivity and distorted judgment emotional disruption in the channel is created (Rosenberg, 1974, p. 73).

The *negative (dysfunctional) outcomes* of the conflict can be summarized as follows (Rahim, 2011, p. 7; Schögel, 2001, p. 42):

- Conflict in the organization may cause job stress, burnout and dissatisfaction.
- Conflict in its state presents instability and uncertainty.
- Communication between individuals and groups may be reduced, and thereby coordination hindered.
- A climate of distrust and suspicion may be developed, which may result in refusal and disapproval.
- Relationships (personal and professional) may be damaged.
- Performance (on the job, teamwork, efficiency) may be reduced.
- Resistance to change can increase, because of possible losses in rationality.
- Organizational commitment and loyalty may decrease, which implies hard work motivation.

The *positive outcomes* of the functional conflict can be summarized as follows (Coughlan et al., 2006, p. 247; Dwyer, Schurr & Oh, 1987, p. 18; Rahim, 2011, p. 6; Rosenberg, 1974, p. 73):

- Conflict may stimulate innovation, creativity and change, including an improved organizational decision-making process, promoted alternative solutions and new ideas to the problem and synergistic solutions to common problems.
- Communication is much more frequent and efficient.
- A more balanced distribution of power in the channel relationships is developed.
- A more reasonable and unbiased split of system resources is devised and implemented.
- The channel members are much more motivated to critically review their past actions and act upon them.
- The system for expressing friction, stress and grievance in the channel relationships is established.
- Conflict provides a reliable and dramatic means indicating the need for change, as well as evaluation of management performance.
- Individual and group performance may be enhanced, both are forced to search for new approaches and are required to articulate and clarify their positions.
- The channel members develop standardized ways, how to deal with future conflicts and keep them within bounds that are still considered to be useful and not damaging, and ultimately destructive for the relationship.
- Due to raising and working through the differences, channel members understand each other better, encourage each other to do better and even challenge each other to change old habits and assumptions that seem unwelcome in the specific situation.

Functional conflict is considered a natural outcome of the relationships that are characterized with a close **cooperation**. While cooperative relationships are characterized as noisy and contentious, conflict is inevitable. Functional conflict is much more likely to occur, when a downstream channel member has higher power and influence over their supplier, as the influential party is usually the disputatious one and drives the channel to outperform its competitors.

There are also **channels with no (low) conflict** or peaceful channels, which should intuitively perform better. However, as Coughlan et al. (2006, p. 249) argue, those channel relationships are not relationships of peace and harmony, but indifference, where no issue is so important that they would care to invest the effort to argue about it. Under these circumstances the two sides are not in agreement, they are simply not in a disagreement, and frequently neglect each other. In sum, low conflict is just a disguise for low level of engagement in the relationship, and consequently lower performance of the channel as a whole.

Intense conflict, described with higher and higher levels of tension, frustration, friction and disagreement in the channel relationship, has based on the research in developed economies (mostly Western) an influence on **channel member's satisfaction** in a way that damages channel performance and coordination, as well as the ability of both counterparts in a channel to work in a close relationship. The satisfaction decrease is twofold. First, the *economic satisfaction* is affected by the conflict, as profit indicators decline when conflict arises, and channel firms start to weight the alternatives to their current counterparts. Second, the *psychological* aspect of relationship satisfaction declines as well. Furthermore, unsatisfactory social relationships shake trust in a channel counterpart due to disbelief in counterpart's honesty and benevolence, thereby undermining channel commitment as well. In essence, conflict creates costs. However the benefits of change may outweigh the costs, therefore conflicts should not be avoided but properly managed (Coughlan et al., 2006, pp. 249-251). Even more, an effective export marketing manager will use conflicting situations for opportunities of growth, market development and relationship enhancement (Darling & Heller, 2011, p. 36).

When assessing the productive consequences of conflict, some researchers (cf. Robicheaux & El-Ansary, 1976; Rosenberg & Stern, 1970) evaluate **functionality of conflict**, which they define as an appraisal of the results of efforts to resolve disagreements. It has been found that firms are more likely to resolve conflicts productively and see them as just another part of doing business, when they have developed a strong trust in their relationship. Thus, there will be a negative causal relationship between functionality of conflict and conflict itself (Anderson & Narus, 1990, p. 45). In organizational behavior literature we find different strategies to conflict resolution: resolution via group rewards and coalition formation, as well as negotiation activities associated with conflict resolution (Barclay, 1991, p. 145).

When looking at a conflict as a process or an episode, it consists of a sequence of small episodes from latent to felt or perceived conflict and further to manifest conflict. The heritage of the whole conflict episode is labeled as '**conflict aftermath**' (Pondy, 1967, p. 305). The author argues that it can be expressed two ways: (1) if conflict is resolved to the satisfaction of engaged parties, it will drive them towards higher level of cooperation; while (2) if conflict is only suppressed, it may escalated and explode in a more serious form leaving even to the relationship dissolution.

2.2.7 Conflict resolution strategies

Dymsza, (1988, p. 416) who evaluates resolution of disputes in joint ventures, provides three possibilities of conflict resolution depending on the importance of the matter. As the author explains, close and continuing communication is essential and face-to-face meetings can resolve most disputes. However, in joint ventures the more delicate matters are taken to the board of directors if the local manager has not taken over many of the key managerial functions. Finally, major disputes can be resolved by arbitration.

Some of the authors (e.g. Coughlan et al., 2006, p. 25) suggest that channel conflicts may be resolved by applying one or more sources of channel power, discussed in the following chapter. Conflict resolution policies are closely connected to **reward power** in distribution channels (see chapter 3.4.), which encourages reseller not to abandon sales effort, if another reseller competes, as in the case of another reseller winning a sale, the first reseller might be compensated for his/her efforts (Coughlan et al., 2006, p. 206).

Coughlan et al. (2006, p. 271) distinguish between two approaches of coping with conflict: (1) **developing institutionalized mechanisms** (e.g. arbitration boards, joint membership in trade associations, exchange-of-personnel programs, norms of behavior in the channel) to keep conflict from escalating to the dysfunctional level; (2) **use patterns of behavior** to resolve conflict, after it evolves into the manifest form. In literature the later are also recognized as **conflict resolution styles**.

Institutionalized mechanisms are mainly the policies, developed by channel members to address conflict before it arises. Therefore, conflict management function of those policies is often overlooked. First, we have *information-intensive mechanisms* (e.g. joint membership in trade associations and regular meetings, sharing knowledge by exchange-of-personnel programs – some call it co-optation), which are risky and expensive, as channel members must be careful not to share sensitive information and must devote considerable sources to communication, where trust and cooperation are necessary conditions to keep conflict manageable. Second, there are *third-party mechanisms*, using arbitration (third party takes most of the control of the negotiation dispute) or mediation (third party has limited control and both channel members can reject the mediator's idea)

to secure the dispute before escalating into manifest conflict (Coughlan et al., 2006, p. 271-275). On average, efforts to arrange mediation or arbitration are rare in everyday disputes (Keating et al., 1994, p. 143). Furthermore, diplomacy is also an option in resolving conflicts (Kotler et al. (2009b, p. 484). Apart from both policies described above, institutionalized mechanisms include *norms* that direct channel managers on how to manage their relationships. Norms that need to be observed in order to forestall or direct conflict, include flexibility (adaptability of channel members to changing circumstances in the channel), solidarity (mutual benefit of all channel members), and information exchange (sharing all information). The norms among all three mechanisms especially encourage channel members not to use coercion and make an effort in keeping conflict at a functional level (Coughlan et al., 2006, p. 271-275).

Anderson and Narus (2004, p. 20) are fond of **international commercial arbitration** as a pre-agreed, cross-border dispute resolution mechanisms, as it additionally motivates both channel members to work out disagreements themselves and is less costly than any other legal action. This action is more often used at the country rather than company level.

Reseller-supplier conflict can further be resolved by training **boundary-spanning personnel**. This is, individuals who are in regular contact with the partner firm (e.g. sales reps, purchasing managers). These individuals should identify emerging problems before they escalate into a relationship threatening conflict (Anderson & Narus, 2004, p. 380). The research results show that dysfunctional conflict is less common in the presence of boundary spanners, while better organizational performance can be achieved for both the subsidiary and multinational company as a whole (Schotter & Beamish, 2011, p. 243). However, as authors report, not all companies are able to foster boundary-spanning personnel in the same efficient way.

Firms can better understand other channel members' issues and concerns by establishing a regular **employee exchange program** between channel members, meetings as **members of trade associations** and by establishing the office of **ombudsman** (most often either retired reseller manager or principal employed by the supplier), who has gained trust and credibility with both parties and helps explain and solve the issues of both channel members (Anderson & Narus, 2004, p. 381).

According to Deutsch (1990, p. 252) third parties require a certain set of skills to effectively mediate the conflict. First, they need to have skills to establish effective working relationships with each of the conflicting parties. Second, they need to be able to foster a cooperative problem-solving attitude among the conflicting parties. Third, there are skills required to develop a creative group decision-making. And finally, the third party should possess considerable knowledge about the issues the conflict is about.

Conflict resolution styles

When coping with manifest conflict, channel members may use various *conflict resolution styles*¹ in order not to eliminate conflict, but to use it as a force to change. Figure 2.6 shows one of the possible conceptualizations of the ways, how channel members' deal with conflicts. We can draw a parallel to negotiation styles of bargaining, where each party chooses between different levels of **assertiveness** (i.e. how much they are concerned about achieving its own goals) and **cooperativeness** (i.e. how much they are concerned for the other party's goals). Here, we present the most frequently used resolution styles.

1- AVOIDANCE

Avoidance is the strategy of the channel member, who is relatively passive or lacks power (Coughlan et al., 2006, p. 276). The avoidance strategy may take two forms, either suppression of conflict or withdrawal from the matters provoking conflict, letting the fate solve problems instead of making things happen (Richardson, 1995, p. 21). A channel, where its members use such conflict resolution is often associated with the relationships of convenience, where there is a lack of exchange information and neither side feels much commitment to the other (Coughlan et al., 2006, p. 276). Although avoidance is recognized as a passive strategy, Richardson (1995, p. 20) argues that to some extent it is active. He claims that by avoiding parties they may be actively achieving their goals, while when the strategy is adopted at the group level it has a positive impact on team building and creating a sense of cohesion and solidarity. According to the author, when observing teams, the team members were avoiding conflicts within the organization, however they were not passive toward their own private life goals. In sum, as it may be good for a short lasting teamwork, on the long run avoidance can be dysfunctional for an entire organizations' wellbeing. This tactic is classified as low concern for both self and for others and it is also known as ignoring, withdrawal, and inaction. In essence, avoidance is evasion of the responsibility for conflict resolution. Tactics are: postponing decision-making, passing buck to others or completely withdrawing from the situation, while in extreme cases even deny the conflict exists and needs to be resolved.

2- ACCOMMODATION

Accommodation is another way of keeping peace, however in contrast to avoidance it is an active strategy, focused on other party's goals rather than its own. It is a way of strengthening a relationship, as it encourages reciprocation, thereby building trust and commitment on the long run. However, if the relationship lacks commitment then reciprocation will most likely not occur and this strategy of conflict resolution leads to one's exploitation (Coughlan et al., 2006, p. 276). Strategy is classified as low concern for self and a high concern for others, also called obliging, non-confrontation, yielding, lose-win. The information flow travels in only one direction as the central goal is to satisfy the

¹ Note: conflict resolution styles, discussed in this section, do not offer guidance how to handle a specific conflict incident or particular issue, but are about general methods, channel members employ in their relationships within the channel.

other party by exercising generosity, charity, acquiescence, selflessness, obedience, being characterized as self-sacrifice

3- COMPETITION OR AGGRESSION

Competition or aggression is the exact opposite of accommodation, as one focuses on its own goals, neglecting goals of the other party. Therefore, this strategy is also called zero-sum game. Richardson (1995, p. 19) draws a link to the win-lose mentality, where one side tries to dominate the relationship. As the strategy fosters distrust and intensifies conflict, it is not suitable, when pursuing long-term relationships (Coughlan et al., 2006, p. 276). Strategy is also classified as high concern for self and low concern for others. Thus, the authors also called it dominating, competition, control, win-lose, or zero-sum. The use of power is mostly evident in the case of this type of conflict handling behavior. It results in compliance, but not commitment.

4- COMPROMISE

Compromise is a strategy that pursues solutions that would be beneficial to both parties, but only to an intermediate degree. Coughlan et al. (2006, p. 276) call it a centrist approach, as it gives little to everyone and therefore seems to be fair. This type of strategy is good for dealing with *minor* conflicts, as it is the easiest and fastest way of finding a common resolution. Strategy is classified as moderate concern both for self and for others. In the field of game theory it is also called mixed motive, where both parties need to consider solutions beyond those initially introduced and must finally relinquish some of its goals to reach a mutually acceptable solution.

5- PROBLEM SOLVING, COLLABORATION

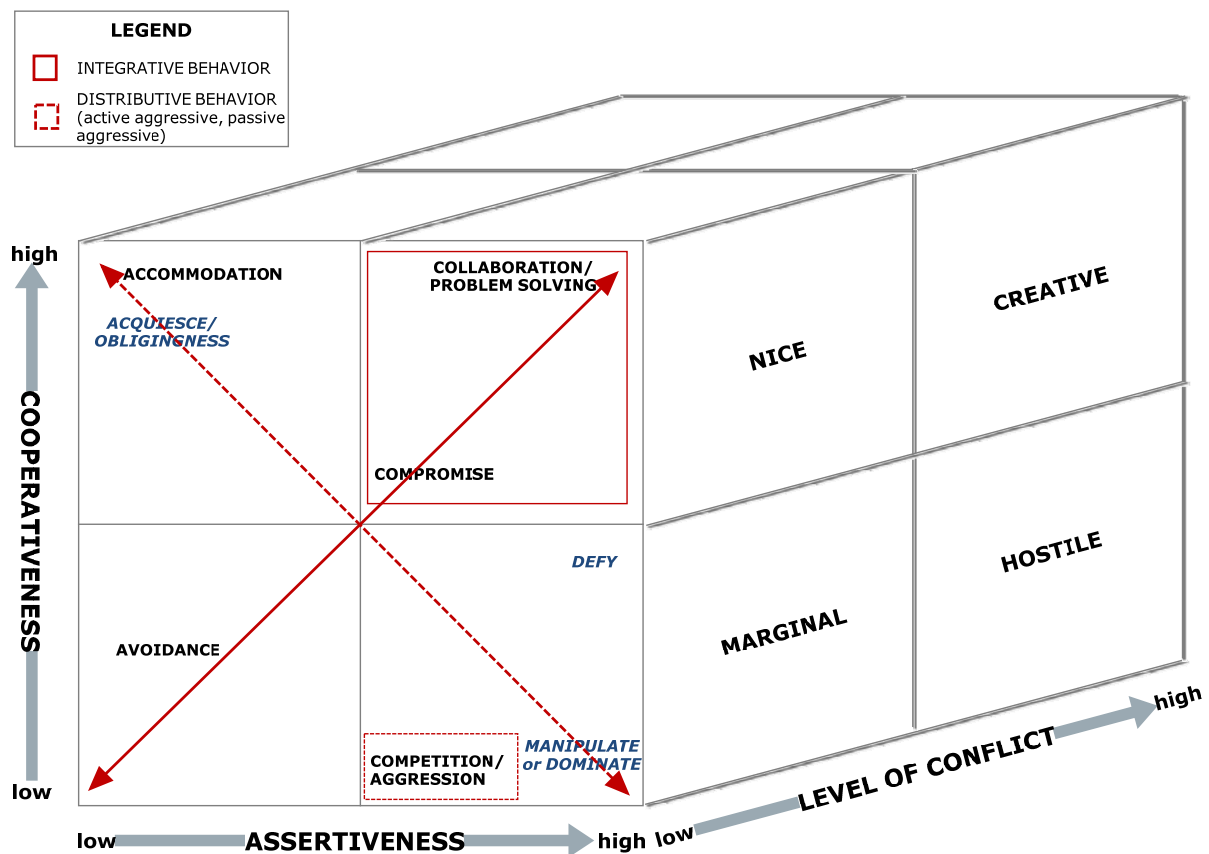
The problem solving or collaboration style is an ambitious style as the channel member using it wants to achieve both, its own and counterpart's goals to a very high degree. Negotiation literature calls this style a win-win approach that is the best suited to resolve conflicts, when commitment in the relationship is high. However, the collaboration style requires high level of resources, especially information, time and energy. Furthermore, problem solving usually requires sharing some sensitive information that may be used against you later in the negotiations or in the channel relationship (Coughlan et al., 2006, p. 276). Channel members engaged in conflict demonstrate a high concern for self and for others. Thus, researcher also called it win-win, collaborative, cooperative, positive sum. Prerequisite: open exchange of information, thorough investigation of issues on both sides, encouragement of the expression of thoughts and feelings.

Rahim (1983, p. 16) and Song et al. (2006, p. 346) classified integrating, accommodating and compromising as *cooperative* conflict-handling strategies, as they demonstrate moderate to high levels of concern for other party's needs. Similarly, forcing and avoiding as strategies where low concern for others is demonstrated, were labeled as *competitive* conflict-handling strategies. Firstly, cooperative conflict-handling strategies are often

linked to effective conflict resolution, better performance, harmonious relationships and innovative organizational environment. Furthermore, they were positively associated with constructive conflict, while the negative link to destructive conflict was found only for integrating and accommodating. Secondly, competitive conflict-handling strategies were recognized to lead to negative or destructive organizational outcomes (i.e. poorer relationships, disharmony, increase amount of failures, lower team performance).

Coughlan et al. (2006, p. 277) stress that the best argument to persuade the channel members and achieve coordination is via **economic incentives** (e.g. premium for participation or pay-for-performance system), which initially eliminate those channel members who are fundamentally uninterested and not willing to cooperate. Therefore, economic incentives work especially well in combination with good interpersonal working relationships and a strong communications program, although these are difficult to monitor as they can rapidly multiply.

Figure 2.6: Conflict resolution styles and relationship characteristics in terms of cooperation and conflict



NOTE: assertiveness = concern for self; cooperativeness = concern for others.

Source: Adopted from Coughlan et al., 2006, p. 275; Gadde et al., 2010, p. 117; Oliver, 1991, p. 152; Rahim, Antonioni & Psenicka, 2001, p. 196; Thomas, 1992, p. 266.

Holm and Drogendijk (2011, p. 3) question, which pressures come from which actors in the internal and external network of multinational subsidiaries and how subsidiaries respond to these conflicting pressures. They identified two internal network influential parties (i.e. headquarters and peer subsidiaries) and three external influential parties (i.e. local government, local business partners and other local partners like NGOs). Oliver (1991, p. 152) identified five strategic reactions to conflicting behavior, including **acquiesce**, **compromise**, **avoid**, **defy** and **manipulate**, listing them from passive and mild to active and aggressive.

Oliver (1991, p. 152) emphasizes the “strategic choice” (Child, 1972) that firms have in response to institutional constraints. We may note here that condition does not predetermine a strategic action. Opportunity for development for strategies may arise from conflicting or contradictory institutional conditions (Seo & Creed, 2002, p. 222; Whittington, 1992, p. 693), where contradictions may create rather than decrease strategic discretion. If conflicts or contradictions are coupled with asymmetric information, this may open opportunities for brokerage (Burt, 1992, p. 127). This brings control advantages of actors maintaining ties with others (e.g. MNC headquarter and local players), who themselves are not connected. Furthermore, corporate knowledge of local environmental conditions may be an important moderator. Personal relationships between different channel members help resolve conflict and move the resolving stage from emotional to rational perspective. Furthermore, the regular meetings between channel members foster the communication on the issues that might escalate into conflict in the future. Nevertheless, firms learn and when resolving specific conflict, it should be communicated throughout the channel to prevent such types of conflict to reoccur. As conflicts differ from country to country, regional offices should be capable of handling conflicts at the local level (Rosenberg, 1974, p. 72).

Researchers and practitioners agree that even if conflict occurs the most important part is to manage it effectively. As organizations are facing frequent restructuring challenges, recession pressures, communication issues in cross-cultural teams and increasing workforce diversity, nowadays conflict management appears to be more critical than ever.

Therefore, it is not surprising that there is vast literature on conflict-handling styles, primarily focusing on behavioral conflict-handling strategies within organizations (Song, Dyer & Thieme, 2006, p. 344), while conflict management has developed into the major research field of organizational behavior (Ma, 2007, p. 108). The literature review gives us a wide span of models, ranging from two- to five-style models (see Table 2.5 for the whole list and Table 2.6 for its use in specific situations). Deutsch’s (1990) two-style model of cooperation and competition is the most widely used in the relationship and network literature (Gadde et al, 2010, p. 116). Putnam and Wilson (1982), who are considered the first true authors of the three-style model, added a non-confrontation strategy, a passive dimension that is known for most of the three-style models. The four-style model is a

seminal work of Pruitt (1983), while Follett (1940) was the first to conceptualize the five-style model as early as in the 1920s. Blake and Mouton (1964) later developed a framework to classify all five-style conflict-handling strategies according to two dimensions; individual's concern for work productivity and concern for people. Only later, Thomas (1976, p. 892) reinterpreted Blake and Mouton's work and labeled the two dimensions by assertiveness and cooperativeness, as we still know it today within the organization's behavior field. However, negotiation literature most commonly refers to Rahim's (1983) work, which participants classified into five styles according to concern for self and concern for others, based on motivational orientations of conflict.

In the latest literature on conflict-handling styles we can observe many scholars (e.g. Koza & Dant, 2007, p. 279; Ma, 2007, p. 108) dividing the models into **distributive** and **integrative dimensions**. As Putnam (1990, p.3) describes, distributive conflict resolution behavior refers to "win-lose" orientation, where the approach to solving conflicts is to maximize gains and minimize the opponents losses. Furthermore, the author explains that integrative conflict resolution behavior can be reflected by the "win-win" orientation, where both parties search for common interests and reach joint benefits through open information exchange and joint decision-making. Although in negotiation literature, scholars understand the definitions of integrative and distributive behavior to be similar we can find conflicting views in the organizational literature on conflict resolution styles, corresponding to certain behavior.

For instance, Koza and Dant (2007, p. 280) categorize problem solving and compromise conflict resolution styles under integrative behavior and passive aggressive and active aggressive conflict resolution styles under distributive behavior. In contrast, Ma (2007, p. 108) classifies competing and accommodating under distributive dimension, and collaborating and avoiding under integrative dimension. Altogether, most of the textbooks published lately (e.g. Coughlan et al., 2006, p. 275; Rahim, 2011, p. 24) present the five-style model of Blake and Mouton (1964) as an integration of all previous conflict-handling strategies' conceptualizations. This corresponds with the contingency or context-bound view in the literature, where it is suggested that one behavioral conflict-handling strategy may be more effective than another, depending primarily on the conflict situation (Song et al., 2006, p. 344). Thus, the five-style model of conflict handling is the most widely used model in the conflict resolution literature.

Table 2.5: Styles of conflict resolution – from two to five-type styles

	Styles				
<i>Models</i>	I	II	III	IV	V
Two styles					
Deutsch (1990)	Cooperation	-	-	Competition	-
Knudson, Sommers & Golding (1980)	Engagement	-	Avoidance	-	-
Three styles					
Putnam & Wilson (1982)	Solution orientation	Non-confrontation	-	Control	-
Lawrence & Lorsch (1967)	Confrontation	Smoothing	-	Forcing	-
Billingham & Sack (1987)	Reasoning	-	-	Verbal aggression, Violence	-
Rands, Levinger & Mellinger (1981)	-	-	Avoid	Attack	Compromise
Bradford, Stringfellow & Weitz (2003)	Collaboration, Confrontation	Accommodation	-	-	-
Four styles					
Pruitt (1983)	Problem solving	Yielding	Inaction	Contending	-
Kurdek (1994)	Problem solving	Compliance	Withdrawal	Engagement	-
March & Simon (1958)	Problem solving	Persuasion	-	Bargaining, Politics	-
Ma (2007)	Collaborating	Accommodating	Avoiding	Competing	-
Koza & Dant (2007)	Problem solving	-	-	Passive & active aggressive	Compromise
Five styles					
Follett (1940)	Integration	Suppression	Avoidance	Domination	Compromise
Blake & Mouton (1964)	Confrontation	Smoothing	Avoiding	Forcing	Compromise
Thomas (1976)	Collaboration	Accommodating	Avoiding	Competing	Compromising
Rahim (1983)	Integrating	Obliging	Avoiding	Dominating	Compromising
Song, Dyer, Thieme (2006)	Integrating	Accommodating	Avoiding	Forcing	Compromising

Source: adopted from Rahim, 2011, p. 24 and own research.

Table 2.6: Styles of interpersonal conflict management and situations where they are (in)appropriate

Conflict style	Situations where appropriate	Situation where inappropriate
Integrating	<ol style="list-style-type: none"> 1. The issue is complex. 2. Synthesis of ideas is needed to come up with better solutions. 3. Commitment is needed from other parties for successful implementation. 4. Time is available for problem-solving. 5. One party cannot solve the problem alone. 6. Resources possessed by different parties are needed to solve the common problems. 	<ol style="list-style-type: none"> 1. Task or problem is simple. 2. Immediate decision is required. 3. Other parties are unconcerned about outcome. 4. Other parties do not have problem-solving skills.
Obliging	<ol style="list-style-type: none"> 1. You believe you are wrong. 2. Issue is more important to the other party. 3. You are willing to give up something in exchange for something from the other party in the future. 4. You are dealing from a position of weakness. 5. Preserving the relationship is important. 	<ol style="list-style-type: none"> 1. The issue is important to you. 2. You believe that you are right. 3. The other party is wrong or unethical.
Dominating	<ol style="list-style-type: none"> 1. The issue is trivial. 2. Speedy decision is needed. 3. Unpopular course of action is implemented. 4. Necessary to overcome assertive subordinates. 5. Unfavorable decision by the other party may be costly to you. 6. Subordinates lack expertise to make technical decisions. 7. The issue is important to you. 	<ol style="list-style-type: none"> 1. The issue is complex. 2. The issue is not important to you. 3. Both parties are equally powerful. 4. Decisions do not need to be made quickly. 5. Subordinates possess high degree of competence.
Avoiding	<ol style="list-style-type: none"> 1. The issue is trivial. 2. Potential dysfunctional effect of confronting the other party outweighs benefits of resolution. 3. Cooling off period is needed. 	<ol style="list-style-type: none"> 1. The issue is important to you. 2. It is your responsibility to make a decision. 3. Parties are unwilling to defer, issue must be resolved. 4. Prompt attention is needed.
Compromising	<ol style="list-style-type: none"> 1. Goals of parties are mutually exclusive. 2. Parties are equally powerful. 3. Consensus cannot be reached. 4. Integrating or dominating style is not successful. 5. Temporary solution to a complex problem is needed. 	<ol style="list-style-type: none"> 1. One party is more powerful. 2. Problem is complex enough needing problem-solving approach.

Source: Rahim, 2011, p. 52.

The authors distinguish between low-risk and high-risk conflict resolution strategies. Low-risk strategies (e.g. hard bargaining) are according to the research evidence employed in asymmetrical exchange relationships (e.g. franchises), where due to minimal information exchange they reduce the potential for physical, financial or social costs. In contrast, high-risk strategies (e.g. problem solving) will require high information exchange and entail high potential for downside informational losses. It has been found that the **more powerful parties** will prefer low-risk strategies, as they motivate themselves towards immediate

maximum self-gain and they serve them as latitude for tactical maneuvers and higher influence over weaker party.

Dant and Schul (1992, p. 38) argue that very little is known on how conflict resolution emerges in the channel and what the contextual conditions are (e.g. franchising vs. wholly-owned subsidiaries) that drive channel members towards the use of a specific conflict resolution style. The authors have found that overall in channels the integrative problem solving approach is used most commonly, however in case of *high dependence* in the channel, and when disputes involve high stakes, policy connotations and are complex, there is a preference for a **third-party intervention**. Furthermore, politics and bargaining are used more often as two conflict resolution styles in *high dependency* conditions in the channel, while problem solving and persuasion are applied, when the dependence in the channel is low. The findings of their study suggest the bargaining conflict resolution style may also be used in low dependence conditions in the channel, which in case of being unsuccessful leads into politics with hardening its positions.

The literature review revealed **two related categories of conflict resolution mechanisms** that both incorporated rather normative frameworks for conflicts resolution in the channels. The first category consists of mechanisms that can be viewed as *institutionalized*, as they consist of policies (e.g. distributor councils, joint membership in trade organizations, executive exchanges, arbitration and mediation boards, programs like co-optation²) that are employed by channel leaders to address conflict in a systematic and ongoing manner in order to increase the interaction and communication among channel members. The second category of conflict resolution mechanisms consists of various activities and processes, including behaviors and actions of channel members that lay beyond existing institutionalized mechanisms. Organizational behavior literature consists of many different frameworks of behavioral conflict resolution, where the majority of authors argue that the use of those mechanisms opposed to institutionalized ones gives greater insights because of its versatile characteristics, playing an important role in defining parameters in of diversity of conflict resolution approaches, and allow insights from the study across different industrial settings more broadly. Therefore, the present study follows the latter approach.

March and Simon (1958) defined organizational reactions to conflict by four different processes: problem solving, persuasion, bargaining and politics; the typology which were later used in several conflict resolution studies in marketing (e.g. Dant & Schul, 1992).

When **problem solving** is used to resolve conflicts, participants usually share common objectives and engage themselves in integrative behavior to identify a solution that satisfies both parties' decision criteria. Although not prerequisites, usually trust and cooperation are

² Co-optation refers to an effort of the organization to win the support of the management board of the other organization by inviting them in boards of directors or advisory councils. As long as their opinions in those roles are respected and treated seriously, co-optation can reduce conflict (Kotler et al., 2009b, p. 484).

evident in such relationships. This process includes activities like assembling information, coordination in open exchange of information about goals and priorities, and continual evoking of new alternatives.

Persuasion activities involve attempts to alter perspectives and move other party toward a common set of goals, by reducing the differences in subgoals and relating them to superordinate goals. This strategy involves coordinative behavior and involves high information exchange, while zero-sum behavior is not implied in the use of persuasion style.

The bargaining conflict resolution style, which stems from negotiation literature, anticipates disagreement over objectives and common goals are not expected, conclusively there are high limits for negotiation outcome. The behavior of both channel parties involves promises, threats, positional commitments and inflexibility, although both parties show high levels of aspiration to achieve their own objectives. As March and Simon (1958, p. 13) explain this strategy involves to certain extent “shared values of fairness”, which links it to persuasion style, although being clearly zero-sum oriented.

When applying **politics** as a conflict resolution style, the parties involved in bargaining zero-sum oriented behavior failed to reach an acceptable agreement through interpersonal relationship and extend the arena of bargaining behavior further to include a third-party who might be seen as an ally and will resolve the conflict through arbitration or mediation. Using this conflict resolution style clearly signalizes an inability of channel members to resolve their conflicts on their own, a failure of the relationship and non-integrative behavior to save it.

Dant and Schul (1992, p. 40) argue that conflict resolution styles, applied by channel members involved in a dyadic relationship disputes, are dependent on several contextual factors. The authors identify five following factors: (1) issue characteristics (e.g. financial stakes associated with the issue of a dispute; issue size, stake and complexity), (2) relationship characteristics (e.g. level of trust, commitment), (3) personality characteristics of a person involved in the conflict resolution process (e.g. autonomy vs. dependence), (4) environmental characteristics or potential external influential factors (e.g. lean vs. munificent market conditions), and (5) structural characteristics or organizational constraints (e.g. the level of bureaucratization). However, as other studies confirm “the more conflict management focuses on interests, the less adversarial the work climate will be” (Poitras & Le Tareau, 2008, p. 72-87). Thus, it is most likely that firms will only adopt one strategy to manage conflicts.

Kotler et al. (2009b, p. 484) argue that one of the several mechanisms for effective conflict management is **the adoption of superordinate goals (e.g. market share, customer satisfaction, etc.)**, which usually happens when channel members are facing an external

threat (e.g. different consumer desires, arise of a competitive channel, impeding legislation, etc.). When channel members agree on the fundamental goal they are jointly seeking, the conflict can be minimized. Smith, Harrington and Neck (2000, p. 606) studied how **humor** is related to conflict resolution strategies, where both conflict management skills and sense of humor are required from every worker in today's increasingly competitive and diverse workplace. The authors found that using humor in conflict situation is positively related to confronting, compromising and avoiding conflict resolution strategy, while the diversity issues (e.g. gender, race) tend to moderate this relationship. Their contribution to the existing literature portrays *how* parties involved in conflict choose to communicate their conflict resolution strategy.

Ohbuchi and Suzuki (2003, p. 63) explored three kinds of conflict issues (gain/loss, correct/incorrect and right/wrong) and their influence on different types of conflict resolution strategies. The authors found that the focus should be on correct/incorrect conflict issues, as only those lead to constructive conflict resolution. While in contrast, right/wrong dimension evokes confrontational strategies, and gain/loss issues lead to avoidance due to increased concern for personal interests. "A crucial variable determining the use of resolution strategies is the conflict issue itself, ..., a problem or matter on which parties disagree with each other" (Ohbuchi & Suzuki, 2003, p. 62). A number of studies (e.g. Jehn, 1995, 1997; Ohbuchi & Suzuki, 2003; etc.) have found that task conflicts encourage the integrative/collaborative strategies of conflict resolution more than relational conflicts, and are also more likely to lead to constructive outcomes. Ohbuchi and Suzuki (2003, p. 61) assert that positive effects of conflict are especially determined by resolution strategies, which enforce the reorganization and lead to more effective and productive management in the company. Moreover, the authors find the collaborative/integrative strategies (e.g. problem solving) have the most positive outcomes, as they include the persuasion of others, rational negotiation and alleviate all negative emotions with the opposing party. Confrontational strategies are not (as) effective in producing positive outcomes from conflicts, as they include criticism, threats, tough assertion and negotiations.

The findings from observational study done by Lee and Cadogan (2009, p. 360) show two opposite ways, how managers interact in problem resolution situations. In the first, the manager's action style can be proactive, which can be categorized as a harder (confrontational, verbally aggressive, uncompromising) interpersonal style that leads to dislike, climate of fear and solving of immediate problem. In the second, the manager's action style can be avoidance, which can be categorized as a softer (softly-spoken, considerate, respectful, concern for team) interpersonal style that leads to a lack of respect, affection and continuance of problems. As the roles of top-, middle- and operating-level managers differ in many aspects (e.g. regarding their information requirements, responsibility, time horizon, core values, etc.), there is potential for a **strategic role**

conflict between managerial roles and within individual managers as well, when the need for change occurs (Floyd & Lane, 2000, p. 154).

The development of the theory on conflict management dates back to the 1970s, when alternative dispute resolution practices (e.g. mediation, arbitration) became a primary method (practice, technique, procedure) in resolving workplace disputes. In the 1990s so-called “integrated conflict management systems” emerged as a more holistic and comprehensive approach to manage conflicts in organizations. If conflicts were resolved through a legal system and explained through the legalistic theory before, Lipsky and Avgar (2008, p. 144) suggest using the term “systems theory” to encompass the growing use of “systems as a function of the interaction of external threats (such as litigation) and internal needs and pressures.” The authors argue that only since the end of 1990s organizations tend to recognize the critical link between a conflict management system and an organization’s strategic goals and objectives. It is believed that the way in which a company manages employee relations, including workplace conflict, influences its ability to build a sustainable strategic (competitive) advantage (Porter, 1991). In sum, if dispute resolution is reactive, conflict management has to be proactive, as managers need to anticipate problems rather than simply just react to them (Lipsky & Avgar, 2008, p. 149).

The strategic conflict management theory introduces three types of conflict management mechanisms: conflict resolution, employee voice (it was discovered that giving employees voice reduces employee turnover), and coordination of organizational activity. These types of mechanisms that could also be seen as an outcome of conflict management are applied differently at various levels of organization. If conflict resolution is the primary mechanism to manage conflicts at the level characterized with a low-wage employment pattern, all three should be in place when resolving disputes in teams. As conflict management directly influences the quality of the relationship between organizational members, it plays a pivotal role in developing and advancing internal resources of every firm, namely its employees’ human capital (Lipsky & Avgar, 2008, p. 180-182).

In the early 1990s conflict resolution was often associated with reduction or termination of conflict. However, nowadays managing conflict is designing effective strategies to maximize the constructive functions of conflict and minimize dysfunction of conflict in order to facilitate learning and improve effectiveness in the organization (Rahim, 2000, p. 5). There are studies (e.g. Friedman et al., 2000) arguing that the amount of perceived conflict depends on the conflict handling approach people are using in conflict situations. It has been found that the use of integrative conflict resolution style lowers levels of task conflict and thereby reduces relationship conflict; while the use of avoidance or domination style leads to higher levels of task conflict, thereby increasing relationship conflict (Rahim, 2000, p. 6). The cooperative process between two parties is most likely to lead to productive conflict resolution due to its struggle for open and honest communication of relevant information between partners; its encouragement of the

recognition of the legitimacy of each other's interest and the necessity to search for mutual solution; and usually leads to a trusting and friendly relationship atmosphere, where parties search for similarities and common interests rather pick on each others differences (Deutsch, 1969, p. 24-25).

Blake and Mouton (1964) differentiate among five styles of conflict management, explaining that the styles vary on two dimensions – concern for people and concern for production, where they divided both dimensions on 9-point scale, with 1 representing minimum concern and 9 maximum concern on either dimension. It is important to note that their styles compared to other models (e.g. Rahim, 1983; Thomass, 1976) are viewed as specific points defined by two dimensions and not as areas. Furthermore, their original model conceptualized 9-point dimensions as intervals rather than ordinal scales and can be also specified geometrically (Van de Vliert & Kabanoff, 1990, p. 199-200).

There have been wide discussions about the five-dimensional conflict-handling model since Blake and Mouton (1964) first published it as part of *'The Managerial Grid'*. First, researchers interpreted those dimensions as behaviors, strategies, intentions, orientations and other constructs, not agreeing upon their exact meaning. Second, researchers used a different taxonomy or a classification scheme to plot those five conflict-handling styles: intentions, values, and even desires; which in turn offer explanations and predictions of the occurrence of the five conflict handling styles. An important finding is, that we can separate the causes of the conflict handling styles from the dimensions themselves (Thomas, 1992, p. 269). The goals of conflict management and thereby application of conflict handling style depend widely on two independent dimensions – the choice of beneficiary (optimization of welfare of their own vs. both parties vs. wider system which the parties are members of like distribution channel) and of time frame (collaboration vs. contingency view that offers alternative modes).

Between 1950s and mid 1970s we observe the rise of studies, which tried to discover the circumstances, strategies and tactics, which may lead one party to respond better than another in a conflict situation. Most of those ideas are closely connected to the bargaining strategy and tactics, which gave the initial push to a whole new stream of research on negotiations. Strategies and tactics for winning conflicts relate to an increase of bargaining power and to tactics like being ignorant, being tough and being belligerent (Deutsch, 1990, p. 244).

The best conflict management practices are becoming aware of the causes and consequences of conflict and learning how to channel one's own anger in ways not to provoke violence from the other side. It is better to face conflict than avoid it due to the negative consequences of evading a conflict – tension, irritability, persistence of problem, etc. However, in some cases (e.g. win-lose conflicts which you are unlikely to win, conflicts that will evaporate shortly), it is best to avoid conflict and employ one of the

typical defenses (e.g. rationalization, suppression, denial, postponement, premature conflict resolution) (Deutsch, 1990, p. 254-255).

Conflict responses may be categorized along six different dimensions taking into account *persons' predispositions* to respond to conflict (Deutsch, 1990, p. 257-258): (1) conflict avoidance (suppression, denial, continuing postponement) vs. excessive involvement in conflict ('macho attitude', demonstrating that one is not afraid of conflict); (2) hard (aggressive, tough, dominating, unyielding response) vs. soft (excessively gentle and unassertive in order not to be perceived as mean or hostile); (3) rigid (organizing and controlling the situation by setting the agenda, defining the rules, etc.) vs. loose (averse to constricting, formal and controlling situations); (4) intellectual (suppressing emotions, which in some cases impairs communication due to other's party perception you are not really committed to both parties' interests and relationship) vs. emotional (the belief that only feelings are real, impairs the ability to explore ideas, to develop mutual creative solutions and to differentiate the significant from insignificant); (5) escalating (the specifics of conflict get lost due to escalation along various dimensions of conflict, e.g. the size and number of issues, principles, stakes, norms, ..., and the intensity of negative attitudes toward the other) vs. minimizing (similar to conflict avoidance, only that the existence of conflict is recognized here, however by minimizing the seriousness of the differences one can create a series of misunderstandings); (6) compulsively revealing (revealing all feelings about doubts, suspicions, sense of inadequacy) vs. compulsively concealing (a believe that revealing one's feelings may seriously damage the relationship).

Most of the literature deals with the strength of preference for individual strategies and procedures to resolve conflicts, but largely ignores the *sequence of strategies and procedures* applied to handle conflict. Although some scholars believe that disputants go from one approach to another until finding one that will work, there is no consensus among them on a consecutive order of all the approaches, including the Sarat (1976) study, which first noted the importance of sequences. The latest research suggests that (verbal) confrontation ordinarily precedes problem solving and yielding, which indicates that in most cases individuals will begin conflict resolution by asking the adversary to change and only then move to another strategy, if this one is unsuccessful (Keating et al., 1994, p. 144-145).

In the literature we can find the distinction between two conflict handling roles of complainant and respondent. Complainants were found to employ more pressure tactics, seeking to overturn the status quo by changing the behavior of respondents by heavy emotional display and the avoidance of problem solving behavior. The complainants are, on average, more aggrieved than respondents who employ more problem solving and apologize more often (Keating et al., 1994, p. 154). Conflict resolution programs are applied to the pressure points in the relationships, defined as the interface between perceived and manifest conflict, and the interface between felt and manifest conflict

(Pondy, 1967, p. 304). Organizational arrangements designed to prevent latent conflicts to escalate include plans, schedules and job descriptions, which define and limit the member's responsibilities (Pondy, 1967, p. 304). The stance one should take when dealing with conflicts is to be *firm, fair and friendly*; "firm in resisting intimidation, exploitation, and dirty tricks; fair in holding to one's moral principles and not reciprocating the other's immoral behavior despite his or her provocations; and friendly in the sense that one is willing to initiate and reciprocate cooperation" (Deutsch, 1990, p. 256-257). On the whole, organizations with a better alignment between conflict management practices and employment practices have a better organizational fit and a better position to achieve their strategic goals and objectives. Thus, the right choice of conflict management styles can be associated with the sustainable competitive advantage of the organization on the market (Lipsky & Avgar, 2008, p. 179-180).

3 THE THEORETICAL BACKGROUND (FRAMEWORK) FOR THE EVALUATION OF THE ANTECEDENTS OF DISTRIBUTION CHANNEL CONFLICTS AND THEIR CONSEQUENCES FOR THE INTERNATIONALIZATION OF SLOVENIAN FIRMS

3.1 STANDARDIZATION VERSUS ADAPTATION

When going and operating abroad, companies are facing challenges to balance the optimal level of standardization and adaptation of their international marketing strategy in order to be successful (Schmid & Kotulla, 2011). An important strategic issue in international marketing and international channels is the extent to which a company's marketing mix should be standardized and to which degree adapted to local specifics (Hollensen, 2004, p. 74, 504). During the growing internationalization initiative, the research regarding firm's foreign marketing strategies received heightened interest concerns regarding the international distribution standardization issues (Ryans, Griffith & White, 2003, p. 590). Although researchers debate the extent to which standardization or adaptation should be used (Hollensen, 2004, p. 464; Johansson, 2006, p. 385; Mühlbacher, Leihs & Dahringer, 2006, p. 395, Shoham et al., 2008, p. 120), there is evidence that some adaptation of management practices is required in most non-domestic markets (Burt, Carralero-Encinas, 2000, p. 435). However, no significant differences were reported in the standardization versus adaptation strategy between western and eastern economies (Szymanski, Bharadwaj & Varadarajan, 1993, p. 10). The **adaptation** or localization stands for marketing program (and thereby distribution), which is tailored to the individual needs of each overseas market. This is a more viable option, when inherent complexities and dissimilarities are involved in operating in the international marketplace, especially regarding macro-environmental forces, consumer behavior, competitive situations and usage patterns (Leonidou, 1996, p. 53). The *degree of adaptation* depends on firm characteristics (e.g. firm size, degree of international experience) and environmental factors (e.g. cultural

distance between markets, the nature of the competition, the stage in the product life cycle) (Dow, 2006, p. 213). In addition, there are several other factors that encourage adaptation, such as differing use conditions, government and regulatory influences, differing buyer behavior patterns, local initiative and motivation in implementation, as well as devotion to the marketing concept (Czinkota, Ronkainen & Moffett, 2005, p. 478). Irrespective of the influencing factors, the enhanced value delivery through adaptation is one of the major advantages, when firms decide to adapt their marketing strategy to the local environment (Ryans, Griffith & White, 2003, p. 594).

Companies which view markets, or consumer wants and needs, as being homogeneous, should use the standardization approach, while companies which view markets as being heterogeneous, and therefore containing consumers with differing consumer wants and needs, should adapt their marketing mix to the specific requirements of foreign markets (Ryans, Griffith & White, 2003, p. 594). Each, of both approaches, has specific **benefits** for an international company. On the one hand, **standardization**, which is more common in B2B markets offers high cost savings, as a consequence of economies of scale in research and development, production and marketing; enforces tighter management control on overseas subsidiaries and their marketing program; and enables a company to derive the maximum benefit from good ideas and know-how created within the whole organization. As Shoham et al. (2008, p. 121) explain, the major reasons for standardization are economies of scale and consistent image and positioning. On the other hand, **adaptation** offers higher customer orientation, because of evaluating buyer behavior and market characteristics in each foreign country and profit maximization, because revenues from marketing mix modification are higher than adaptation costs. It further stimulates creative thinking and innovativeness within the firm, due to processes of finding a way to adjust marketing mix to meet specific overseas customer requirements (Leonidou, 1996, p. 53-54; Czinkota, Ronkainen & Moffett, 2005, p. 478-479).

However, there are also some **drawbacks** of standardization, as well as adaptation. **Standardized** products or services are likely to miss the exact target in terms of customer preferences in a foreign country, as well as they lack uniqueness, are vulnerable to trade barriers, and are often not capable to stand the strong local competitors that are more flexible and able to adapt to local needs any time (Johansson, 2006, p. 385-391). On the contrary, Dow (2006, p. 212) warns, that there are some (even high-involvement) exporters, who systematically **adapt** their international strategies to a lesser degree than necessary, to maximize the performance of their export operations. This could be particularly assigned to managers' tendency towards the options that cause no change in the state of their international operations (status quo). Therefore, Ryans, Griffith and White (2003, p. 593) argue that standardization/adaptation decision should be based on **economic payoff**, which includes financial performance, competitive advantage, as well as other aspects of firm's performance; while adding the acceptability to consumers of product attributes, messages, brands, etc. In sum, whether to standardize or adapt the marketing

strategy to foreign market needs, is the question that should be resolved from case to case, from one distribution channel to another.

As Kustin (2004) reports the research on marketing standardization and adaptation has focused primarily on products and promotion over the past 40 years, while Schmid and Kotulla's (2010) research found, among 330 reviewed articles on standardization and adaptation, that 83% of all researchers support the idea that firms have to standardize or adapt their marketing across borders in order to enhance performance. However, the role and impact of culture on marketing mix standardization/adaptation as an influencing factor of global decision-making has only recently been researched (Kustin, 2004). In essence, firms will adapt their international marketing strategy, when their business environment faces high cross-national differences (Ackerman & Tellis, 2001; Calantone, Kim, Schmidt, and Cavusgil, 2006; Schilke, Reimann, and Thomas; 2009); and standardize their marketing strategies across nations, when facing cross-national similarity (Chung, 2009; Katsikeas, Samie, and Theodosiou, 2006; Sousa & Bradley, 2008).

Culture as discussed in the next subsection, and operationalized as social customs and traditions, language, and ethical issues, was set by Nasir and Altinbasak (2009), who proposed a conceptual framework for standardization/adaptation in the group of external drivers to international marketing strategy standardization/adaptation. As Schmid and Kotulla (2010) stress, the question regarding international marketing adaptation/standardization is crucial for the overall internationalization strategy, and directly impacts the relationship between headquarters and the subsidiary (Shoham, Makovec Brenčič, Virant, & Ruvio, 2008). Whether to standardize or adapt the international marketing strategy is mostly connected to cross-cultural issues, arising from the international environment (Birgelen, Ruyter, and Wetzels, 2000; Szymanski, Bharadwaj & Varadarajan, 1993), where more adaptation is required, when countries' cultures differentiate significantly (Shoham et al., 2008). Johansson (2006) argues that people across the globe want the same thing; therefore in order for companies to be effective, they should standardize their international marketing strategy. Furthermore, as Evans, Mavondo and Bridson (2005, p. 69) claim, firms have to standardize their international marketing strategies irrespective of cross-cultural differences and business distance. Sousa and Bradley (2008) were more specific, claiming that firms should standardize price, when facing cross-national similarity. Furthermore, Chung (2009) found standardization of product and price in such situation to be the best strategy, while Ackerman and Tellis (2001) propose companies to adapt price to cultural dissimilarity. Based on Hofstede's (2001, p. 377) research, mutual adjustment of both partners occurs, when cultures enjoy low uncertainty avoidance and low power distance. The author explains standardization of skills is known for societies with high uncertainty avoidance and low power distance, while standardization of work processes when power distance and uncertainty avoidance are high. Furthermore, several authors (e.g. Lages & Montgomery, 2005; Schilke, Reimann, and Thomas, 2009; Sousa & Bradley, 2008; Zou & Cavusgil, 2002) found that

cross-national standardization of marketing strategies requires long duration of the export venture or long marketing experience, so long-orientation of the firm. Roth's (1995) study, one of the rare examples of studies connecting standardization/adaptation research with cultural values, found that firms will adapt their product's brand images to foreign countries, when there are high cross-national differences in individualism and power distance.

Research evaluating **institutional factors**, as causes to standardization/adaptation of marketing strategy, is rare. Cavusgil, Zou and Naidu (1993) found that the industry and the company itself significantly influence product and promotion adaptation. Furthermore, Hughes and Morgan (2007) found that contrary to common misconceptions; high-tech firms generally follow more constant strategic approach to markets. Katsikeas, Samie and Theodosiou (2006) also claim that in times of high technological intensity and velocity, standardization of marketing strategy is needed. Fundamentally, firms will standardize their international marketing strategies, when dealing with high-tech industrial products (O'Donnell & Jeong, 2000).

The studies on **company size** impact on the researched relationship are even more uncommon, and the results often contradictory. O'Cass and Julian (2003) found that small firms have to adapt their marketing strategies to foreign countries. Conversely, Ruzzier and Konečnik (2006) give support to the increased use of information technology and Internet as a medium of communication and as a marketing tool, which enable SMEs with a lack of resources to successfully enter foreign markets by using strategies that do not require product/service adaptation. Basically, firms have to standardize their products, distribution and communication across borders, when they are characterized as large firms (Hultman, Robson & Katsikeas, 2009).

Adaptation in inter-firm relationships is understood as an act of one (or usually both) of the partners in a relationship that alters its business conditions and improves cooperation in order to satisfy the expectations of the other side, whereby the most widely recognized adaptation is customization of companies' products (Hallen, Johanson & Mohamed, 1991). Although adaptation can take place at the level of the product, information exchange, management processes, or even organizational restructuring, there is evidence that suppliers are more frequently involved in the adaptation processes than buyers in B2B markets (Brennan, Turnbull & Wilson, 2003). Spiro and Weitz (1990) discuss adaptive selling, and their study recognized five facets: recognition that different sales approaches are needed for different customers, confidence in the ability to use a variety of approaches, confidence in the ability to alter the approach during an interaction, collection of information to facilitate adaptation, and actual use of different approaches. There is empirical evidence that, in the first phases of relationships, adaptation in inter-firm relationships improves trust, and later has an impact on relationship commitment (Jeffries & Reed, 2000). Hallen, Johanson, and Mohamed (1991) also discuss organizational

interdependencies, noting that the stronger the position of the firm, the more the other party is expected to adapt. Recent research has indicated that the adaptation in inter-firm relationships is strongly connected with investment in the relationship and has an effect on making it difficult for the competition to enter the market. Some might say that investment in a relationship is an active adaptation (Brennan & Turnbull, 1999). To sum up, adaptation in inter-firm relationships is part of the seller-buyer relationship that is oriented toward the long term (Schmidt, Tyler & Brennan, 2007). As Wu et al. (2004) have already explained, a firm must first build the right type of inter-firm relationship in order to enjoy all the benefits of integration within the given distribution channel.

Table 3.1: Factors favoring standardization versus adaptation of marketing strategy

Factors favoring standardization	Factors favoring adaptation
<ul style="list-style-type: none"> ▪ Economies of scale and experience curve effects ▪ Global competition ▪ Homogenous consumer preferences ▪ Centralized management of international operations ▪ Competitors use a standardized concept ▪ High degree of transferability of competitive advantages between markets ▪ Stock cost reduction ▪ Simpler communication, planning and control ▪ Accelerating development within information technology (e.g. the Internet/the Web) ▪ Uniformity of marketing practices ▪ Ability to leverage good ideas quickly and efficiently 	<ul style="list-style-type: none"> ▪ Socio-cultural, economic and political differences ▪ Local competition ▪ Heterogeneous consumer preferences ▪ Decentralized management of international operations with independent country subsidiaries ▪ Competitors use an adaptive concept ▪ Low degree of transferability of competitive advantages between markets ▪ Differences in legal (technical) standards ▪ Differences in marketing institutions ▪ Differences in administrative procedures ▪ Differences in consumer needs, wants, and usage patterns of the product ▪ Differences in consumer response to marketing-mix elements

Sources: Hollensen, 2011, p. 458; Kotler et al., 2009b, p. 697.

The debate on standardization is in the upswing since the beginning of 1980s, when Levitt (1983) published his article *The globalization of markets* in Harvard Business Review. He challenged the traditional marketing concept that consumers' needs vary and marketing program is most effective when being tailored to each target group by saying: "The world is becoming a common marketplace in which people – no matter where they live – desire the same products and lifestyles." (Kotler et al., 2009b, p. 696). Since then we have two streams of researchers, one favoring global marketing, and the other opposing, claiming that a local, differentiated, country-specific marketing approach has more merit. However, more researchers agree that firms need to balance between standardization and adaptation, where the balance is influenced by environmental factors (economic/political integration, globalization of markets, industries and competition, and internet economy are in favor of standardization, cross-cultural diversity and tariff/non-tariff barriers are in favor of adaptation) and specific international marketing strategies that firms may apply (see Table 3.1). Thus, instead of debating "either/or" it is more relevant to discuss *degrees of standardization*. (Hollensen, 2011, pp. 455-458).

When discussing the possibilities of standardizing elements of a **product**, these are high at the level of core product benefits (e.g. functional features, image, performance, technology, perceived value), moderate at the level of product attributes (e.g. brand name, packaging, country of origin, design, quality, staff behavior, size and colour variants), and low at the level of support services (e.g. delivery, after-sales service like repairs and maintenance, installation, guarantees, spare parts). The latter, specifically often need to be tailored to the business culture (e.g. retailing and local regulations) and sometimes even to individual customers (Hollensen, 2011, p. 460). Furthermore, firms will standardize products in cases where, marketing managers are familiar with foreign markets, which have high potential and are growing (Helm, 1998). However, firms will adapt product strategy when cultural power distance is high and there are high cross-national differences in market socioeconomics (Roth, 1995).

When considering **pricing** across countries, firms can use two essentially opposing strategies: (1) standardized pricing, where they achieve similar global positioning, and (2) adaptive pricing, where they maximize profitability by adapting to different market conditions. Price standardization is a viable option when there is an increased danger of cross-border arbitrage or when the firm is selling to large buyers, who have companies in several countries. Despite the disadvantage of not always achieving maximal possible profits, the firm is able to introduce new products rapidly and present a consistent (price) image across markets. Yet, price adaptation bears several weaknesses: (1) a lack of control that headquarters have over prices, (2) significantly different prices in adjacent markets may badly reflect on the company's image, and (3) it gives an opportunity for the creation of grey markets, where products can be purchased in a market with lower prices and sold in another with higher prices, undercutting the established market prices (Hollensen, 2011, pp. 528-529). It has been found that companies tend to adapt their pricing when they have export assistance by public policy makers (Lages & Montgomery, 2005), and that they standardize in cases of high cross-national similarity in the environment (Sousa & Bradley, 2008).

When reviewing **marketing communication**, a complete standardization of all aspects of the promotional campaign over several markets is rarely possible. Standardization usually applies for a common message, creative idea, media and strategy, while adaptation includes translation to local language, at least. Standardization brings a realization of economies of scales into the production of advertising materials, decrease in advertising costs and increase of profitability. Advertising is influenced by socio-cultural behavior of consumers in different countries and is therefore largely based on language, local symbols and images. The solution to combine both approaches is innovative adaptation of global ideas that can be achieved through modular approach, using international symbols and international advertising agencies (Hollensen, 2011, pp. 528, 606). Furthermore, firms will have to standardize their advertising when foreign customers are highly familiar with the

brand (Pae et al., 2002) and when the firm has long international experience (Zou & Cavusgil, 2002) or high international competence (Cavusgil & Zou, 1994).

Standardization has a positive link to quality in operations management, where it is understood as “the process of establishing agreement on uniform identifications for definite characteristics of quality, design, performance, quantity, service, etc. [...] not only in relation to physical characteristics, but also to operating practices, procedures and systems” (Anderson & Narus, 2004, p. 101). International standards (e.g. ISO 9000) are often required from suppliers before they are approved as potential channel partners. It has been found that multinationals, with a high degree of cooperation between headquarters and their subsidiaries, are more successful in balancing standardization and adaptation of marketing strategy. In Figure 3.1 we observe how the balance may impact the creation of tension in the channel.

Figure 3.1: Adaptation vs. standardization strategy of seller and buyer with possible relationship tension

		BUYER	
		ADAPTATION	STANDARDIZATION
SELLER	ADAPTATION	<p>BUYER = no tension, SELLER = tension</p>	<p>tension on both sides</p>
	STANDARDIZATION	<p>no tension</p>	<p>SELLER = no tension, BUYER = tension</p>

3.2 CULTURAL VALUES AT THE SALESPERSON LEVEL

“Business transactions are embedded in networks of relationships that cross national boundaries” (Fletcher & Fang 2004, p. 430). Soares, Farhangmehr and Shoham (2007) evaluated Hofstede's dimensions of culture as one of the most common used research models of culture in international marketing studies. In addition, they refer to Taylor (1981) and his early definition of culture as “the complex whole which includes

knowledge, belief, art, morals, custom and any other capabilities and habit acquired by man as a member of society.” On the one hand, culture shapes habits and styles, and informs us on how to behave in certain situations. According to Möller and Svahn (2004) the relevance of culture in managerial behavior understanding in cross-cultural context lies in its shaping force and nature. On the other hand, Sojka and Tansuhaj (1995, in Soares, Farhangmehr and Shoham 2007), based on a twenty-year review of cross-cultural consumer research, concluded that researchers operationalized culture by using three approaches: language, material goods/artifacts, and beliefs/value systems.

The cultural aspects of the relationship marketing have to be studied, when doing business internationally. As Grönroos (1996) explains the cultural differences affect the relationships that are built internationally, however his study included culturally totally opposite countries. Hewett, Money and Sharma (2006) found that national culture is associated with corporate culture, where they both moderate the relationship-repurchase link. Their study confirmed that uncertainty avoidance is the primary driver of national culture’s influence on the previously explained link, while power distance has the most direct affect on corporate culture. On the other hand, Ha, Karande and Singhapakdi (2004) found that distribution channel relationships can be explained via cultural distance (the extent to which culture is seen as being different from one’s own) and behavioral transparency (the extent to which alliance negotiators know and understand each other’s actions). Battaglia, Nadin and Gobbin (2004), who explored the impact of cultural differences between Western (Italian) and Eastern (Chinese) economies on negotiation processes, stress that the main factors for a successful relationship represent the right partner (culturally complementary), trust building, flexibility and attention to subtle messages, and mutual benefit search. They also argue that most exporting firms are not totally aware of the cultural issues that are becoming preconditions for clinching a deal. Even more, the sources of conflict may be culturally specific e.g. what is considered coercive power leading to conflicts in one culture, is legitimate power and respect for norms in another culture (Coughlan et al., 2006, p. 229).

There has been a wide discussion among scholars which operationalization of culture is most appropriate (e.g. Hofstede, House, Schwarz, Trompenaars’ typology, etc.), however when looking at the past two decades we can observe that Hofstede’s framework has been most widely used in psychology, sociology, marketing and management studies (Soares et al., 2007). Hofstede’s framework constitutes of five dimensions (power distance, uncertainty avoidance, individualism, masculinity and long term orientation) that we will describe in the following few paragraphs and link them to standardization or adaptation of the international marketing strategy. Between 1967 and 1973 Hofstede performed extensive research among the IBM Company that included 116,000 employees in 72 countries and in 20 languages in the search of explaining why certain concepts of motivation do not work the same way in all countries.

POWER DISTANCE

Power distance (PDI), as a dimension of national culture, was defined by Hofstede (2001, p.98) as “the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.” This dimension has a high influence on hierarchy and dependence; therefore it will impact the organizational structure within the firms in certain societies (Soares et al., 2007). Therefore, the higher the power distance the more adaptation may be required to tackle specific segments of the market differently, when looking from the consumer behavior point of view. In societies characterized by high power distance, power and wealth are concentrated among few people at the top of the hierarchy who also make all decisions, while people at other levels simply carry out those decisions and accept the differences in power and wealth. The lower the power distance, the more people expect to participate in the organizational decision making.

Smaller³ power distances are associated with a certain consensus among the population that reduces the chance of disruptive conflicts (p. 111). The existence of individuals who belong to disparate groups in the structure can thus serve as bridges in case of conflict. Galtung (1966) named these individuals “criss-cross” in the social structure (p. 81). In countries in which power distances are larger, old leaders are less prepared to give up their power, which might consequently lead to higher possibilities for conflicts. High power distance stands for “gerontocracy” (old people’s rule), a strong relationship between age and power and more respect for old age. But the power aspect of older age evidently also fostered less favorable attitudes toward older people. This is an example of the latent conflict between powerful and powerless in higher PDI countries (p. 95). On the high-PDI side there is a latent conflict between the powerful and the powerless, a basic mistrust that may never explode but is always present. On the low-PDI side the ideal model is harmony between the powerful and powerless, which in practice may also be “latent”, that is, it does not exclude de facto conflict, but this tends to be pragmatic rather than fundamental (p. 97-98).

UNCERTAINTY AVOIDANCE

Hofstede (2001, p. 161) defines uncertainty avoidance (UAI) as “the extent to which the members of a culture feel threatened by uncertain or unknown situations.” As Soares et al. (2007) describes, this dimension is more about the need for prescribed rules of behavior in the society. Therefore, we may presume that the higher the uncertainty avoidance in the society the higher tendency should be towards standardization of procedures and also strategies. Uncertainty avoidance is connected to (1) the degree people in the society prefer formal rules and fixed patterns of life (e.g. career structures), and (2) risk-taking. In

³ Under each of the five cultural dimensions we list in italics Hofstede’s thoughts, from his latest book *Cultures Consequences* (2001) that are worth our attention. His thoughts are, connected with conflicts, distribution channels or other elaborated conflict antecedents.

high uncertainty-avoidance cultures, companies engage in long-range planning to minimize the stress and anxiety associated with future events.

The low uncertainty avoidance index can be associated with relationship orientation and appeal of transformational leader role, while the high uncertainty avoidance index represents societies with task orientation and appeal of hierarchical control role (p. 170). Countries with a lower UAI and their people believed they themselves could do something to contribute to peace (compromise) (p. 176).

INDIVIDUALISM

“Individualism stands for a society in which the ties between individuals are loose: everyone is expected to look after him/herself and her/his immediate family only. Collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty” (Hofstede, 2001, p. 225). The more the society is individualistic (high IND index), the more we may expect companies will need to adapt to that culture, to present its unique features to the individual, who will use these features to differentiate from other members of the society. In individualistic societies people are self-centered, seek the fulfillment of their own goals over group goals and feel little need for dependency on others. In contrast, collectivistic societies have a group mentality, characterized by high interdependence, mutual accommodation, group harmony, high loyalty to organizations and joint decision-making.

As Hofstede found, Leung, Au, Fernandez-Dols and Iwanaki (1992) extended a study by Leung, Bond, Carment, Krishnan and Liebrand (1990) about preferred ways of handling conflicts. Both studies produced data from some 500 college students from Canada, Japan, Netherlands and Spain. The researchers presented the results for eight preferred conflict handling procedures, while Hofstede correlated these with the IBM indexes and the preferences for *threatening*, *accusing*, *falsely promising*, and *ignoring* all significantly correlated with individualism, which is somehow logical, as all these factors are confrontational. The less individualistic cultures demonstrated a need for formal harmony by avoiding confrontation. The other three conflict handling alternatives like *negotiation*, *mediation* and *arbitration* were not correlated with any of Hofstede’s indexes, while the last alternative *complying* was correlated with power distance, as there is more complying in large power distance cultures (Hofstede, 2001, p. 232).

In the collectivistic culture confrontations and conflicts should be avoided, or at least formulated not to hurt anyone, as harmony and maintenance of face reign supreme. On the other hand, group formation in individualistic societies is much more ad hoc, according to task or to particular friendship and skills, where confrontation and open discussion of conflict are sometimes considered salutary, and face consciousness is weak or nonexistent (p. 235). In collectivistic societies, the relatives of the employer and employees are

preferred in hiring, while family relationships are even seen as disadvantageous in the hiring process in individualistic societies. While relationships with colleagues do not depend on their group identity in the later societies, relationships with colleagues in collectivistic societies are cooperative for in-group members, and hostile for out-group. Therefore, in business personal relationships prevail over task and company in collectivistic cultures and vice versa in individualistic cultures. Furthermore, ways of coping with stress is mainly emotional in collectivistic societies, and mainly problem focused in individualistic societies (pp. 244-245). The combination of collectivism with strong uncertainty avoidance in a society tends to aggravate intergroup conflict (e.g. ex Yugoslavia) (p. 248).

MASCULINITY

“Masculinity stands for a society in which social gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap: both men and women are supposed to be modest, tender and concerned with the quality of life” (Hofstede, 2001, p. 297). Furthermore, dominant values in masculine societies (high MAS index) are achievement and success, while feminine societies care more for others and quality of life (Soares et al., 2007). Therefore, we may conclude that this cultural dimension may have the highest impact on the product portfolio selection, as some products (and brands) will only resemble the values of certain societies (e.g. luxurious products and brands are more likely to be associated to masculine societies than feminine ones). Thus, masculine cultures perceive anything big as important, while in feminine cultures *small is beautiful* and quality of life prevails over materialistic values. Furthermore, the masculinity dimension reflects differences in types of career opportunities available in companies and associated job mobility.

Countries that report a low masculinity index have high relationship orientation, while countries with a high masculinity index tend to have ego orientation (p. 299). In masculine cultures there is a feeling that conflicts should be resolved by a good fight: “Let the best man win.” This is reflected in industrial relations in these countries, as management tries to avoid having to deal with labour unions at all, and labour unions’ behavior justifies their aversion. Conversely, in feminine societies there is a preference for resolving conflicts through compromise and negotiation. The study of van Oudenhoven, Mechelse and de Dreu (1998) confirms that the problem-solving approach of solving conflicts toward a colleague is more often used in feminine societies, as well as in societies, where power distance and uncertainty avoidance index are low (p. 316). On the opposite end the problem solving approach of solving conflicts toward a superior is related to societies with a lower power distance index and lower uncertainty avoidance (p. 518). Managers in feminine society are expected to use intuition, deal with feelings, and seek consensus, while managers in masculine societies are expected to be decisive, firm, assertive, aggressive,

competitive and just. In feminine societies conflicts are therefore resolved through problem solving, compromise and negotiation, while in masculine societies they are resolved through denying them or fighting until the best “man” wins (p. 318).

LONG-TERM ORIENTATION

The last, fifth dimension of Hofstede’s framework, which included fewer countries (23 countries) was added later in 1988. The dimension was termed as Confucian dynamism, which was later renamed into time orientation and is nowadays most commonly cited as long-term orientation. According to this dimension societies are either short-term oriented (exhibit personal steadiness, stability and value conventional history) or long-term oriented (exhibit pragmatic future-oriented perspective, persistence and ordering relationship by status). “Long term orientation stands for the fostering of virtues oriented towards future rewards, in particular, perseverance and thrift. Its opposite pole, short term orientation, stands for the fostering of virtues related to the past and present, in particular, respect for tradition, preservation of ‘face’ and fulfilling social obligations” (Hofstede, 2001, p. 359). This term was at first labeled as Confucian Dynamism, as it was the result of Hofstede’s study in China, resembling Chinese values on one side of the dimension. We may suspect that societies characterized as long-term oriented may value standardization opposed to adaptation, as the change in those societies is according to Hofstede not as rapid. The positive value of contradiction and conflict could be associated with short-term orientations, while Confucianism and harmony with long-term orientation (Hofstede, 2001, p. 368).

The last dimension has been particularly criticized to possess philosophical flaws as well as other methodological issues (Fang, 2003). It has also not received as much attention by scholars in comparison to other dimensions (see Table 3.2 for strengths and weaknesses of Hofstede model). Although these few dimensions do not provide a complete description of cross-cultural differences, we believe that Hofstede’s framework is a simple, practical and usable shortcut to integrate culture into international marketing studies (Soares et al., 2007). This is also reflected within Slovene data (at that time Yugoslavia). The IBM survey data for Yugoslavia was collected in 1971 within a Yugoslav trading company importing and servicing IBM products (Intertrade). A remarkable fact from the obtained results was the extremely low job satisfaction of the Yugoslav managers in the sample, which contrasted the generally high satisfaction of managers in IBM subsidiaries in other countries. Based on the employees’ values Hofstede classified Yugoslavia as a high PDI country. The question that arose is as follows: are organizations and political systems not products of the same national culture? (Hofstede, 2001, p. 110).

Table 3.2: Strengths and weaknesses of Hofstede's model

Strengths	A proof for the listed strengths	Impact on scientific model usage
LARGE SAMPLE	<ul style="list-style-type: none"> No study was ever done on such a large sample (116,000 respondents). 	MODERATE
CONTROLLED INFO.	<ul style="list-style-type: none"> IBM respondents as research population are controlled across countries, enabling international comparisons. 	HIGH
POPULATION	<ul style="list-style-type: none"> The dimensions exhibit deep cultural values and make significant comparisons between national cultures. 	MODERATE
DEEP CULTURAL VALUES	<ul style="list-style-type: none"> The questions asked related to issues of importance for international managers and the dimensions are therefore highly relevant. 	HIGH
HIGH RELEVANCY	<ul style="list-style-type: none"> A detailed comparison across 72 countries. 	HIGH
A VAST STUDY		

Weaknesses	A proof for the listed weaknesses	Impact on scientific model usage
NATIONAL TERRITORY AND NUMEROUS CULTURES	<ul style="list-style-type: none"> The study assumes that national territory and the limits of the culture correspond. The examples of United States, Italy (the north vs. south), Belgium (French and Flemish cultures), Spain (Basque, Catalan and Castillian) and ex-Yugoslavia show otherwise. 	HIGH
SINGLE INDUSTRY AND COMPANY – A PROBLEM OF REPRESENTATION	<ul style="list-style-type: none"> Respondents came from a single industry (the computer industry) and a single multinational (IBM). Irrespective of the country, IBM employees exhibit similar characteristics (educated, generally middle class, city-dwelling), while other social groups are neglected (e.g. public sector, unskilled manual workers, family entrepreneurs, etc.). 	HIGH
DIMENSIONS OVERLAP	<ul style="list-style-type: none"> Characteristics of the small power distance overlaps with the feminine dimension, and the large power distance with the masculine dimension. 	MODERATE
DIFFERENT DEFINITIONS OF DIMENSIONS	<ul style="list-style-type: none"> Definitions of dimensions may be different from culture to culture. The comparison of collectivist behavior connotations in Japan (organization based) and China (family based) explains how the same collectivistic orientation in China, where employee would place family interests above interests of the multinational, would, in Japan, be regarded as disloyal and the employee cannot be fully trusted. 	MODERATE

Source: adapted from Fang, 2003; Hollensen, 2011, p. 247.

As Hofstede (2001, pp. 375-377) points out, the type of organization has a significant impact on conflict resolution strategies. He refers to his friends' Stevens study among MBA students at INSEAD business school, coming from France, Germany and Great Britain, giving them the task to resolve the same case study of an organizational conflict. As the study showed, the majority of the French tended to resolve organizational conflict by referring to hierarchy; the British resolved it through horizontal negotiation, and the Germans through the establishment of procedures. Therefore, Stevens identified an implicit model of organization for all three cultures: pyramid for French, village market for British and well-oiled machine for Germans. The Pyramid model fits the bureaucracy organization type, while the village market suits implicitly structured organizations and the well-oiled machine is tailored to work-flow bureaucracy. When linking Hofstede's cultural dimensions to these types of organizations according to the cultures researched, the implicitly structured organization is present in societies with small power distance and weak uncertainty avoidance; work-flow bureaucracy in countries with small power distance and strong uncertainty avoidance; and full bureaucracy in societies with large power distance and strong uncertainty avoidance. In outline, identifying the cultural values of our relationship counterpart will hint at the type of conflict resolution strategy he/she will apply.

Hofstede (2001, p. 435) characterizes negotiations as having two or more parties with (partly) conflicting interests. Hofstede (2001, p. 436) refers to Fisher and Uri (1981), who came up with four principles for *coming to mutually acceptable agreements*:

1. separate the people from the problem: it presumes individualistic culture as counterpart, as in collectivistic cultures, where relationships prevail over tasks, this will not be possible.
2. focus on interests, not positions: it assumes fairly low power distance, as in high power distance societies positions are often linked to power issues and vital interests are sacrificed in order to maintain a power position.
3. invent options for mutual gain: new solutions are possible in societies with moderate uncertainty avoidance, as in high uncertainty avoidance cultures some new options might be emotionally unthinkable.
4. insist on using objective criteria: the most difficult part, as according to Hofstede (2001, p. 437), "what is objective to one party is subjective from a cross-cultural point of view".

Second, beside the static models there are dynamic models, which study culture. There, culture is about paradox and change. First, a paradox is defined as the existence of "contradictory yet interrelated elements – elements that seem logical in isolation but absurd and irrational when appearing simultaneously" (Fang, 2006, p. 76). A paradox has many real cross-cultural examples; from Georgian Polyphony, where songs are sung in many different voices and pitches, to Finns being stereotypically described as silent and reserved in formal business meetings, but completely the opposite, when in the Finnish sauna (Fang, 2005). Second, a change, as a result of globalization and Internet, leads to cultural learning when the cultures collide. Furthermore, a change comes hand in hand with economic

progress (Fang, 2012), where the very illustrative example is drawn from one of the fastest growing emerging markets in the world, China. Tony Fang successfully unites both concepts within the Yin-Yang perspective, drawing from this Chinese philosophy and life style of embracing paradox, dynamics and change.

Yin Yang, as a Chinese philosophy, is mostly unknown to a Western observer. It simultaneously represents both female and male energy, moon and sun, night and day, softness and hardness, femininity and masculinity (Fang, 2012). In this respect it is very different to the Western approach of either/or, as it rather represents both/and (Fang & Faure, 2011; Fang, 2012). In the later we see the novelty of studying culture, which can be dangerous (due to the numerous typologies and contradictions) and simultaneously an opportunity to discover something new. This is nicely reflected by the Chinese word for crisis (*weiji*) that literally translates as both danger and opportunity. It is important to understand that this phenomenon is not only limited to East-Asian cultures, as we have many examples of such duality at our doorstep (e.g. an example of Swedish multinationals being competitive and aggressive in the international landscape as Vikings in the past would be completely unexpected according to Hofstede's classification of Swedish culture as most feminine one (Fang, 2012).

We can draw a parallel to conflicts, where the traditional paradigm views conflicts as negative, impairing communications, slowing strategic decision-making, lowering employee satisfaction levels, damaging relationships, thereby presenting organizational climate of instability and uncertainty. However, this is a very limited view of conflict, as many modern researchers argue that conflict bears both, positive and negative consequences, while there is a curvy line between them like in the case of Yin Yang, symbolizing there is no absolute separation between both opposite views (positive and negative aspects of conflicts remind us of Hofstede's classification of cultures into either short-term oriented (negative in his view) or long-term oriented (positive in his view) instead of viewing cultures as both, short-term and long-term oriented at the same time). The example of conflicts may serve as evidence that Yin Yang perspective on studying cultures has much wider consequences also in other fields of research, not just cross-cultural management.

"Culture is not a situation-free, context-free, or time-free construct, but rather is embedded in situation, context, and time" (Fang, 2012, p. 11). This definition of culture is not in line with the static paradigm, which ignores the change of culture over time. According to the static (Hofstede) view, cultural values should stay the same through time, however practical evidence implies differently. Hofstede's study, in the 1980s, described Slovenia as a highly collectivistic society with a high power distance. However, the study of Jazbec (2005) found that those values have changed; as now Slovenia is highly individualistic society with a very low power distance (all other dimensions stayed relatively the same). Therefore, the critique of Hofstede's model goes beyond his fifth dimension and

methodological flaws of not including all Chinese values in the Chinese Value Survey, incorrect translation into English or different sampling background (Fang, 2003). Hofstede's first publication on Cross-cultural consequences in 1980 included the data at the aggregate level for ex-Yugoslavia, which Slovenia was also part of, but failed to recognize that within the country there were six or even seven different cultures. Later, in the 2001 version of the book we can observe the separation of the sample according to the countries established at the beginning of 1990s and separate scores along cultural dimensions (all accept fifth dimension, as Yugoslavia was not included in Hofstede's study among Chinese students). Actually, Slovenia shares many similarities with China, where this new viewpoint on culture originates.

We will conclude with words by Herriot, a French writer and politician, who defines culture as "what remains when one has forgotten everything" (Fang, 2003, p. 352), reminding us of the paradoxical nature of culture.

3.3 DEPENDENCE IN DISTRIBUTION CHANNELS

Dependence, power and conflict have been the most widely studied aspects of distribution channels relationships. The dependence of the partnership with the other distribution channel member is conceptualized for both firms as "*outcomes given comparison level for alternatives*", representing a standard of the overall quality of outcomes (economic, technical and social) that are available to the firm when choosing the best alternative relationship (Anderson & Narus, 1990, p. 43-44). The introduction of behavioral research in channels of distribution has newly uncovered the processes of interfirm influence (Keith, Jackson & Crosby, 1990, p. 30).

Most common researchers (cf. Anderson & Narus, 1990; Frazier, Gill & Kale, 1989; Tikoo, 2005) refer to the seminal work of Emerson (1962) when defining dependence: the dependence of firm B on firm A increases when firm A mediates the objectives wanted by B, which in turn become even more important for firm B. In contrast, dependence can be evaluated through the level of attained goals and objectives through alternative relationships compared to the current relationship heavily influenced by a more powerful channel member (Keith, Jackson & Crosby, 1990, p. 34). Coughlan et al. (2006, p. 200) unite previous research perspectives and view dependence as a mirror image of power, where the essential elements for the dependence to occur were identified as (1) *utility* (benefits, value, satisfaction one party gets from the other channel member), and (2) *scarcity of alternative sources* (how readily one party can replace the other channel member). The authors conclude that in case either of those two factors is low, the dependence between partners is also low. Nevertheless, the dimensions are interconnected, as "dependence and power represent the foundation of successful relational exchange and are the underlying root of solidarity and trust" (Gadde et al., 2010, p. 116).

As dependence may be defined as utility provided multiplied by the scarcity of resources, a direct method to measure dependence would be to assess both elements. To assess the benefits you offer to your channel partner, you need to understand what their goals are and how much they value what you provide (e.g. profits, volume, low ullage, etc.). When assessing how replaceable you are, you should first evaluate who your competitors are, and second, how easily the channel member can switch to those competitors. If the benefits are high and switching is not easy, then a firm possesses power over other channel member, which becomes dependent on this partner. However, there are also other ways to measure dependence, using proxy indicators like a percentage of partner's sales/profits you provide or your role performance assessment compared to potential competitors (Coughlan et al., 2006, pp. 201-203).

Most commonly, there is **imbalanced dependence**, where one channel member is much more dependent than the other. Studies show that in such cases the more dependent channel member is often exploited. Although the most common reaction of the weaker party in an imbalanced dependence is no reaction, the weaker party has three types of countermeasures at its disposal (Coughlan et al., 2006, p. 220): (1) *alternatives development* (e.g. product portfolio diversification, offering greater benefits and making yourself more unusual, etc.), (2) *organize a coalition to attack the partner's power* (e.g. bringing in third parties, arbitration to handle disputes, lobbying, etc.), (3) *exit the relationship*, as the most drastic measure.

Pfeffer and Salancik (1978, p. 40) define dependence as "the conditions necessary for the achievement of an action or for obtaining the outcome desired from the action." More decentralized multinational structures may make subsidiaries less dependent from corporate demands, as they alter strategic options locally (Desivilya & Eizen, 2005, p.185). It has been found that in the cases where each party possesses a high level of dependence, the relationships will most likely promote commitment and trust (Gadde et al., 2010, p. 116).

Arguments for avoiding supplier dependence include (1) reduced transaction uncertainty (e.g. uncertainty that the supplier will not be able to fulfill its obligations), (2) enhanced technological flexibility (e.g. alternatives in technical capabilities of different partners), and (3) opportunities for price pressure (e.g. a possibility to encourage competition among a group of suppliers). Avoiding dependence results in arm's-length relationships can be handled with limited interaction, adaptations and coordination, while lead to low relationship handling costs (Gadde et al., 2010, p. 139-140).

Dependence is an important part of the definition of a working partnership between the distributor and manufacturer or any other distribution channel member, as they are defined as "the extent to which there is mutual recognition and understanding that the success of each firm *depends* in part on the other firm, with each firm consequently taking actions so

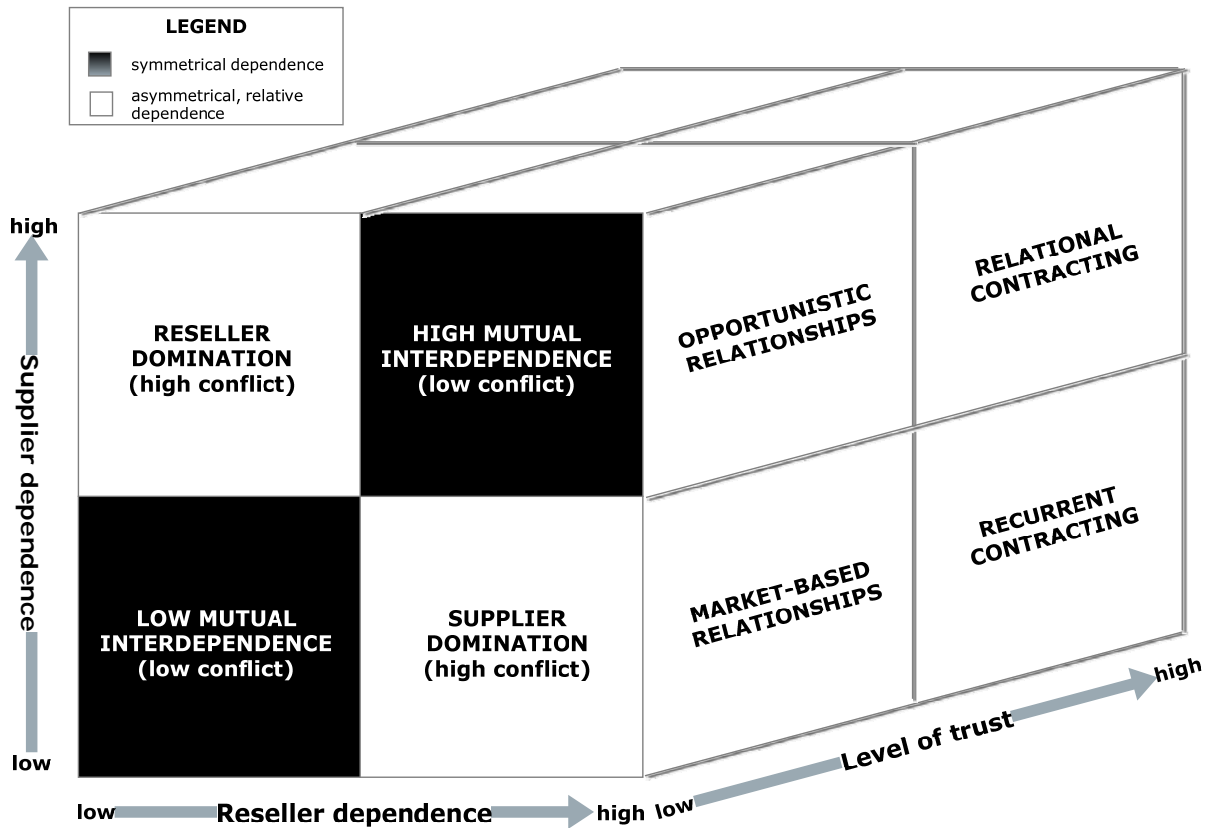
as to provide a coordinated effort focused on jointly satisfying the requirements of the customer marketplace” (Anderson & Narus, 1990, p. 42).

It is important to note that in any relationship both partners possess a certain degree of dependence, since even the more powerful company has something to lose when the relationship is dissolved. However, this **reciprocal dependence**, existing in all channel relationships can be *symmetrical* (when both partners are equally dependent on each other) and *asymmetrical* (when one partner is more dependent than the other) (Rodriguez, Pere & Gutierrez, 2005, p. 9). The latter has been termed as dependent partner’s relative power (Emerson, 1962) or dependent firm’s relative dependence (Anderson & Narus, 1990). Researchers argue that it is **relative dependence** (firm’s perception of its dependence relative to its partner’s dependence on the relationship, measured by the perceived differences in dependence), which will determine the level of the influence one firm will have over the other. Thus, we could argue that the primary consequence of relative dependence is distribution channel power, when applied shaping the relationships between firms and offering possibilities for behavioral control. There is a vast literature (cf. Frazier & Summers, 1986; Frazier & Rody, 1991) explaining that firms with greater relative dependence will have relatively greater interest in sustaining the relationship compared to its partner firm. Therefore, we may presume both, a negative link between relative dependence and influence over the partner firm and a positive link between relative dependence and influence by the partner firm (Anderson & Narus, 1990, p. 43-44).

Later findings suggest that dependence between two channel’ members can be viewed as **unilateral** or **bilateral** (Lusch & Brown, 1996, p. 42; Zhou, Zhuang & Yip, 2007, p. 310). Unilateral dependence relates to the extent to which a certain channel member relies on the other. Bilateral dependence is more comprehensive, consisting of (1) the interdependence (mutual dependence of channel members), and (2) the dependence asymmetry (equal dependence between channel members vs. inequality) (see Figure 3.2).

Following the terminology introduced by Tedeschi, Schlenker and Bonoma (1973) many researchers (cf. Frazier, 1983; Frazier, Gill & Kale, 1989) use the term *target* to represent the dependent firm or individual that is at the focus of the influence attempt, and the term *source* to describe the firm attempting to influence the other party. In line with the seminal work of Emerson (1962) the latter can be described as the firm with power in the relationship. It has been found that target’s dependence is positively related to the source’s use of non-coercive strategies (power sources) and negatively to the use of coercive strategies (power sources) (Frazier & Summers, 1986, p. 44). Furthermore, a source’s frequent use of coercive strategies with highly dependent target firm has been proven to have very negative effects for the source, if the market environment drastically changes (Frazier, Gill & Kale, 1989, p. 66).

Figure 3.2: Matching the interdependence matrix and levels of trust residing in the channel relationship



Source: adapted from Li & Dant, 2001, p. 45; Laaksonen, Pajunen & Kulmala, 2008, p. 910; Rodriguez, Pere & Gutierrez, 2005, p. 9.

The pioneering work by Emerson (1962) influenced El-Ansary and Stern (1972) to introduce the concept of dependence into the channels literature, where it attracted many scholars ever since (cf. Etgar, 1978; Frazier, Gill & Kale, 1989; Keith, Jackson & Crosby, 1990; Li & Dant, 2001). The development of the dependence theory has gone into at least four different directions since then. First, the **'sales and profit' approach** developed by El-Ansary and Stern (1972) explains the dependence of the target firm on a source firm by the target firm's need to maintain channel relationship in order to achieve its desired goals. According to this approach, the greater the percentage of sales and profit contributed by the source firm to the target firm, the greater the target's dependence; taking into account the target's expectations of the sales and profit generated by the source firm in the future (Brown, Lusch & Muehling, 1983; Etgar, 1978). Second, the **'role performance' approach** introduced by Frazier (1983) explains the dependence of manufacturer's performance on its channel role in a relationship with another firm. The target's dependence levels are driven by source's role performance, as the higher the perceived role performance of a source, the fewer the available alternatives are for its sufficient replacement by the target firm (Frazier, 1983; Frazier & Summers, 1986). However, the findings of the Shamdasani, Keh and Chan (2001) study suggest that only the sales and

profit approach is applicable to explain levels of dealer dependence, as in the case of role performance approach as the indicator of dealer dependence market conditions may influence its applicability. Third, the **transaction cost theory** offers additional explanations to the dependence construct by introducing a concept of ***dependence-balancing operations***, which was introduced by Heide and John (1988). They argue that the more dependent firm in a channel relationship needs to protect its transaction-specific assets by choosing among several different actions like establishing closer relationships with end-user firms (Anderson & Narus, 1990, p. 54). The later are also labeled as offsetting investment that the target undertakes with its customers to guard itself against opportunism by the source firm (Frazier, Gill & Kale, 1989, p. 52). Finally, there are several channel researchers (cf. Lusch, 1976; Frazier & Summers, 1986; Frazier, Gill & Kale, 1989) who have introduced and discussed **reciprocal actions** in channel relationships. This dependence theory viewpoint is well expressed by Stern and Gorman (1969, in Frazier, Gill & Kale, 1989, p. 52): "...threats tend to elicit threats, thus increasing the degree of conflict...when one party establishes the use of coercion, the other is likely to respond in kind, intensifying conflict rather than resolving it." Nevertheless, the target's dependence on its source is expected to have a positive and indirect effect on a perceived conflict (Brown, Lusch & Muehling, 1983, p. 53).

High levels of coordination and cooperation are needed in the channel relationship in order to prosper and compete effectively in the (global) buyer's markets (Frazier, 1983). The main argument by Frazier, Gill and Kale (1989, p. 66) is that the interfirm dependence levels actually vary by channel context. As the authors claim, sales and profit approach to explain dependence may only be applicable in certain channel contexts (e.g. channel relationships in seller's markets), while the role performance approach in others (e.g. channel relationships in franchise systems in developed countries), and there are even channel contexts where both approaches are needed. Thus, the authors explain that future research attention has to be given to international channel issues to further explore channel contexts; where beside dependence and power other key contingency factors (e.g. type of culture, type of product, type of legal system, etc.) may help understand diverse behaviors in distribution channel relationships.

Dependence has attracted the attention of scholars, who have researched relationships of franchises' business structures within distribution channels, given the fact that the franchisor and franchisee are legally independent companies but need to maintain close relationship in the future (cf. Rodriguez, Pere & Gutierrez, 2005; Tikoo, 2005). Furthermore, this is a channel business setting, where dependence has usually been studied together with conflict (cf. Frazier & Summers, 1989; Frazier & Rody, 1991; Tikoo, 2005), most probably due to franchise relationship vulnerability to conflict because of asymmetric distribution of power to the side of franchisor (Lusch, 1978). The researchers found that the effect of conflict, perceived cooperation and communication on franchisee's social and particularly economic satisfaction is moderated by the degree of existent dependence

between business partners (Rodriguez, Pere & Gutierrez, 2005, p. 3). However, franchisee dependence does not act as a moderator in all contexts. Franchisee dependence negatively moderates the relationship between franchisor's use of recommendations and conflict, but has no moderation effect on the found positive relationship between franchisor's use of more coercive types of persuasive communication (threats, requests and legalistic pleas) and conflict. As the franchisor's use of information exchange and promises as influence strategies and conflict were found not to be related (Tikoo, 2005, p. 329), the author recommends franchisors to restrain from other influencing strategies and use the recommendation influencing strategy only in cases of highly dependent franchisees in order to avoid conflict in the relationship.

In organizational behavior literature authors review dependence and **task interdependence** (e.g. two units depending on each other for information, compliance, assistance or other task) hand in hand, where task interdependence has found to increase conflict (Barclay, 1991, p. 150). It has been found that the firm's dependence on other channel member has a strong effect on firm's readiness to respond to a request made by a partner firm, concluding the greater firm's dependence on its partner, the greater the partner's scope of power (Keith, Jackson & Crosby, 1990, p. 37-38).

Dependence gained special interest among scholars (cf. Etgar, 1978; Brown, Lusch & Muehling, 1983; Barclay, 1991; Zhou, Zhuang & Yip, 2007) due to its important role in channel interactive behavior triggering, directly or indirectly, other important relational variables (e.g. power, conflict, cooperation, satisfaction, partner relationship) between channel members. When defining dependence, we can also relate to psychology and social psychology, where dependence is a state in which assistance from others (e.g. finance, security, important and critical resources, etc.) is expected and/or sought after. From the channel relationship point of view the dependence is often associated with the dependent firm's attainment of desired goals through maintenance of the relationship with the other channel member. Researchers (cf. Coughlan et al., 2001; Zhou, Zhuang & Yip, 2007) argue that this type of dependence exist because of a high specialization of channel members. As Stern and El-Ansary (1992) assert, channel members' specialization leads to their functional interdependence, requiring a minimum level of cooperation in order to perform their distribution channel task.

The dependence theory and transaction cost analysis explains that that "a firm's dependence is positively influenced by its investments in specific assets but inversely influenced by the partnerships it creates outside of the focal relationship" (Heide & John, 1988, p. 25; Sanzo et al., 2007, p. 270). Lately, the dependence in dyadic relationships attracted scholars (cf. Blesa & Bigne, 2005; Sanzo et al., 2007), who studied the concept in combination with market orientation that should lead to a higher level of consensus and cooperation between channel members. It has been found that dependence is not a moderator between market orientation and satisfaction (Sanzo et al., 2007, p. 268).

Furthermore, the influence of distributor dependence has no effect on satisfaction, while the dependence on the manufacturer adversely affects distributor satisfaction (Blesa & Bigne, 2005, p. 249). The authors conclude that the manufacturer's adoption of market orientation is justified in case of increased dependence and satisfaction among its distributors.

Due to its interdependent nature, dependence has been considered the most important construct in understanding distribution channel relationships (Blesa & Bigne, 2005, p. 251). However, it has been rarely studied and even then the scholars ended up with mixed findings. Although previous studies (cf. Kale, 1986; Frazier & Summers, 1984) found that the use of non-coercive influence strategies is inversely connected to the use of coercive strategies, the latest findings suggest that those strategies are positively interrelated (Shamdasani, Keh & Chan, 2001, p. 34). The most often cited factors are those that generate dependence the possession of valuable resources that are not easily replaced by the dependent partner. Blesa and Bigne (2005, p. 252) argue that information is one of most important valued resources in this constantly changing environment.

Interdependence is central and one of the most often studied constructs in channel research, as it is the necessary condition for a channel system to even exist (Li & Dant, 2001, p. 34). The importance of studying interdependence is due to its explanatory power of relationships within the channel, its contrast relation and definition of channel member power; and its nature to act as a seed of potential channel conflict (Stern & Reve, 1980, p. 52). Channel researchers have demonstrated that high interdependence lowers conflict (Kumar, Scheer & Steenkamp, 1995, p. 348), enhances performance (Heide & John, 1988, p. 20; Lusch & Brown, 1996, p. 32) and leads channel members to commit themselves to enduring relationships (Dwyer, Schurr & Oh, 1987, p. 11).

Interdependence has been theoretically linked to dependence; however this relationship has not been thoroughly established. Dependence has been defined as an extent to which a firm relies on other channel members to achieve its desired goals (Frazier, 1983; Frazier, Gill & Kale, 1989), and channel interdependence has been defined as "the extent (the magnitude of interdependence) and structure (asymmetry or symmetry of interdependence and the direction of interdependence) of channel members' mutual dependencies on each other for resources necessary to achieve their respective goals" (Li & Dant, 2001, p. 37). The magnitude of interdependence relates to all amount of resources exchanged between the parties, while the direction of interdependence points to the more dependent party in the dyad (see figure above). To recap, no empirical work beside some attempts of Zhou, Zhuang & Yip (2007) has been found to include relational variables such as dependence, power, cooperation, commitment and trust to channel conflict.

3.4 POWER IN DISTRIBUTION CHANNELS

The study of power and power sources has been at the focus of researchers' attention from the middle of the previous century till today (e.g. French and Raven 1959, El-Ansary and Stern 1972, Hunt and Nevin 1974, Lusch 1976, Etgar 1978, Brown et al. 1983, Gaski 1984, Gaski and Nevin 1985, Frazier et al. 1989, Rawwas et al. 1997, Yavas 1997, Katsikeas et al. 2000, Moore et al. 2004, Zhuang et al. 2010, etc.). However it was mostly investigated within the domestic market framework (Katsikeas et al. 2000). Brown et al. (1983; based on previous definitions of El-Ansary and Stern 1972, Hunt and Nevin 1974, and Etgar 1978) define power as "the ability of one channel institution to affect the decisions of other channel institutions", while Lusch and Brown (1986, p. 314) describe power as "relationship defined by the perception of the party over whom power is held".

Power and dependence are like opposite sides of the same coin, as the more dependent party is on another, the less power it has, and vice versa; while limited dependence will lead to low power due to small attention to the relationship. Furthermore, Emerson's (1962) seminal work describes that in order to exercise power, the business or/and social relationship has to entail some level of interdependence between parties, which is commonly true for most relationships. The author explains that the power to influence other party resides in control over things the other party values. In the distribution channel we are often facing a structure with a large firm and many smaller dependent entities, where large buying firms for instance were able to have control over smaller suppliers and make them dependent due to their power of shifting between them, depending on the purchasing conditions. As Gadde et al. (2010, p. 115) argue, there has been a change in the buyer/supplier behavior lately, as firms shifted their focus from avoiding dependence to finding mechanisms for handling it. They also imply that today's actors do not use power in a primitive way as they used to, but apply it in more constructive ways, which is beneficial, not just for the dyadic relationship but also, for the network as a whole.

On the one hand, power can be applied in a coercive way, which implies the relationship where both parties may easily switch to alternative partners if conflicts arise and escalate. On the other hand, the use of power can be exercised in collaborative ways, leading to the establishment of shared norms and expectations, and prosperous relationships in the future (Gadde et al., 2010, p. 115-116).

When talking about different types of power, we encounter many different perspectives. On one side of the picture, we have scholars that follow Frazier (1983), who claim that the power of each firm in the distribution channel relationship derives from (1) authority - the right to influence the behaviors accepted by the other firm (Robicheaux & El-Ansary, 1975), and (2) dependence – the amount of effort, time and finances invested into relationship and perceived costs of switching to another relationship (Shamdasani, Keh & Chan, 2001). Scholars following this stream of distribution power research (cf. Frazier &

Summers, 1984; Kale, 1986; Johnson et al., 1990; Frazier & Rody, 1991) argue that channel researchers often do not distinguish between the possession of power and its use, while they focus more on the effects of power or various power sources rather than on the implications of using influence strategies. As we may speculate these researchers use **influence strategies** (altering perceptions of the other channel member) rather than bases of power or power sources to which the influence strategies derive (see Figure 3.3). The original typology of influencing strategies was developed by Frazier and Summers (1984), who differentiate between the following six influence strategies that are based on the social psychological literature: recommendation, threat, promise, information exchange, legalistic plea and request strategies. Moreover, Johnson et al. (1990) differentiate among mediated influence strategies (promises of reward, threats of punishment or negative sanctions, and legalistic strategies) with explicit requested behavior and the negative and positive sanctions; and non-mediated influence strategies (information exchange, requests and recommendations) with no specific sanctions. However, the most often adopted (cf. Kale, 1986; Frazier & Rody, 1991) classification of these influencing strategies is coercive (threats, legalistic pleas strategies) and non-coercive (request, recommendation, information exchange strategies) (Frazier & Summers, 1986).

In contrast, we have a stream of researchers that follow French and Ravens (1959) typology of **power sources**. Etgar (1978), Brown et al. (1983) and Lusch and Brown (1986) have contributed to the literature on power by setting a distinction between economic (i.e. reward and coercion; legal legitimate) and non-economic (identification, expertise and traditional legitimate) power sources. However, the proposition by Hunt and Nevin (1974) is the most commonly cited. It distinguished between coercive and non-coercive power sources, and this definition was also followed by other researchers in the field (e.g. Yavas 1997, Rawwas et al. 1997, Zhuang et al. 2010). Though, as Lusch (1976) and Gaski (1986) found, much useful information is lost, when combining different power bases (e.g. referent, informational, expert and legitimate) into a single (e.g. non-coercive) power source. Therefore, our study follows the initial French and Raven (1959) distinction among six different power sources, and evaluates it at the individual level.

The power of a channel member was often empirically tested in relation to distribution channel conflicts. The first attempt was made by El-Ansary and Stern (1972), who failed to prove the relationship between a channel member's power and previous sources of power. Yavas (1997) study failed to prove a significant relationship between bases of power and conflict, as neither coercive nor non-coercive power sources were significantly related to conflict. However, Zhuang et al. (2010) found that coercive power has a positive impact on conflicts, while the relationship between non-coercive power and conflicts is not significant. Furthermore, Rawwas et al. (1997) managed to prove that the perceived use of power decreases constructive conflict, but also failed to provide significant evidence that power increases destructive conflict. Lucas and Gresham (1986) link the relationship between power and conflict to the environment where power is exercised and conflict

arises. They claim that channels operating in a homogenous and stable task environment experience productive conflict only at a very low level of disagreement, while coercive power is the most suitable and effective way of managing such conflicts. However, when dealing with organizations operating in a changing heterogeneous environment, higher levels of conflict will be recognized as productive and the use of non-coercive power sources the most effective in managing conflicts. Furthermore Stern et al. (1973 in Lee 2001) report that conflict is highest when reward and coercive power are exercised. Lee (2001) further provides a distinction between aggressive forms of power (recognized by other research streams as coercive, economic, mediated) and nonaggressive forms of power, where the first tend to increase conflict and the later reduce it. In addition, Korpi (1985) explains that power is revealed primarily in conflicts that arise upon issues concerning key decisions rather than routine operations. Nevertheless, we can conclude that the impact of power on conflict will primarily depend on the power source, when only looking at research results of Tikoo (2005, p. 332), who found that “the use of coercive power fosters conflict to a significantly greater degree than the use of noncoercive power”. However, our study aims to look at each power source individually in order to provide more deep information for power research.

In the future research section of his paper Lusch (1976) proposed that the impact of sources of power on the intensity of intrachannel conflict should be investigated further. Many scholars (e.g. Etgar 1978, Gaski 1984, Korpi 1985, Lee 2001, Lucas and Gresham 1986, Rawwas et al. 1997, Zhuang et al. 2010, etc.) tried to find relationships between different power sources and conflict, but most of them failed to provide significant evidence. Welch and Wilkinson (2005, p. 205) study conflict and power in network relations, in contrast to the majority of the literature that focuses on dyadic relationships. Their main contribution and conclusion is that viewing conflict in network terms gives a researcher or a firm the possibility to trace the roots of dyadic relationship conflict in other relationships and how these are interconnected. They also claim that sources of conflict may depend on connections in the network, while managing conflict may require changes in other relationships in the network (in other terms, different dyads than the dyadic relationship where conflict originally occurred).

As often quoted in textbooks (cf. Coughlan et al., 2006, p. 24, 197; Hollensen, 2011, p. 572) El-Ansary and Stern (1972) define channel member’s power as the “ability to control the decision variables in the marketing strategy of another member in a given channel at a different level of distribution, ... and getting another channel member to do something it otherwise would not have done.” From this point of view, the authors argue that this control to qualify as power has to be different from influenced member’s original level of control over its own (international) marketing strategy (Shamdasani, Keh & Chan, 2001, p. 22). Power, is present in virtually all elements of marketing channels, as it consists of mutually interdependent players, where the interdependence is managed by the use of power (Coughlan et al., 2006, p. 197). As Hollensen (2011, p. 572) points out a classic

example of channel power can be examined in the relationship between retailers and food/grocery manufacturers, as the balance has shifted and merchandise is controlled by fewer retailers.

NEGATIVE OR POSITIVE

Power has positive and negative connotations, however most researchers agree that power is an “emotionally charged term” (Coughlan et al., 2006, p. 198). The **negative connotations** describing power include exploitation, abuse, inequity, oppression, abuse and even brutality. When looking from the perspective of marketing channels, the negative use of power is visible in actions forcing a certain channel member to generate value but not to receive any compensation for it. In opposition, the **positive side** of power is a potential to drive the channel to a common goal, achieve channel coordination and thereby lead to greater benefits for all channel members. Anyhow, the marketing channel requires power in order to maximize channel’s profits, which is not the same as maximizing each member’s profits. In essence, channel members must employ power in order to defend themselves and promote better ways of achieving channel value (Coughlan et al., 2006, p. 200).

POWER SOURCES

French and Ravens approach, borrowed from psychology, has proven particularly fruitful in marketing channels (Coughlan et al., 2006, p. 204). According to their typology power in distribution channel comes from rewards, coercion, reference, expertise and legitimacy. Coercive and reward power are objectively observable, while legitimate, expert and referent power are more subjective and particularly depend on the channel member’s ability and willingness to recognize them (Kotler et al., 2009b, p. 475).

Informational power source is the only power source that is often omitted in scientific literature, since it was not included in the original work of French and Raven (1959), but later added by Raven and Kruglanski (1970), so there is not much evidence on how it actually relates to conflicts (Raven 2008). The second difference to all other power sources is that it is independent of the communicator, as it stems from the logic, reasoning or importance of information that is provided by influencing party, but not dependent on the influencing party alone (Swasy 1979). Raven and Kruglanski (1970) explain that information power refers to the ability of one party to provide information that was not previously made available to the other party, and interpret existing information in a way that gets a new meaning and is valuable, but not yet known by other party (Brown et al. 1983, Lee 2001). Raven (2008) goes further by explaining that informational influence usually results in a cognitive change (i.e. changes in beliefs, behavior, attitudes, etc.) and acceptance by a targeted company. Some authors like Swasy (1979) claim that it is hard to distinguish between expert and informational power and thus suggest that informational influence can only follow after a certain degree of expert power is exercised. As Lucas and

Gresham (1986) pointed out that it is possible for the company to reduce conflict through control and organization of sources of information.

The most common reason why a party in a channel wants to be identified with another is prestige (e.g. carrying high-status brands contributes to channel member's image). As studies report, referent power is the main reason why manufacturers limit their distribution to selected outlets and why downstream channel members restrict representation to just a number of selected brands (Coughlan et al., 2006, pp. 204-242). **Referent power** is based on one party's desire to identify with another party, to use another party as a model so that the target would want to be similar or a desire of one party to be associated with another party (e.g. brands carried in certain outlets) (Brown et al. 1983, El-Ansary and Stern 1972, Raven 2008, Swasy 1979). Swasy (1979) suggests that this power source is consistent with the reference group, but only if influenced party avoids discomfort or gains satisfaction by compliance based on identification regardless of other party's response. Lusch's (1976) reasoning is that when one party has a wish to identify with another party, then he/she will want to protect this good relationship and will engage less frequently into conflicts with this other party, while these conflicts will be also less intensive. Raven and Kruglanski (1970, p. 107) indeed reported that "mutual feelings of identification can forestall disagreement and conflict", while the use of referent power can be a basis for managing disagreements (Rawwas et al. 1997).

Expert power stems from the perception that the other channel member has special knowledge and expertise, not possessed by any other in the channel. The result of the channel members assuming expert roles is higher competitive advantage through specialization. Managing the channel by the use of expert power is only possible, if (1) a trustworthy relationship between channel members has been build, and (2) a channel member possesses a durable expert power (e.g. continuous investment in learning or transfer of only customized information) (Coughlan et al., 2006, pp. 204-242). Expert power source stems from one party's perception that another party has knowledge or superior skills and knows how to use them and how to behave in a specific situation on the market (Brown et al. 1983, Raven 2008, Swasy 1979). Swasy (1979) explains that the amount of expert power depends on the amount of knowledge the other party has and the degree this knowledge or skills are applicable to a given situation. In addition, Raven (2008) explains that expert power is often misunderstood with informational power and *understanding the reason* is what distinguishes them. As Lucas and Gresham (1986) report, when firms are facing heterogeneous and changing environment, expert power will have a greater affect on channel members to follow them than threat or punishment. In addition, Rawwas et al. (1997) found that expertness is a more important factor than other non-coercive power sources (e.g. legitimate and referent power source) in settling disputes. Raven and Kruglanski's (1970) study already found that expert power can be an effective means of reducing conflict, but only if there is a high degree of trust between the parties, assuming that the party that perceives another party as an expert will less likely to engage

in conflict as expert's action must be good for the whole channel (Lusch 1976). Furthermore, Rawwas et al. (1997) study found that expert power source has a significant and positive impact on a constructive conflict.

When someone behaves in accordance with established norms and standards, literature labels this behavior as legitimate, originating from law (legal legitimate power), norms and values (traditional legitimate power). Distribution channel literature identifies the contract, signed between channel members as the major source of **legitimate power**. Organizational literature explains that the appearance of legitimate power is usually present within the firm, and is exercised through authority. However, in the distribution channel there is no such authority, which channel members tend to forget. Therefore, treating other channel member as its own subsidiary is one of major sources of friction and conflicts between channel members. Among all the power sources, (traditional) legitimate power is the most subjective, as it exists in the eye of beholder (Coughlan et al., 2006, pp. 204-242). Legitimate power reflects one party's legitimate right to influence the other party, which is obliged to comply and accept this influence (Brown et al. 1983, Raven 2008). Swasy (1979) explains that legitimate power comes from internalized values (e.g. cultural values and norms, group norms, role prescriptions) of the party the legitimate power is exercised upon, which dictate that the other party has the right of influence. In marketing channels legitimate power is often divided between traditional legitimate and legal legitimate power (Brown et al. 1983). As the first refers to more perceived hierarchies within the channel (e.g. large firms or manufacturers may legitimately influence marketing policies), the second is based on contractual agreements (e.g. franchise agreements) (Brown et al. 1983). Raven and Kruglanski (1970) argued that legitimate power could be used to manage conflict. While Brown et al. (1983) found that legal legitimate power increases conflict, Lusch (1976) and Rawwas et al. (1997) explain that when one party has the legitimate right to prescribe the behavior of the other party, this party will engage in fewer and less intensive conflicts, which supports the suggestion that legitimate power can be used as an effective means of reducing conflict.

Distribution channel literature places great importance on the financial rewards, in comparison to non-financial rewards, that is given to a channel member for altering their behavior (Coughlan et al., 2006, pp. 204-242). **Reward power** usually produces better results than coercive power, but its influence is often overrated. Kotler et al. (2009b, p. 475) argues that intermediaries may expect reward each time the manufacturer wants a certain behavior to occur. Reward power is the ability of one party to offer positive outcomes (e.g. wider gross margins, promotional allowances, better credit terms, a raise in pay, a promotion, special work privileges, etc.) and to be able to remove or decrease negative outcomes received by other party (Brown et al. 1983, Raven 2008, Swasy 1979). Reward power is different to the power bases described above; as it is socially dependent (i.e. target when complying relates that compliance to the actions of the other influencing party) and requires surveillance (i.e. target would comply only if they believe that

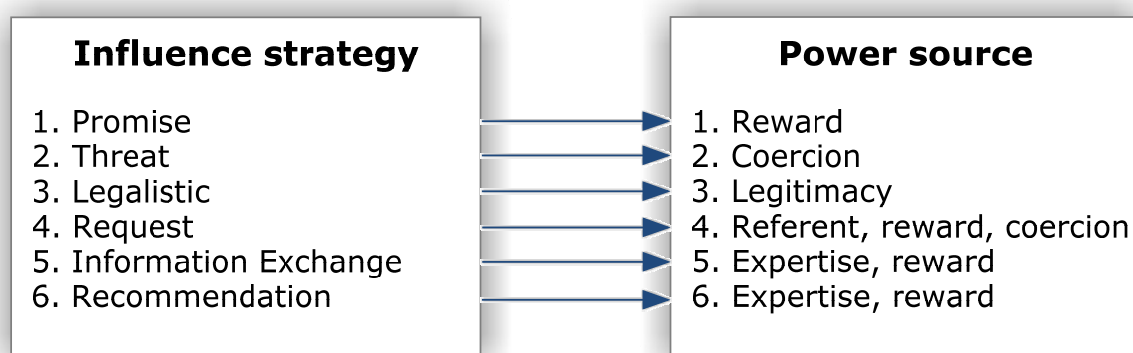
influencing party is able to determine whether compliance has occurred or not) (Raven 2008). Reward power splits power bases into coercive and non-coercive, recognized as non-coercive power source. With this recognition in mind, reward power does not directly lead to channel conflict, decrease dissatisfaction and increases channel performance, as is identified by many studies (e.g. Gaski and Nevin 1985, Lusch 1976, Rawwas et al. 1997, Yavas 1997). As Zhuang et al. (2010) explain the main reason for using reward power is to make a target aware of the benefits of its compliance. The conflicts in this situation are less intensive or are even avoided, as other party feels not to disagree with influencing party because they can provide him/her with rewards (Lusch 1976).

Coercive power is considered to be the reverse of reward power and represents any potential to threaten the other organization using any negative sanction or punishment. However, the channel members' response to coercive power differs from reward power, as on average channel members react by considering a counterattack compared indifferent behavior or withdrawal, when rewards are at the low level. We can conclude that this perceived aggression would provoke retaliation, which is closely connected to conflicts within distribution channels (Coughlan et al., 2006, pp. 204-242). Coercive power stems from one party's ability/position to threaten the target with negative, undesirable consequences or punishments (e.g. reduction of margins, withdrawal of rewards like exclusive rights, slowing down shipments, termination of contract, undesirable work assignments, etc.), when the target is not willing to comply (Brown et al. 1983, Raven 2008). Swasy (1979) argues that reward and coercion are viewed as opposite ends of one-dimensional concept. While they are both socially dependent and require surveillance (see explanation in the upper section of reward power) (Raven 2008), they differentiate according to the influencee's attraction toward the influencer (Swasy 1979). Many scholars (e.g. Brown et al. 1983, Gaski and Nevin 1985, Lusch 1976, Moore et al. 2004, Yavas 1997) have found the use of coercive power to increase conflicts within distribution channel. A target may perceive the conflict stemming from the coercive power exercise as more intensive. By complying with the influencer the target is faced with limited choices, which also increases the possibilities of conflict (Zhuang et al. 2010), while the target increases the desire to retaliate and to avoid the influence as often as possible (Lusch 1976). Furthermore, Rawwas et al. (1997) study confirms the positive and significant relationship between coercive power source and destructive conflict in the distribution channel. Some studies (e.g. Webb and Hogan 2002) even suggest that using coercive power substantially increases the chances of channel relationship failure, as it emits a negative attitude towards the actors using such power (Korpi 1985). Therefore, the use of such power source is often recognized as risky and counterproductive (Rawwas et al. 1997).

Power presents a potential to **exert influence** over channel member, especially as the more the member has power, the more he/she tends to use it. According to Coughlan et al. (2006, p. 227), each power source has its influence strategy, which has a strong impact on channel

relationships through its' communication (for more see Figure 3.3). The first three influence strategies (promise, threat, legalistic) are high-pressure techniques and provoke a response from channel members by using the same strategies themselves. Particularly threats may result in conflicts, while promises although disliked by channel members dampen conflict as a result of improved financial indicators. In summary, while the first three strategies may have a great effect on a short run, on the long-run they may have a negative impact on the counterpart's trust and commitment. The last three influence strategies (request, information exchange and recommendation), which are a more subtle variety of strategies, are welcomed by channel members and improve the interpersonal quality of relationships.

Figure 3.3: Six influence strategies and its power sources needed to strategies work



Source: Coughlan et al., 2006, p. 227.

It is important to recognize that the weaker party becomes less vulnerable to the exercise of power by the stronger party. If the party realizes this, then they/he/she have a choice of whether to stay in the relationship or not. Although the alternative might not be great it is usually better than staying in the relationship. The freedom of choice usually prevents the other from making relationship unacceptable for you (and very beneficiary for him or her at the same time) (Deutsch, 1990, p. 256).

3.5 EXPORT PERFORMANCE

Export performance is one of the most commonly researched constructs in the last two decades. Its determinants include marketing strategy (e.g., Katsikeas et al., 2000), internationalization level (e.g., Papadopoulos & Martin, 2010), resources and capabilities (e.g., Morgan, Kaleka & Katsikeas, 2004), and conflicts (e.g., Cadogan et al., 2005). However, the cross-national link between buyer-seller conflict and export performance has been under-researched. There is early research evidence (Rosenberg & Stern, 1971, p. 438; Lusch, 1976, p. 4), that conflicts within channels of distribution have a negative impact on the operating performance of the members of that channel and on the channel efficiency.

According to Shoham (1998, p. 61), the concept of export performance is defined as “the composite outcome of a firm’s international sales.” Export performance was first examined by Madsen (1987), who proposed four following dimensions: sales, profits, sales change, and profit change. Throughout the history of export evaluation, many other aspects have been studied. Cavusgil and Zou’s (1994) study among US manufacturers found that the export-marketing strategy is driven by both internal forces (e.g., firm and product characteristics) and external forces (e.g. industry and export market characteristics), in which an important role was given to the export-marketing strategy (e.g., marketing mix adaptation and price competitiveness). At that time, this was the prevailing theoretical approach, which soon developed into two rival theoretical perspectives that have been applied to export-performance research over the past decade (La, Patterson & Styles, 2005). The first has been recognized as the *behavioral perspective* (Leonidou et al., 2002), while the second is known as the *relational approach* (Styles, Ambler, 1994, 2000). The latter explores the nature and impact of exporter-distributor relationships and conflicts in particular.

Today many theoretical streams exist, each of them explaining export performance differently. Thus, Cicic, Patterson, and Shoham (2001) claim that export attitudes, export barriers, and management support are among the most important antecedents of export performance. According to Morgan, Kaleka, and Katsikeas (2004), the most important aspects of economic performance are effectiveness (i.e., the extent to which desired goals are achieved), efficiency (i.e., the ratio of performance outcomes achieved to the resources consumed), and adaptability (i.e., the export venture’s ability to respond to environmental changes). The majority of export performance research has focused on manufacturing firms (Grönroos, 1999) and the literature suggests that export performance was examined primarily for two different stakeholders – distributors and end-user customers (Cavusgil & Zou, 1994) – we evaluate export performance at all levels of the distribution channels and within all business formats. Recent research indicates that the relationship between supplier performance and future purchase intentions is strong (Piercy, Katsikeas & Cravens, 1997). However, through the evaluation of strategy quality the impact of channel conflicts on export performance showed significant results for a negative relationship (Rose & Shoham, 2004, p. 947). In addition, Robicheaux and El-Ansary (1975, p. 15) explain that channel performance is a result of “the effectiveness of channel control and the satisfaction or dissatisfaction of channel members with the channel relationship.” Furthermore, as Cavusgil and Zou (1994, p. 16) found, the promotion adaptation has a negative impact on export performance, Theodosiou and Katsikeas (2001, p. 3) reported a positive relationship between prices standardization and export performance, while there is a positive link between product adaptation (Ryans, Griffith & White, 2003, p. 592), product standardization (Szymanski, Bharadwaj & Varadarajan, 1993, p. 10) and international performance. In principle, the standardization versus adaptation strategy on organizational stage (Kostova & Roth, 2002, p. 216), of managerial processes (Shoham et

al., 2008, p. 140) and of marketing mix (Chung, 2007, p. 152) have an influence on the level of export performance (Albaum & Tse, 2001, p. 63; Leonidou, 1996, p. 53). Therefore, the standardization/adaptation strategy will also be used in the research study as part of other factors indicating export performance of international companies.

Performance, as a guide for companies to evaluate its success in the domestic and international arena, has been conceptualized and operationalized in many ways (Das, 1994; Lages, 2000). Export performance literature distinguishes between financial (e.g. sales, profit, market share) and non-financial measures (e.g. goal achievement, satisfaction, success, importance of a certain item to export performance) (Zou & Stan, 1998). In most studies, financial measures are associated with objective terms (e.g. absolute number or percentage) and non-financial measures with subjective terms (e.g. managers' perception) (Lages, 2000). The use of non-financial measures at the international level has only increased in recent years (Das, 1994; Lages, 2000; Shoham, 1996). Satisfaction, as a non-financial measure of export performance has gain a specific place within literature, overcoming some of the limitations associated with the exclusive use of financial measures (Lages, 2000). In essence, to capture the whole complexity of export performance taking into account many organizational and environmental factors, it is advised to use a scale based on a different set of factors (Bijmolt & Zwart, 1994; Shoham, 1996; Lages, 2000; Lages, Lages & Lages, 2005; Zou & Stan, 1998).

The positive side of using a combination of measures is the inclusion of short-term and long-term goals by which the measurement overcomes systematic or random fluctuations of any given item (Shoham, 1998). However, the importance of a given export objectives may differ between and within firms, as well as in terms of the frame of reference and time horizon (Diamantopoulos & Kakkos, 2007). In the literature we may find the argument that the use of objective measures is considered more reliable when assessing short-term performance, while the use of subjective measures in case of long-term aspects of performance (Sousa, 2004). Even more, the later research has found that perceptual measures (e.g. satisfaction with export venture) are highly correlated with objective financial data (Wilkinson & Brouthers, 2006).

Although the relationship between conflict and export performance has already been tested (e.g. Webb & Hogan, 2002, Duarte & Davis, 2003, Rose & Shoham 2004, Rose et al. 2007, etc.), the studies did not provide significant evidence for the impact of both types of conflicts (e.g. task vs. emotional, functional vs. dysfunctional) on export performance. Early research showed that intra-channel conflicts harm the performance of all channel members negatively (Lusch, 1976; Rosenberg & Stern, 1971). As Lusch (1976) pointed out, within marketing literature no empirical evidence for a conflict-performance link existed at the time. Rosson and Ford's (1980) study revealed that conflict was less frequent in cases where the experience with relationship was greater. Their study concluded that successful exporter-importer relationships, which are regarded as high export performance,

are characterized by less standardization, more formalization, more contact and reciprocity, and less conflict.

A few years later, a study by Ford and Djeflat (1983, in Leonidou & Kaleka, 1998) displayed that satisfaction, measured as an outcome of successful relationships perceived by buyers and sellers, was negatively associated with conflict. Furthermore, Katsikeas and Piercy's (1991) study among Greek food export manufacturers and their importers in UK confirmed that working relationships characterized by low levels of conflict, high levels of cooperation, mutual adaptations and substantial level of commitment, often lead to high degrees of satisfaction. In summation, most of the relational/behavior perspectives of export performance, including the latest study on relational model of export performance (Styles, Patterson, Ahmed, 2008) used satisfaction as an indicator for export performance, while this study aims to broaden the relational model with financial aspects of export performance.

In the distribution channel literature in spite of contradictory empirical evidence still the general assumption prevails that relationships with low level of conflict will outperform relationships where conflict level is higher (Duarte & Davis, 2003, p. 91). Here some scholars (e.g. Rosenbloom, 1973) claim that the relationship between conflict and channel performance resembles inverted U-shaped curve, where conflict is harmful only at a very low or high levels, while moderate level of conflict is most productive. However, most channel researchers (especially those who see a channel as a set of separate dyadic relationships rather than a whole network) perceive the relationship between conflict and performance as linear, where performance declines as the conflict increases. Duarte and Davis (2003, p. 97) found that U-shaped curve model (named also threshold model) is more useful to explain the relationship between perceived/affective conflict and channel efficiency, while linear model explains better the relationship between conflict and channel effectiveness. Furthermore, the effects of conflict on performance depend on the demand lifecycle. In the early stages when new customers are entering the market the conflict is positive, as it acts as a mechanism to capture uncommitted customers, while later under the conditions of a high competition the negative consequences of conflicts arise (Webb & Hogan, 2002, p. 349). The interaction (IMP) approach found conflict to be less frequent in long-lasting relationships and more frequent with high levels of uncertainty. According to this approach, high adaptation/commitment and low levels of conflicts enhance export performance (Leonidou & Kaleka, 1998).

To summarize, export performance in the channel is a factor of various internal and external variables, including marketing and branding marketing capabilities (Merrilees et al., 2011), international market selection (He & Wei, 2011), experience with a channel type and channel power (Wolk & Skiera, 2009), relationship quality (Obadia & Vida, 2010). These variables, including market orientation, may have a stronger influence on performance in (technologically) more turbulent environments (Rose & Shoham, 2002).

4 RESEARCH FRAMEWORK FOR THE CONCEPTUAL MODEL FORMATION AND EMPIRICAL VERIFICATION OF CONFLICTS WITH DISTRIBUTION CHANNELS, ITS ANTECEDENTS, CONFLICT RESOLUTION STRATEGIES AND INTERNATIONAL PERFORMANCE OUTCOMES

4.1 THE RESEARCH STRUCTURE

The purpose of the research was to empirically test the primary research question, which antecedents affect conflicts with distribution channels and how those conflicts impact the export performance of Slovenian firms. The purpose was also to contribute to the body of knowledge on relationship characteristics within distribution channels. Thus, we aim to theoretically and methodologically contribute to several different theoretical streams: B2B marketing (in particular relationship marketing and marketing channels theory) and international business (in particular international marketing strategy and export performance theory). The research goal was to empirically evaluate the main research question: which of the theoretically grounded conflict sources (cultural values, power, dependence, standardization/adaptation of marketing strategy) impact channel conflicts; how different types of conflicts impact various types of export performance; and to what extent conflict resolution strategies mediate this relationship. The proposed research hypotheses (see the following chapter) that we developed based on the overview of the literature in the previous chapters classify the research question into sub-questions investigating seven constructs. In order to fulfill this goal we followed a well-established research structure consisting of several steps (Cavusgil, Knight, Riesenberger & Yaprak, 2009, p. 91): (1) identify the problem; (2) select an appropriate research design; (3) collect the data; (4) analyze and interpret the data; (5) report the findings.

We identified the problem by conceptualizing the conflicts within the distribution channel, its antecedents and consequences based on the reviewed literature. The dependence and internalization theory led us to select the antecedents to conflicts and its export performance consequences. We offer a conceptual framework of conflicts with distribution channels in the case of Slovenian exporters and their sales representatives (agents, distributors) abroad. The conceptual findings and testing with managers led us to propose a set of measurement variables. We selected the variables that had the highest level of agreeableness regarding the connection to the latent variables and based on the findings developed a measurement instrument. We ended up with 172 measurement variables and 36 corresponding latent variables. The preliminary research phase included a pilot study on ten selected companies, based on which some minor questionnaire changes were made (see Appendix 1 and 2).

In order to empirically assess the conceptual model we developed a sampling frame of 445 Slovenian exporters, which were asked to participate in a survey and also invite their corresponding sales representatives on foreign markets to fill out the questionnaire. The questionnaire was developed specifically for electronic surveys and put on the website of a professional online survey provider Questionpro. First, all the selected companies were emailed a cover letter including the link to both questionnaires (see Appendix 3). The email was supplemented by the phone call that followed in order to assess whether the participant got the email and to stimulate the response rate. In the final survey 105 Slovenian exporters and 101 of their corresponding sales representatives on foreign markets collaborated, which exceeds the minimum requirement of the sample size of 100 respondents needed to test the conceptual model with a structural equation model (SEM) technique (Bagozzi, 2010; Iacobucci, 2010).

4.2 RESEARCH HYPOTHESES

There is also a more general multicultural group conflict study by Appelbaum, Shapiro and Elbaz, (1998) which directly measures the impact of cultural values of the individuals on the international distribution channel conflicts (Bandyopadhyay, Robicheaux & Hill, 1994, p. 83). The research of Yoo and Donthu (2005, p. 27-30) shows that the cultural orientation of individuals, measured with Hofstede's cultural dimensions, has an impact on consumer ethnocentrism, which negatively influences the perceived quality of products or services and thereby purchase intentions, which are according to several research studies (Barclay, 1991, p. 152-155; Dyer & Song, 1997, p. 472; Gaski, 1984, p. 13; Robicheaux & El-Ansary, 1975, p. 18) considered to be one of the possible causes for channel conflicts. Therefore, we suspect the existence of cultural orientation dimensions' association to distribution channel conflicts, whereas we presume a positive relationship with collectivism, masculinity, uncertainty avoidance and power distance dimensions, while the relationship with long-term orientation is expected to negatively correlate with the distribution channel conflicts.

There are several studies in the area of distribution channels, which claim that cultural differences have a considerable impact on marketing channels as they exist and operate in various countries (Kale & McIntyre, 1991, p. 34; Frazier, 1999, p. 232; Gulbro & Herbig, 1999, p. 48; Bataglia, Nadin & Gobini, 2004, p. 5; Ha, Karande & Singhapakdi, 2004, p. 447). On one hand, culture that was defined by Hibbert (2003, p. 2) as "the integrated sum total of learned behavior traits that are manifest and shared by members of a society", can be, according to his study, a barrier to market entry. Moreover, the study of Mehta et al. (2006, p. 164) empirically examined whether cultural differences affect trust, commitment, and cooperation in international marketing channel alliances between U.S. exporters and their foreign distribution partners and found that the greater the cultural differences between channel partners, the lower the levels of trust, commitment, and cooperation. In addition, Kim (2003, p. 208) studied the impact of channel interdependence on conflicts

and satisfaction, where the cross-country and country-level analysis support the positive link between total interdependence and distributor satisfaction, while the link between total interdependence and perceived is less clear, claiming that the potential for higher conflict is in a high total interdependence condition, which is more the case in U.S. and Western Europe compared to China or Japan. The similar study of Parsa (1999, p. 178), who researched the influence of channel member power on relationships in franchise system; found that perceptions of channel members regarding the behavior of other members are influenced by the position of the respondent in that particular organization. Swierczek and Onishi (2003, p. 196) confirm previous findings, claiming that conflicts usually arise because of different management styles of the foreign managers, who promote their own corporate culture, which may not be suitable for all national culture values, norms and beliefs. We can conclude that culture affects the beliefs, attitudes, and norms of an exchange relationship; as well as shapes communication within a distribution channel (Kale & McIntyre, 1991, p. 34); and the difference in cultures may therefore lead to potential conflicts in the relationships. In sum, according to Banner (1995, p. 31) we are safe to argue that, conflicts are expected in relationships when people of different cultures, personalities and expectation sets meet. Therefore:

H1a. Cultural values of sellers differ from the cultural values of buyers.

H1b. The gap⁴ in cultural values of buyers and sellers leads to conflicts within distribution channels.

H1c. Cultural values have an impact on conflicts within distribution channels.

In addition to the gap in cultural values as an antecedent of distribution channel conflict, the discrepancy in marketing mix standardization versus adaptation as perceived by the buyer versus the seller should be determinant of conflicts as well. The topic of marketing mix standardization/adaptation has been widely covered in the disposable literature. Samiee and Roth (1992, p. 2) explored the direct influence of global marketing standardization on performance and found that market coverage and capacity utilization are an important prerequisite for firms, which are driven by global standardization. Likewise, O'Donnel and Jeong (2000, p. 20) found the positive relationship between global standardization and organizational performance in high-tech industries. In contrast, the recent contribution to the standardization theory by Viswanathan and Dickson (2007, p. 46), was in favor of impact standardization (and adaptation) and its dynamics, as three following factors were identified: homogeneity of customer response to the marketing mix, transferability of competitive advantage, and similarities in the degree of economic freedom. In addition, O'Donnel and Jeong's (2000, p. 20) study showed that subsidiary manager's marketing experience strengthened the global standardization-performance relationship; while manager's international experience did not have any effect. Smith, Tyler and Brennan (2007, p. 530) argue that most managers often have a narrow view of

⁴ The dissertation is going to study the gap along Hofstede's dimensions between the export manager and the buyer, measured at their individual levels.

adaptation (e.g. tangible factors; product or the production process (Mesdag, 2000, p. 75), while they fail to include personnel/human resources, behavioral and organizational structure changes, when exploring the adaptation in inter-firm relationships. Furthermore, individual buyer–supplier relationships, as a feature of B2B markets, are of a great importance for both the buying and the selling organization. Both firms, to a greater or lesser extent, make some specific adaptations in the intra-firm relationship (Brennan & Turnbull, 1999, p. 481). Therefore, standardization (cost savings from economies of scale in research and development, production and marketing; tighter management control over subsidiaries; maximum benefit from know how created within the organization), as well as the adaptation (customer orientation is higher, as buyer behavior and market characteristics are evaluated in each foreign country; energizes creative thinking to meet specific customer requirements) strategy bring some positive effects to firms (Leonidou, 1996, p. 54), while there is no known research that would investigate the direct relationship between standardization/adaptation and distribution channel conflicts. Therefore:

H2a. Standardization versus adaptation of marketing mix is differently understood by buyers and sellers.

H2b. The gap⁵ in standardization versus adaptation of marketing mix understanding leads to conflicts within distribution channels.

H2c. The selection of standardization or adaptation marketing strategy has an impact on conflicts within distribution channels.

According to several studies (Anderson & Narus, 1990; Brown, Lusch & Muehling, 1983; Lucas & Gresham, 1986; Etgar, 1978; Gaski, 1984; Tikoo, 2005) the distribution channel itself and its characteristics have a significant impact on the conflicts between channel members, among which dependence and power are most widely researched (Brown, Lusch & Muehling, 1983, p. 54; Frazier, Gill & Kale, 1989, p. 53; Zhuang & Zhou, 2004, p. 682). In respect to this study, we differentiate between dependence and power within distribution channel, even though Emerson's (1962) dependence theory explains that "the target's dependence in a relationship with the source can also be interpreted as an indicator of the source's power" (Frazier, Gill & Kale, 1989, p. 50). This study of channel firm's dependence on another channel member is based on the definition of Kumar, Scheer and Steenkamp (1998, p. 227), who understand distribution channel dependence as a "perception regarding the (ir)replaceability of the partner firm, and the value received from conducting business with the partner." This was confirmed by Sezen and Yilmaz (2007, p. 42-44), who claim that when the cost of replacing current partner or the lack of alternative partners is high (and outcomes with current partner greater than with alternative one), the

⁵ There are several possible gaps here, which will be discussed in the thesis. First, there is a gap between needed and actual standardization/adaptation level measured from the buyer perspective; and second, the same but measured from the seller perspective. Third, there exists the gap between the buyer's and seller's perceptions of the needed standardization/adaptation. Finally, the gap lies also between the buyer's and seller's perceptions of the actual level of standardization/adaptation.

dependence between channel members is high. In addition, from a psychological perspective dependence is defined “as a state in which assistance from others in terms of finance, emotion, protection, security, or daily attention is expected or actively sought” (Zhuang & Zhou, 2004, p. 677). Contrastingly, the distribution channel theory primarily defines the relationship with the source of critical resources of supply, which are needed to achieve desired goals (Blesa & Bigne, 2005, p. 251). Frazier, Gill and Kale (1989, p. 51-52) summarize those findings and talk about two theoretical streams, explaining the bases for firm’s dependence in channel relationships. The *sales and profit* approach, whose fathers were El-Ansary and Stern (1972, p. 48), explains that “the greater the percentage of sales and profit contributed by the source firm to the target firm, the greater the target’s dependence on the source”. Based on those findings Frazier (1983) developed the “role performance” theory, claiming that the higher the perceived role performance of the source, the higher the motivation of a target firm to maintain the relationship, and the fewer alternatives are available to the target firm to replace it sufficiently. However, both theoretical streams studied the impact of dependence on conflicts in distribution channels. In addition, Blesa and Bigne (2005, p. 251) found that dependence on the manufacturer adversely affects conflicts and distributor satisfaction. Conversely, Barclay (1991, p. 150) who studied behavioral relations within the firm found that task interdependence is positively related to collaboration, as well as conflicts. However, Anderson and Narus (1990, p. 49) failed to find the correlation between relative dependence (firm’s perceived difference between its own and its partner firm’s dependence on the working partnership) and the functionality of the conflict in the distribution channel. A decade later, Tikoo (2005, p. 329) was one the first scholars who studied the relationships between franchisor and franchisee, and found that franchisee dependence negatively moderates the relationship between the franchisor’s use of recommendations and conflict. Based on those findings and the predisposition that the “dependence structure in a channel relationship is a fairly rigid structural factor representing the present or existing conditions” (Sezen & Yilmaz, 2007, p. 43), this study extends the research to all contractual entry modes. Therefore:

H3a. The dependence structure in the distribution channel is differently understood by buyers and sellers.

H3b. The gap⁶ in dependence structure understanding leads to conflicts within distribution channels.

H3c. Dependence/interdependence in the channel leads to conflicts within distribution channels.

⁶ The dissertation intuitively expects that the gap is created because of a difference between the dependence of the buyer as perceived by the buyer versus as perceived by the seller, as well as the difference between the dependence of the seller as perceived by the buyer versus as perceived by the seller. All four options will be evaluated, in other words the research will treat the buyer’s and seller’s perception of the buyer’s dependence in a dyadic analysis as two indicators of the buyer’s dependence and do the same for the seller’s dependence.

Dependence is often related to influence or power in distribution (marketing) channels (Gaski, 1984, p. 10); however there is a theoretical distinction. Brown, Lusch and Muehling (1983, p. 54-55) define power as “the ability of one channel institution to affect the decisions of other channel institutions”, while Lusch and Brown (1986, p. 313) describe power as “relationship defined by the perception of the party over whom power is held.” In sum, power in distribution channels is frequently defined by the pioneering scholars in the field of distribution channel conflicts and relationships as “the ability of one channel member to control/influence decision variables in the marketing strategy of another member at a different level in the given distribution channel (Brown, Lusch & Muehling, 1983; El-Ansary & Stern, 1972; Gaski, 1984; Johnson, Sakano & Onzo, 1990; Zhuang & Zhou, 2004). However, several studies (e.g. Johnson, Sakano & Onzo, 1990; Katsikeas, Goode & Katsikea, 2000; Zhuang & Zhou, 2004) differentiate between two basic viewpoints on the origins of power. The first stems from the dependence-power theory, explaining that one channel member’s power over another firm is derived from that firm’s dependence on dominating firm (Frazier, Gill & Kale, 1989, p. 50). The second follows French and Raven’s (1959) research, who introduced the concept of six types of power bases (reward power, coercive power, legitimate power, referent power, expert power and information power), which one channel member holds over another channel member (Zhuang & Zhou, 2004, p. 678). Furthermore, Johnson, Sakano and Onzo (1990, p. 641) differentiate among mediated influence strategies (promises of reward, threats of punishment or negative sanctions, and legalistic strategies) with explicit requested behavior and the negative and positive sanctions; and non-mediated influence strategies (information exchange, requests and recommendations) with no specific sanctions. As Katsikeas, Goode and Katsikea’s (2000, p. 187-189) research confirms the distributor’s use of reward is positively related to its informational, referent legitimate and expert power sources, while a negative relationship has been found to exist between an importer’s use of coercion and its informational power base; and no significant relationship has been identified between the use of coercion and each of the other three power sources. In addition, the channel power concept was often empirically tested in relation to distribution channel conflicts. The first attempt was made by El-Ansary and Stern (1972), who failed to prove the relationship between a channel member’s power and the previous sources of power. As Frazier and Rody (1991, p. 54) explain, a high level of power will encourage the channel member possessing that power to behave opportunistically and exploit the other party with frequent use of relatively coercive influence strategies in order to reward itself. Gaski (1984, p. 9-11) confirms that the tendency for coercive power and use of such strategies provokes and increases conflict in the distribution channel. On the other hand, the promise of reward was found to reduce intra-channel conflict (Gaski & Nevin, 1986, p. 132), while some authors (Barclay, 1991, p. 145) found group rewards and coalition formation as an effective method of conflict resolution. Our study builds on the findings of Tikoo (2005, p. 330), who found that “the use of coercive power fosters conflict to a significantly greater degree than the use of noncoercive power.” Therefore:

H4a. Power of distribution channel members is differently understood by buyers and sellers.

H4b. The gap⁷ in distribution channel members' power understanding leads to conflicts within distribution channels.

H4c. The use of a channel power leads to conflicts within distribution channels.

As Lusch (1976, p. 5-12) pointed out, one of the most frequent encountered assumptions in the marketing literature is that there is an impact of conflict in a channel of distribution on firm's operating performance; however there was no empirical evidence on whether the relationship is positive, negative or neutral. The study only showed that the best strategy for a distributor (dealer) is to minimize conflict with a manufacturer, as their "punishment" (e.g. slow payment, red tape, etc.) may lead to reduce distributor's operating performance. Later studies (Rose & Shoham, 2004, p. 942) confirmed that assumption within organizations, claiming that both task and emotional conflict (see the explanation in the previous chapter) reduce the quality of the strategy and thereby also operating performance. Webb and Hogan (2002, p. 385) explain that channel conflict can serve as "a mechanism forcing internal channel coalitions to work harder and smarter to serve their markets", while the relationship between channel conflict and channel performance is moderated by the lifecycle stage. The study also showed that the frequency of the conflict, but not intensity, has a negative effect on channel performance. Jehn and Mannix (2001, p. 242) investigated the performance of working teams and discovered that all types of conflict are lower in high-performing groups than in low-performing groups. In addition, well performing teams were marked by low but increasing levels of process conflict, as well as low levels of relationship conflict with a rise near project deadlines, while task conflict was at a moderate level at the midpoint of group interaction (Jehn & Chatman, 2000, p. 56). In sum, the most recent study of Rose et al. (2007, p. 296) found that task and emotional conflict in domestic channels of distribution depend on three antecedents (centralization, esprit de corps and communication barriers) and affect performance directly and indirectly through strategy quality. Their major finding was that emotional conflict negatively impacts satisfaction and performance with channels of distribution. Webb and Hogan (2007) found that the frequency of conflict, but not intensity, has a negative impact on distribution channel performance. Nevertheless, constructive conflict is an impersonal appraisal of the results of efforts to manage disagreements, which is characterized by low intensity and frequency (Rawwas et al., 1997; Robicheaux & El-Ansary, 1976; Rosenberg & Stern, 1971). Therefore, importers' future purchase intentions are associated positively with functional conflict (Skarmas, 2006). As the present study

⁷ This gap is similar in nature to previous gap in dependence structure. As above, the dissertation intuitively expects that the gap is created because of a difference between the power of the buyer as perceived by the buyer versus as perceived by the seller, as well as the difference between the power of the seller as perceived by the buyer versus as perceived by the seller. All four options will be evaluated, in other words the research will treat the buyer's and seller's perception of the buyer's power in a dyadic analysis as two indicators of the buyer's power and do the same for the seller's power.

broadens the scope of the previous research to international channels of distribution, it is reasonable to question the following:

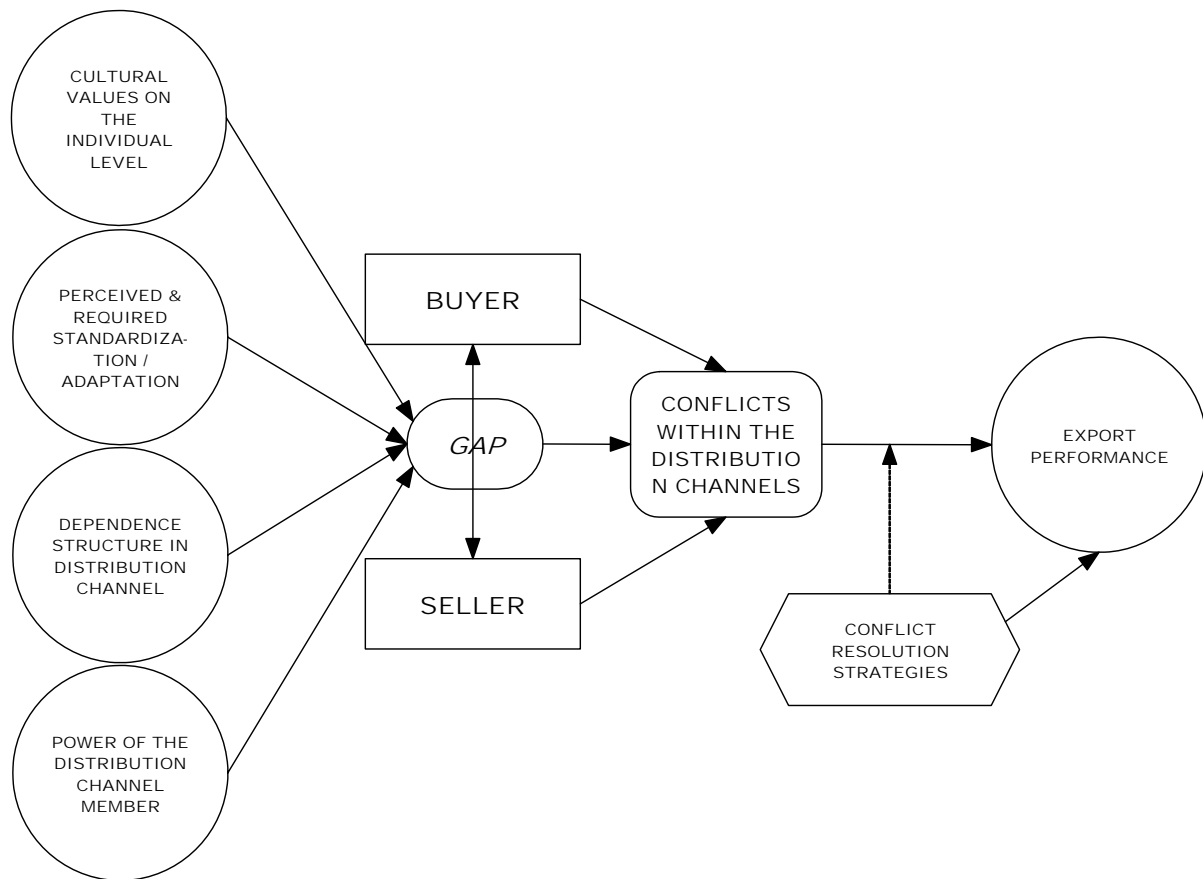
H5. Conflicts within distribution channels have a negative impact on firms' performance.

As Banner (1995, p. 31) explains there are two schools of thought on conflict, the traditional viewpoint (in which conflict is viewed as “bad”) and the modern or interactionist viewpoint (in which conflict is viewed as potentially useful to energize a company, point out problems and unify a group). Even Dommermuth (1974, p. 4) already established that conflicts between members of a distribution channel are not necessarily bad, as too little conflict may retard channel effectiveness. However, there was always a need for conflict resolution strategies that have occupied the central role in the inter-organizational exchange process, and being recognized as the primary mechanism for reducing conflict in distribution channels (Dant & Schul, 1992, p. 38). Nowadays these are also understood as a form of collaborative learning (Gahr, Mosca & Sarsar, p. 37). As Barry (1998, p. 70) explains the current trend to diversify distribution channels has a higher potential for conflicts than before and therefore effectively managing channel conflicts is essential. Organizational conflict studies have shown that integrating conflict resolution style is positively related to organizational outcomes: if confrontation as integrating style was related to the effective management of conflict, the forcing and avoiding as distributive style were related to the ineffective management of conflict (Rahim, Antonioni & Psenicka, 2001, p. 197-198). The study of Bradford, Stringfellow & Weitz (2003, p. 182) found that “the use of a collaborative conflict management style has a positive effect on satisfaction and desire for continuity, but the effects of accommodative and confrontational styles depend on the level of inter-personal and task conflict present in the distribution channel.” Therefore, we posed our research question more generally:

H6. Conflict resolution strategies positively impact the relationship between conflicts and firm's performance.

For simplicity, Figure 4.1 outlines the conceptual model with hypothesized relationships at the general levels of the investigated constructs. However, the analyses will assess all 20 cultural values-conflict relationships (five cultural value dimensions by four conflict types), 24 power-conflict relationships (six power bases by four conflict types), 16 standardization/adaptation of marketing mix-conflict relationships (four marketing mix types by four conflicts), 8 dependence-conflict relationships (two dependence types by four conflict types), 8 conflict resolution-performance relationships (four conflict resolution types by two performance assessments), and all eight conflict-performance relationships (four conflict types by two performance assessments).

Figure 4.1: The outline of the conceptual model



4.3 THE QUESTIONNAIRE AND VARIABLES OPERATIONALIZATION

4.3.1 Operationalization of constructs

In this section we discuss our scales and provide information on their origin, while validity and reliability analysis are reported in the following section. The five-point item scales operationalized dependence (irreplaceability and importance of the channel partner), six power sources, four conflict resolution styles and five cultural values (1 = totally disagree to 5 = totally agree). However, the perceptual dependence was measured on a five-point scale, where 1 represents the state where the channel member did not rely on the partner at all and 5 where he/she completely relied on him/her. The measurement scale for standardization and adaptation of marketing strategy was also five-point, with 1 represents having the same marketing variables in all markets (standardization) and 5 completely different in each market (adaptation). When measuring task and emotional conflict the following five-point scales were used (1 = not at all to 5 = very much), while for destructive and constructive conflict the next five-point scales were used (1 = totally disagree to 5 = totally agree). Performance 1 (Zou et al., 1998) was operationalized by five-point scale (1 = totally disagree to 5 = totally agree), while performance 2 (Ruvio et al., 2004) used the following five-point scales (1 = very poor to 5 = very good). In

addition, all scales were explained to respondents in the attached letter or via the phone call or via personal contact.

Cultural values. Cultural values have been operationalized in many ways, while the most known conceptualizations include Hofstede's five cultural dimensions, Trompenaars' cultural typology, House's GLOBE project, Hall's cultural context, Schwartz' list of values, etc. Although, there is a debate among international marketing scholars that Hofstede's framework is outdated or inaccurately reflects national cultures, recent evidence says otherwise. It has been found that explanatory power of the Hofstede and Schwartz measures (authors most commonly use the latter instead) are comparable, while the perceptual power of Hofstede model is higher than Schwartz's framework (Drogendijk & Slangen, 2006, p. 361-362). In order to assess Hofstede's cultural values, we took CVSCALE from Yoo and Donthu (1998), where the scale is based on Hofstede's five cultural dimensions: individualism, masculinity, power distance, uncertainty avoidance and long-term orientation. The whole scale has 26 items.

Standardization/adaptation of marketing strategy. The conceptualization of the scale was based on the marketing plan scales provided by Lages, Abrantes and Lages (2008), consisting of typical marketing mix variables: product, price, promotion and place. We used this scale, as it was one of the few new successfully operationalized scales, while before there was no widely accepted or adopted scale for standardization measurement (Samiee et al., 2003, p. 623).

Dependence. Dependence was measured as interdependence and perceptual dependence. Interdependence scales were given by Sezen and Yilmaz (2007), who operationalized it with two distinctive constructs: dealer/supplier irreplaceability and dealer/supplier importance. The Perceptual dependence scale was introduced by Zhou, Zhuant and Yip (2007), who conceptualized it as a whole, although exploratory factor analysis showed a variety of factors. Based on the exploratory and confirmatory factor analysis both samples concluded that the scale consists of four distinctive perceptual dependences: advertising, product, financial and sales dependence. We claim this to be great value added of our research and for further development in the conceptualization of perceptual dependence.

Power sources. Sources of power in the distribution channel were operationalized by using the initial French and Raven (1959) classification of social bases of power into informational, referent, expert, legitimate, reward and coercive power. This framework is most widely referred to in social sciences, when studying power. The five-base typology of power is a common measure of power in research in the marketing and purchasing context. However, researchers argue that ranked measures force negative correlations on some of the bases and due to being content specific (originally meant for studying supervisor's influence over a worker in a work situation) it is not always applicable to buyer-seller relationships (especially legitimate, coercive and reward power). Thus, it is advised that

power is studied as a bi-directional construct, two-way interaction together with a dependency in the wider supply chain (Meehan & Wright, 2012, p. 671). In contrast to most of the distribution channel authors, we use all bases of power although risking the questionnaire to be too long; and do not just differentiate between coercive and non-coercive power sources. The scale items for all six constructs are a combination of scales provided by Katsikeas et al. (2000) and Swasy (1979). The informational power source was measured with the 7-item scale, where four items were provided by Katsikeas et al. (2000) and three items by Swasy (1979). The referent power source was operationalized by a 6-item scale, where the first three came from Katsikeas et al. (2000) and the rest from Swasy (1979). The expert power source was also measured by a 6-item scale, where the first four items were provided by Katsikeas et al. (2000) and two items by Swasy (1979). The legitimate power source was operationalized with a 6-item scale, where again the first three came from Katsikeas et al. (2000) and the rest from Swasy (1979). The use of reward and coercive power sources were measured with 3-item and 3-item scales, respectively, both stemming from Swasy's (1979) research.

Conflicts. Conflicts have been operationalized in various ways. The more we move to the recent papers, the more we observe a clear distinction between positive/functional and negative/dysfunctional conflict. We wanted to encompass both sides of the conflict, and therefore used emotional and destructive conflict as negative-, and task and constructive as positive conflict. Emotional and task conflict were measured with 4-item and 4-item scales, respectively. The items used to measure both constructs were slightly modified versions of those used by Rose et al. (2007). Destructive and constructive conflict, on the other hand, were measured with 5-item and 4-item scales, respectively. The items used to measure those two constructs were slightly modified versions of those used by Song et al. (2006).

Export performance. Export performance was measured by two different types of performance measures to encompass the large variety of scales used by scholars in various disciplines. Performance 1, as indicated in the conceptual model (see Figure 1), was taken from Zou et al.'s (1998) operationalization of EXPERF scale. This scale consists of 9 items, where the first three measure financial export performance, the second set of 3 items strategic export performance and last 3 items satisfaction with export venture. Performance 2, as indicated in the conceptual model, was however taken from Ruvio et al.'s (2004) research and is based on the strategic reference point theory (SRP), therefore representing added value in this research, as it has, to our knowledge, not yet been used frequently in international marketing studies, and certainly not to investigate relationships between conflicts and export performance. SRP includes three dimensions: internal capabilities, external conditions, and time (Fiegenbaum, Hart & Schendel, 1996). Thus, the scale consists of 6-items (3 means and 3 ends), which are measured at four different levels: a) relative to the plan for this year, b) relative to the expectations of owners/stockholders, c) relative to the expectations of a representative in the exact foreign market and d) relative to the previous three years.

Conflict resolution scales. Van de Vliert and Kabanoff (1990) tested how the measures of two most widely used conflict resolution models (1. Management of Difference Exercise (MODE) (Thomas & Kilmann, 1974); and 2. Rahim Organizational Conflict Inventory (ROCI) (Rahim, 1983)) are reflected in the underlying theory. The authors found that both models lack high validity, MODE as discriminates poorly between styles of competing and collaborating, while ROCI discriminates well between these two conflict styles but poorly differentiates between compromising and collaborating. Furthermore, both instruments failed to discriminate between avoiding and accommodating styles. Van de Vliert and Kabanoff (1990, p. 206) suggest that items should focus more on distinct behavioral characteristics rather than on their consequences. Thus, we tested and used the scale for conflict resolution measurement given by Koza and Dant (2007), who differentiate between integrative (problem solving, compromise) and distributive (passive aggressive, active aggressive) conflict resolution styles.

4.3.2 Reliability and validity analysis

Construct validity analysis usually consists of two steps: (1) exploratory factor analysis (EFA), and (2) confirmatory factor analysis (CFA). Exploratory factor analysis aims to determine the number of common factors influencing a set of measures and the strength of relationship between each factor and each observed measure, thereby identifying factors among multiple variables that build potential constructs. To be more specific, it offers to test convergent validity, where the items being indicators of a specific construct should converge (hang together in the questionnaire) or in statistical terms share a high proportion of variance in common. One of the possible ways to determine convergent validity is by assessing the size of factor loadings, which should be at least 0.5 or higher, and ideally 0.7 or higher (Hair et al., 2010, p. 709). Factor loadings for all constructs are presented in Appendix A1. On the other hand, confirmatory factor analysis provides an overall assessment of a given measurement model and offers assessment of discriminant validity, which evaluates the extent to which a specific construct is really distinct from other constructs. The one possible way to test it and we followed it is to fix the correlation between any two constructs as equal to one. CFA analysis gives us a wide variety of fit indices (see Table 4.1). There are suggestions in the literature that for a “good” model, the χ^2 -test should be non-significant with $p \geq 0.05$, $RMSEA \leq 0.06$, $NFI \geq 0.95$, $CFI \geq 0.95$, and $RMR \leq 0.08$ (Bagozzi, 2010, p. 211).

Although validity analysis was provided by scale authors, as well as we conducted “face validity inspection” by discussing the meaning of the scales with various respondents prior the actual survey, the confirmatory factor analysis showed some validity problems with measurement of constructive and destructive conflict, as well as passive aggressive conflict resolution style and product dependence. Therefore, we omitted destructive conflict scale items 1 to 3 and first scale item for constructive conflict, which were reversed items and we speculated that we are facing an error of reversibility. We omitted also item K (see the

questionnaire in the Appendix 1) from product dependence and PA1 from passive aggressive conflict resolution styles scale. All other constructs reported acceptable internal validity.

If we look at the various indices provided by the confirmatory factor analysis (Table 4.1), we observe that some of the theoretical specifications of the factors do not properly match the actual data (Hair et al., 2010, p. 693). In the cultural values scale (Yoo & Donthu, 1998) uncertainty avoidance reported a very high RMSEA index, which might contribute to a lower validity of a total scale. Among marketing mix scales (Lages et al., 2008), the scale for place reported bad results for RMR and RMSEA index, which may be contributed to smaller number of items used for place as for other marketing mix variables. The perceptual dependence scale (Zhou et al., 2007) reported high RMSEA and RMR index, while the division in subscales reports satisfactory results. The power sources scales reported satisfactory results along all indices, except for RMSEA, which is high in the case of informational, referent and legitimate power. The reason might be also contributed to the fact that the scales are a combination of two previously used scales (Katsikeas et al., 2000; Swasy, 1979). Similarly, we observe RMSEA index to be high in the cases of destructive conflict, passive aggressive and active aggressive conflict resolution strategy, and along all subdimensions of one of the export performance scales (Ruvio et al., 2004).

Reliability analysis for all research constructs is provided in the Table 4.2. The important contribution is the reliability analysis for first four power sources, which were combined of two different constructs provided by two different scholars (Katsikeas et al., 2000; Swasy, 1979). The added value is also the reliability analysis of newly developed perceptual dependence scales. In respect of performance 1, Zou et al. (1998) provides us with separate reliability tests for all three sub-constructs and for two countries: A. financial export performance: 1. USA: $\alpha=0.83$, 2. Japan: $\alpha=0.84$; B. strategic export performance: 1. USA: $\alpha=0.68$, 2. Japan: $\alpha=0.89$; and C. satisfaction with export venture: 1. USA: $\alpha=0.92$, 2. Japan: $\alpha=0.92$. On the other hand, Ruvio et al. (2007) did not provide us with reliability test for their scale (performance 2 in our case), where the added value of our research can be seen also in empirical verification of this scale validity and reliability. Additionally, most of the coefficients are above the critical value of 0.7 (Nunnally, 1978), while some are between 0.6 and 0.7, which is according to Hair et al. (2010) acceptable in exploratory research with scales with smaller number of items.

Table 4.1: Confirmatory factor analysis for all scales used in the study

Scale author	Scale name		χ^2	df	p	RMR	GFI	NFI	CFI	RMSEA
Yoo & Donthu (1998)	Cultural values	<i>Total scale</i>	497.88	289	0.00	0.089	0.744	0.583	0.759	0.083
		individualism	23.11	9	0.01	0.062	0.927	0.900	0.934	0.123
		masculinity	4.13	2	0.13	0.059	0.980	0.933	0.961	0.101
		uncertainty avoidance	26.79	5	0.00	0.065	0.900	0.816	0.839	0.205
		power distance	9.24	5	0.10	0.043	0.964	0.927	0.964	0.090
		long term orientation	19.08	9	0.03	0.046	0.939	0.869	0.923	0.104
Lages et al. (2008)	Marketing mix	<i>Total scale</i>	826.69	399	0.00	0.127	0.683	0.598	0.737	0.102
		product	71.08	33	0.00	0.093	0.898	0.833	0.900	0.105
		price	85.28	9	0.00	0.050	0.944	0.946	0.965	0.126
		promotion	78.14	35	0.00	0.077	0.874	0.833	0.898	0.109
		place	52.94	2	0.00	0.163	0.828	0.754	0.757	0.495
Sezen & Yilmaz (2007)	Dependence	<i>Total scale</i>	29.97	13	0.01	0.061	0.930	0.904	0.941	0.112
		irreplaceability	2.20	2	0.33	0.016	0.989	0.988	0.999	0.031
		importance	not enough df, can not be computed							
Zhou et al. (2007)	Perceptual dependence	<i>Total scale</i>	279.49	54	0.00	0.131	0.699	0.549	0.593	0.200
		advertising	not enough df, can not be computed							
		product	not enough df, can not be computed							
		financial	not enough df, can not be computed							
		sales	4.60	5	0.47	0.021	0.982	0.977	1.000	0.000
Katsikeas et al. (2000); Swasy (1979)	Power sources	<i>Total scale</i>	886.04	419	0.00	0.062	0.646	0.621	0.751	0.104
		informational	77.89	14	0.00	0.039	0.808	0.821	0.846	0.209
		referent	52.72	9	0.00	0.056	0.825	0.821	0.844	0.216
		expert	21.82	9	0.01	0.023	0.935	0.919	0.950	0.117

Scale author	Scale name		χ^2	df	p	RMR	GFI	NFI	CFI	RMSEA
		legitimate	61.66	9	0.00	0.081	0.832	0.768	0.790	0.237
		reward	not enough df, can not be computed							
		coercive	not enough df, can not be computed							
Rose et al. (2007)	Task, emotional conflict	<i>Total scale</i>	36.31	19	0.01	0.034	0.921	0.906	0.952	0.094
		task	1.11	2	0.57	0.100	0.995	0.991	1.000	0.000
		emotional	9.68	2	0.01	0.025	0.954	0.950	0.959	0.192
Song et al. (2006)	Destructive, constructive conflict	<i>Total scale</i>	21.10	8	0.00	0.076	0.943	0.889	0.925	0.125
		destructive	30.16	5	0.00	0.083	0.898	0.668	0.688	0.220
		constructive	5.55	2	0.06	0.051	0.976	0.959	0.973	0.131
Koza & Dant (2007)	Conflict resolution strategies	<i>Total scale</i>	237.16	98	0.00	0.069	0.793	0.675	0.771	0.117
		problem solving	7.57	2	0.02	0.028	0.964	0.942	0.955	0.164
		compromise	1.62	2	0.45	0.013	0.992	0.986	1.000	0.000
		passive aggressive	negative variance of error			0.054	0.942	0.843	0.856	0.236
		active aggressive	15.89	2	0.00	0.068	0.930	0.882	0.892	0.258
Zou et al. (1998)	Export performance 1	<i>Total scale</i>	31.22	24	0.15	0.022	0.934	0.949	0.987	0.054
Ruvio et al. (2004)	Export performance 2	<i>Total scale</i>	691.38	246	0.00	0.037	0.595	0.683	0.766	0.132
		PerfA	38.45	9	0.00	0.030	0.886	0.847	0.875	0.177
		PerfB	45.46	9	0.00	0.031	0.873	0.881	0.900	0.197
		PerfC	59.52	9	0.00	0.034	0.840	0.772	0.794	0.232
		PerfD	48.76	9	0.00	0.027	0.862	0.910	0.924	0.206

Table 4.2: Scale reliability analysis for both samples (sellers and buyers)

Scale author	Scale name		No. of items	Alpha (original)	Alpha (sellers)	Alpha (buyers)
Yoo & Donthu (1998)	Cultural values	<i>Total scale</i>	26			
		individualism	6	0.85	0.81	0.79
		masculinity	4	0.84	0.66	0.78
		uncertainty avoidance	5	0.88	0.75	0.79
		power distance	5	0.91	0.77	0.73
		long term orientation	6	0.79	0.72	0.80
Lages et al. (2008)	Marketing mix	<i>Total scale</i>	30			
		product	10	0.96	0.87	0.89
		price	6	0.97	0.86	0.84
		promotion	10	0.98	0.88	0.86
		place	4	0.97	0.81	0.78
Sezen & Yilmaz (2007)	Dependence	<i>Total scale</i>	7			
		irreplaceability	4	0.86	0.83	0.70
		importance	3	0.72	0.76	0.75
Zhou et al. (2007)	Perceptual dependence	<i>Total scale</i>	12	n.d.		
		advertising	2		0.89	0.67
		product ¹	3		0.73	0.60
		financial	2		0.68	0.72
		sales	5		0.83	0.69
Katsikeas et al. (2000); Swasy (1979)	Power sources	<i>Total scale</i>	31			
		informational	7	0.78	0.89	0.74
		referent	6	0.86	0.86	0.79
		expert	6	0.82	0.86	0.66
		legitimate	6	0.59	0.81	0.66
		reward	3	0.74	0.64	0.67
		coercive	3	0.81	0.71	0.87

Scale author	Scale name		No. of items	Alpha (original study)	Alpha (sellers)	Alpha (buyers)
Rose et al. (2007)	Task, emotional conflict	<i>Total scale</i>	8			
		task	4	0.77	0.80	0.73
		emotional	4	0.70	0.85	0.84
Song et al. (2006)	Destructive, constructive conflict	<i>Total scale</i>	9			
		destructive ²	5	0.74	0.66	0.67
		constructive ³	4	0.79	0.73	0.67
Koza & Dant (2007)	Conflict resolution strategies	<i>Total scale</i>	16			
		problem solving	4	0.90	0.77	0.66
		compromise	4	0.91	0.76	0.73
		passive aggressive ⁴	4	0.82	0.69	0.80
		active aggressive	4	0.94	0.77	0.82
Zou et al. (1998)	Export performance 1	<i>Total scale</i>	9		0.91	0.83
		financial	3	0.84	0.84	0.72
		strategic	3	0.68/0.89	0.86	0.77
		satisfaction	3	0.92	0.82	0.77
Ruvio et al. (2004)	Export performance 2	<i>Total scale</i>	24	n.d.	0.95	0.94
		perfA	6		0.85	0.84
		perfB	6		0.90	0.88
		perfC	6		0.84	0.90
		perfD	6		0.94	0.88

TOTAL	172
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¹ item K was omitted

² item D1-D3 were omitted

³ item C1 was omitted

⁴ item PA1 was omitted

4.4 RESEARCH METHODOLOGY

Conflicts with distribution channels were researched by using as much as qualitative methods (this case is evident lately; while also most of the IMP research on conflicts is based on case studies e.g. Laine, 2002; Tidström, 2009; Håkansson & Vaaland, 2000), as also quantitative methods. Webb and Lambe explain (2007, p. 30) that in case, when the objective of the study is basic understanding of a new phenomenon and the development of a new theory, in general qualitative methods are preferred and methodological diversity required. Although, the dissertation has for its purpose also the development of the theory around the distribution channel conflicts, the more in-depth analysis is required in order to assess all the interconnectivities, explained above. As Albaum et al. (1989, p. 35) explains, in international research qualitative variables are primarily used to assess internal factors of the firms that drive their behavior on the foreign markets. Furthermore, not only qualitative research provides rich descriptions and explanations about studied phenomenon, but also is suitable when the topic studied can be regarded as sensitive (Tidström & Hagberg-Andersson, 2008), which conflicts definitely are. Therefore, the initial phase of the conflict concept understanding will be supported by qualitative methods. However, Albaum et al. (1989, p. 35) and Churchill (1996, p. 268) add that when assessing firm's current level of export performance or relationships, as well as behavior on business-to-business markets, the quantitative methods of data collection should be used. In sum, qualitative methods will be used to get a general review of the research problem, while quantitative methods will give a more thorough explanation of the relationships between constructs.

I formed a structured questionnaire on the basis of the literature review and the already operationalized variables in the existing research from the field of distribution channel conflicts (Gaski, 1984, p. 15-20; Lusch, 1976, p. 6-9; Pearson, Ensley & Amason, 2002, p. 113-120; Rose & Shoham, 2004, p. 945; Rosenberg & Stern, 1971, p. 439-442; Vinhas & Anderson, 2005, p. 511-514; Webb & Hogan, 2002, p. 345-346; Webb & Lambe, 2007, p. 30-40), conflict resolution strategies (Berry, 1998, p. 69; Dant & Schul, 1992, p. 39-41; El-Ansary & Robicheaux, 1974, p. 4-7; Gahr, Mosca & Sarsar, 1995, p. 38; Rosenberg, 1974, p. 72-73; Moore, Birtwistle & Burt, 2004, p. 763), dependence (Frazier, Gill & Kale, 1989, p. 59-61; Gaski, 1984, p. 15-20; Hunt & Wood, 1986, p. 2-4; Sezen & Yilmaz, 2007, p. 46; Zhuang & Zhou, 2004, p. 677-682) and power structure (Brown, Lusch & Muehling, 1983, p. 55-64; Gaski, 1984, p. 15-20; Gaski & Ray, 2004, p. 196-200; Hunt & Wood, 1986, p. 2-4; Katsikeas, Goode & Katsikea, 2000, p. 197-198) within the distribution channels, standardization versus adaptation strategies (Albaum & Tse, 2001, p. 78-79; Brennan & Turnbull, 1999, p. 495; Brennan, Turnbull & Wilson, 2003, p. 1652- 1658; Katsikeas & Piercy, 1993, p. 24; Leonidou, Katsikeas & Hadjimarcou, 2002, p. 110-111; Lim, Sharkey & Kime, 1993, p. 105-107; Samiee & Roth, 1992, p. 11-13; Shoham et al., 2008, p. 143-145), individual cultural orientation/values (Bandyopadhyay & Robicheaux, 1998, p. 196; Beverland, Steel & Dapiran, 2006, p. 387-390; Ng, Lee & Soutar, 2007, p. 167-170; Swierczek & Onishi, 2003, p. 191; Yoo & Donthu, 2005, p. 44), and export performance

(Bilkey, 1982, p. 48; Cicic, Patterson & Shoham, 2001, p. 1118; Jaworski & Kohli, 1993, p. 66-68; Katsikeas, Piercy & Ioannidis, 1996, p. 19-25; Kim, Park & Prescott, 2003, p. 343-344; La, Patterson & Styles, 2005, p. 383; Shoham, 1998, p. 77-78; Zou, Taylor & Osland, 1998, p. 45-48). The questionnaire was pre-tested on the sample of ten (international) buyers and ten sellers (Slovenian exporters), where the comprehension of the questionnaire statements and the duration of the interview were evaluated and potential indistinctness improved. We assessed the relationships from both sides of the dyad, which were identified as particularly welcome in the literature, as it may help reduce any bias relying only on the perspective of one individual (Pressey & Qiu, 2007, p. 115).

The vast majority of studies in the international marketing literature are empirical rather than conceptual, among which a noticeable trend has been in favor of the diversification of the methods used (Nakata & Huang, 2005, p. 617-618). First, the qualitative methods are used to build theory, while in comparison with the results from the cross-sectional survey or experimental research design further strengthen our knowledge about the investigated phenomenon (Plank, 1997, p. 237). Choosing in-depth interviews as a qualitative method to start tapping the research problem presents several advantages (complex questions can be asked, high quantity of data, very good sample control, very good response rate, good method to stimulate interviewee) and disadvantages (low control of interviewers, most expensive, high social desirability and potential for interviewer bias) (Malhotra, 2002, p. 200). Second, the quantitative methods were used to quantify the data and seek for conclusive evidence based on some form of statistical analysis (we discuss this later). In the marketing literature we are faced with a predominance of survey research and corresponding analytical techniques, reliance on which may be related to prior issue of theoretical shortcomings (Nakata & Huang, 2005, p. 617-618). We are observing the growth of Internet research (Craig & Douglas, 2005, p. 475), and the decline in mail surveys (Nakata & Huang, 2005, p. 618). Internet surveys offer several advantages, including enabling the researcher to conduct research rapidly and at a relatively low cost, as surveys can be sent out worldwide and responses received very quickly (Craig & Douglas, 2005, p. 475). There is also no interviewer bias and a low social desirability problem (Malhotra, 2002, p. 200). On the other hand, it has several shortcomings, including the problem that the researchers will have lower exposure to the local research environment and as a result the researcher may lack understanding and familiarity with a local context, therefore ending with a limited basis on which to interpret the research results (Craig & Douglas, 2005, p. 476). Besides no control of environment, Internet surveys are characterized with a low response rate and low sample control (Malhotra, 2002, p. 200). As we are using a single informant in our study, this might be a potential source of bias. However, due to direct interaction between the supplier and buyer firm representatives, single informant bias might not be a problem in this particular research (Sezen & Yilmaz, 2007, p. 48).

The general part of the research represents the quantitative study, which was performed on the most successful Slovenian exporters and their buyers (e.g. distributors, agents). The given questions were the same, as the gaps in behavior and conflict perception might lead to distribution channel conflict clarification and increase explanatory power of conflict resolution approaches. Firms were selected in the sample frame according the export performance criteria and the number of firms in the distribution channel. The sampling frame used for this study was the list of selected Slovenian exporters, provided by IBON and SloExport database. We chose this database because it unites all exporters in one place, while eliminating those companies, which do not operate abroad and are thus not relevant to our study. Furthermore, this database was chosen because it enabled us to classify the potential respondents according to the company size and their revenues on domestic and foreign markets. The sample boundaries are salespeople/marketing managers and a matched set of boundary buyers/agents/distributors for the same companies. Additionally, two sub-samples were used (low and high tech) for comparison and generalizability of data. Although, Churchill (2001, p. 433) claims that a continuous scale divided in two equal parts, may be a very new experience for most of the research participants in some cultures such as Eastern Europe, the previous research and pre-testing of the scale revealed exactly the opposite results. Therefore, the variables of the researched constructs were measured with closed questions with a five-point Likert scale. The questionnaire includes variables relating to cultural values, conflicts, conflict resolution strategies, standardization/ adaptation of the marketing mix and export performance.

The sample specification and the descriptive representation of the measured variables were carried out through the univariate, bivariate and multivariate analysis. The conceptual model exploring the antecedents and consequences of distribution channel conflicts was examined by using various methods, from case studies (Richardson, 1995; Webb & Lambe, 2007), confirmatory factor analysis (Brown & Day, 1981; Song, Dyer & Thieme, 2006), canonical correlation (Etgar, 1980) to regression analysis (Lusch, 1976) and multivariate analysis of variance (Jehn & Mannix, 2001). However, most of the recent reviewed literature (Dant & Schul, 1992; Rose & Shoham, 2004; Shoham et al., 2008; Vinhas & Anderson, 2005) on conflicts within distribution channels used structural equation modeling as a concept of statistical correlation data analysis and conceptual model testing; therefore we follow their path. The structural equation modeling, as a statistical methodology, involves the measuring (the dependence and the influence) of both independent and dependent observed variables, where they are used to define independent and dependent latent variables that cannot be directly measured, however are hypothesized from the observed variables (Schumacker & Lomax, 1996, p. 2-5). Furthermore, the method is used to determine the extent to which the hypothesized model is consistent with the data, where the plausibility of the relations among variables is reached, when the goodness of fit is adequate; and when inadequate the tenability of such relations is rejected (Byrne, 1998, p. 3). As for empirical testing of the conceptual model we used Lisrel 8 software package (Jöreskog & Sörbom, 1993).

4.4.1 The process of data collection

A) QUALITATIVE STUDY

Among qualitative methods, we have chosen semi-structured in-depth interviews, which provide us with an opportunity to assess the research question at hand, as well as give us enough space to broaden the understanding of the research subject. The data collection was done in February and March 2010 and a non-random sample of 12 Slovenian international companies with developed distribution channels on foreign markets was managed. Firms were selected for the sample frame according to the export performance criteria and the number of firms in the distribution channel. The sampling frame used for this study was the list of largest Slovenian exporters, while the observed unit was the company and its whole international network of connected business entities (agents, distributors), representing them on the foreign market. The sample characteristics are displayed in Table 4.3. The average interview lasted 45 minutes (see Appendix Exhibit 4 for the questionnaire) and was carried out in an environment, where the non-desired environmental impacts were minimized and the interviewee was able also to express his/her emotions regarding the topic. All the respondents claim they face conflicts on a daily basis, and also have a large impact on conflict resolution within the company.

Table 4.3: Qualitative sample characteristics

<i>Sample indicator</i>	<i>Sample description</i>
Industry type	4 low-tech, 8 high-tech
Side of the dyad	8 sellers, 4 buyers
Geographic location	8 Slovenia, 4 foreign country (German, Russian, Serbian and Bosnian)
The job position	6 sales managers, 2 export managers, 4 subsidiary managers abroad

B. QUANTITATIVE STUDY

Data were gathered by sending out the questionnaire. Since English is not the official language in Slovenia, where the study was done, we used back translation. First, a person fluent in both languages translated the questionnaire into Slovene, while the second bilingual back-translated it to English. We used a third person, a marketing expert from Faculty of Economics University of Ljubljana to assess face and content validity, and compare both versions of the questionnaire. Minor changes were made to the Slovene version of the questionnaire. Then, we made a pretest on a sample of 15 export managers, with whom we performed in-depth interviews, which were used as an initial understanding of the investigated research problem (Churchil 2001). They pointed out, the length of the questionnaire and some scales, which were not understandable. After the pretest, some scales were omitted and the questionnaire was shortened, while some additional language corrections were implemented.

The sampling framework was SloExport database 2008, which consists of all Slovenian exporters, registered in that year. We used the nonrandom sampling method to select the relevant units of the analysis. The criteria to use exporters for our study were twofold. First, they needed to operate on at least three foreign markets, and second, at least 50% of their revenues were supposed to come from abroad. The questionnaire was sent out to 1010 export/marketing/sales managers or CEOs, who were also kindly requested to send the questionnaire forward to the sales representative (e.g. agent, distributor, etc.) on the foreign market. Out of 1010 email addresses, 33% of emails were returned to sender due to incorrect email address, while 31% of exporters returned email by saying that they are either not exporting anymore, do not have a representative on foreign markets or are in the process of bankruptcy (i.e. we must also consider the fact that sampling database was filled with the contact information of companies before the recession). In total the actual sampling framework consisted of 445 companies, which were also contacted by phone. After this first wave of research, done at the beginning of year 2010, 152 questionnaires came back from exporters' (sellers') side, and only 78 were fully filled out; while on the sales representatives' (buyers') side the response was even lower, as only 86 questionnaires came back and out of these, 56 were fully filled out. Four additional months were spent for contacting companies by phone and performing surveys in approximately half of the additional cases in person. At the end of the study, on 15th of September, 284 questionnaires were gathered on the sellers' side out of which 105 were fully filled out, and 176 questionnaires on the buyers' side, out of which 101 were fully filled out. Hence we use 105 sellers and 101 buyers as an actual sample size and can thus report a 24% effective response rate on sellers' side and 23% effective response on buyers' side.

4.4.2 Data analysis

We use multiple regression, hierarchical regression and structural equation modeling (SEM) to analyze the data. If the use of regression is the common way to start analyzing the (causal) associative relationships between a metric dependent variable and one or more independent variables (Malhotra, 2002, p. 541), the use of SEM content validity of the measurement instrument and relationships within the proposed conceptual model represents the methodological added value of this research. Structural equations are not merely an alternative to regression, but a superior technique that is in marketing journals already supplanting the regressions (Iacobucci, Saldanha & Deng, 2007, p. 141). As data in social sciences is usually collected from human respondents, the estimations of statistical relationships are subject to measurement error (Iacobucci, Saldanha & Deng, 2007, p. 141). SEMs take measurement error as regressions into account better and overcome common problems that might arise in multiple regression models (Bagozzi, 2010, p. 208). If applying the SEM technique, the model should have a strong theoretical basis, be clearly integrated and implied by the focal conceptualization (Iacobucci, Saldanha & Deng, 2007, p. 152).

Survey data present a natural fit for SEM, however secondary data can be analyzed using this important tool for marketing researchers (Iacobucci, 2009, p. 673). Scholars (e.g. Iacobucci, 2009; Bagozzi, 2010; Fabrigar, Porter & Norris, 2010) alert the most common mistake the researchers publishing in marketing journals make is interpret SEM results as causal relationships, although they are not derived from experiments but are rather correlational. The scholars suggest conceptualizing the causality as lying along a continuum.

A major benefit of using structural equation modeling is that they can examine a series of interrelated dependence relationships (among the measured variables and unobservable latent constructs, as well as between latent constructs itself) simultaneously. The ability to use multiple measures (observed and unobserved) in the measurement model to represent a construct is an additional strength of SEM. Thus, the technique is particularly useful when testing theories containing multiple equations that involve dependence relationships (Hair et al., 2010, p. 630). The fact that it takes a confirmatory rather than exploratory approach to data analysis is also a favorable characteristic. Finally, there are no easily applied alternative methods for modeling multivariate relations, thus it gained a particular value in social sciences (Byrne, 2010, p. 3-4).

Table 4.4: The characteristics of different fit indices that demonstrate model's goodness-of-fit

Index name	Cutoff value	Index explanation
χ^2 statistic	χ^2 -test should be non-significant with $p \geq 0.05$	The most fundamental absolute fit index, where we are looking for no differences between matrices (low values). With the larger samples this becomes problematic, thus it is used together with other indices.
Goodness-of-fit index (GFI)	Above 0.9	Represents an early attempt to produce a statistics fit that would be less sensitive to sample size. There is no statistical test associated with it.
Root mean square error of approximation (RMSEA)	Values below 0.08	Represents how well the model fits a population and tries to correct for model complexity and sample size by including both in the computation.
Root mean square residual (RMR)	Less than 0.09	Represents an average of residuals. It has a problem, as it is related to the scale of covariance.
Normed fit index (NFI)	Above 0.9	Represents the ratio of the difference in the χ^2 value for the fitted model and a null model divided by the χ^2 value for the null model. The model complexity increases it, which is its disadvantage.
Comparative fit index (CFI)	Above 0.92	An improved version of NFI, which is due to its relative insensitivity to model complexity, one of the most widely used indices.

Source: based on Hair et al., 2010, p. 666-672.

The table on the previous page shows the most important model fit indices. We differentiate between absolute fit indices (χ^2 , GFI, RMSEA and RMR) and incremental fit indices (NFI, CFI). The absolute fit indices show how well the specified model reflects the observed data. Thus, as a direct measure report how well the researcher's theory fits the sample data. The incremental fit indices provide the assessment of fit improvement through related multi-item constructs, showing how well the estimated model fits to the alternative baseline (null) model (Hair et al., 2010, p. 666-668). We must note that the index cutoff values depend on the sample size (the larger the sample the more strict they are) and the number of observed variables (the higher the number the less strict they are). In the following table we provide cutoff values for our sample size being bellow 250 and over 30 observed variables.

When the hypothesized structural path turns out to be non-significant, this is either “a diagnostic clue that the model may be misspecified and the theory needs rethinking”; or the particular data fails to support the theory (Bagozzi, 2010, p. 211). As the author reports, it is a very common outcome of everyday research that χ^2 -test is significant and one of the indices above is unacceptable. There is a particular danger of rejecting a valid model solely based on χ^2 -statistics, which comes out significant due to large samples. Thus, the author suggests focusing on other fit indexes in that occasion.

5 RESEARCH RESULTS

5.1 RESULTS OF QUALITATIVE RESEARCH

First, the research respondents were asked how they **understand conflicts** in general. Most of the respondents were trying to explain conflict by explaining the causes of conflict, either different goals, disharmonious communication or different value system. Most of the high tech companies associated conflict with negotiations, explaining different points of view and different interests, where conflict is constructive, when both sides are striving for better business solution. On the other hand, most of the low-tech companies offered a more narrow view of conflicts, describing them as a fight, clash or a large difference in business comprehension or just lack of understanding the counterpart (viewpoints). In sum, one of the respondents summarized those findings in a definition: *“Conflict is usually a misunderstanding of two persons, where in respect of their viewpoint on one project, wish or goal they do not agree about the way how to get there or the final solution.”* Following two different perspectives on the value of conflict, the research respondents were asked, whether they understand conflict as a “disease in business exchange having primarily disruptive, dissociating and dysfunctional consequences” (Håkansson & Vaaland, 2000, p. 8), or if they perceive conflict in a more functional way, leading to higher collaboration and consequently better performance on the long run. Most of the respondents agree that conflict in Slovenia is explicitly marked with negative connotation, although according to their belief managers of successful companies also recognize conflict as a sign of progress.

Especially respondents from manufacturing companies explain that a certain extent of conflict is necessary, if we want research and development to take place. Furthermore, *“by solving the conflict you take care that it does not appear anymore and thereby you primarily make an improvement in communication, processes or anything else.”* Some of the respondents made it clear that conflict can be both, either positive either negative, depending on the viewpoint. They were explaining that in the private personal context conflict is always negative, while in business context more positive. There is also a difference, whether we look on the short-run, when conflicts are usually perceived negatively, or on the long run, where conflicts might turn out to be positive not only in terms of improving business processes and new to that day unknown solutions, but also getting rid of “troublemakers”, which put too much negative energy in the relationship and even negatively impact the financial performance of the company.

5.1.1 The antecedents of conflicts

Rosenberg and Stern (1971) were among the first, who suggested that the **nature of channel system** impacts conflict occurrence and its intensity. When asking research respondents which **factors impact the conflict between headquarters and subsidiary, agent or distributor to arise**, one of the most common answers was **company organization on the foreign market**. The respondents explained that in the case of using different distribution channels to reach the same market or in the case of more firms owned by the same multinational company, communication between the two are highly connected with conflict, especially if/as employees involved in the relationship do not belong to the same management level. Håkansson and Vaaland (2000) explain that “adding third party contribution to dyadic conflict is rare among the empirical studies of conflict in marketing channels”, but crucial, as identified by our study. Very common conflict arising between headquarters and its subsidiaries concerns the **knowledge about the foreign market**, which is related to the question of centralized or decentralized decision-making. One of the subsidiary managers said, *“ex-Yugoslavian markets are completely different in terms of consumer preferences, expectations, values and buying behavior, although once we were living in the same country”*. Nevertheless, as respondents from subsidiaries claim, it is very important for their headquarters to listen to their feedback from the market, what is selling there and what should be developed specifically for that market, as this information may have a large impact on the performance of the company as a whole, as well as on innovations within the company. Our findings confirm that not only the static knowledge about the foreign market impacts the conflicts, but also **the flow of information between markets** itself.

Probably one of the most important decisions, when preparing international business strategy is deciding on the **entry mode**, which according to the survey respondents plays an important role in conflict creation. One of the subsidiary managers explained that the Slovenian company is present on their market with two subsidiaries, where only one is

completely owned by the headquarters, while the second one is a joint venture with one of the local firms. Although, the headquarters own more than half of the company, they do not allow the production of the most innovative products to take place in joint venture company, as they do not want to distribute knowledge freely, as well as share profit with somebody else. From the viewpoint of the headquarters this is a normal way of business, while for joint venture subsidiary this is already considered as a conflict. The entry mode as a source of conflict also confirms that we should not look at dyadic relationship alone, as in the potential sources of conflict might be hidden in headquarters' network of relationships. Furthermore, the company needs to decide on **the activity on the foreign market**, whether they will only sell the products or also produce them. From this viewpoint according to the belief of subsidiary managers, the role of subsidiary can be misunderstood, confirming the lack of role clarity to be one of the attitudinal sources of conflict, as identified by Etgar (1979). In sum, the **level of internationalization** influences the level of adaptation to certain market, as well as conflict that may arise, if the company pursues the same strategy on all markets. When the home market is the most important market for a multinational company in terms of revenues, the company will produce and sell products for that market also internationally, neglecting the needs of specific markets. We may conclude that the level of a firm's internationalization is an important factor, determining the degree of **standardization/adaptation of international marketing strategy**. As all respondents are working in firms, where high degree of adaptation is necessary in foreign markets, they explain that more conflicts arise at headquarters, which monitor the subsidiaries than in subsidiaries alone, which know the market and just implement the right strategy.

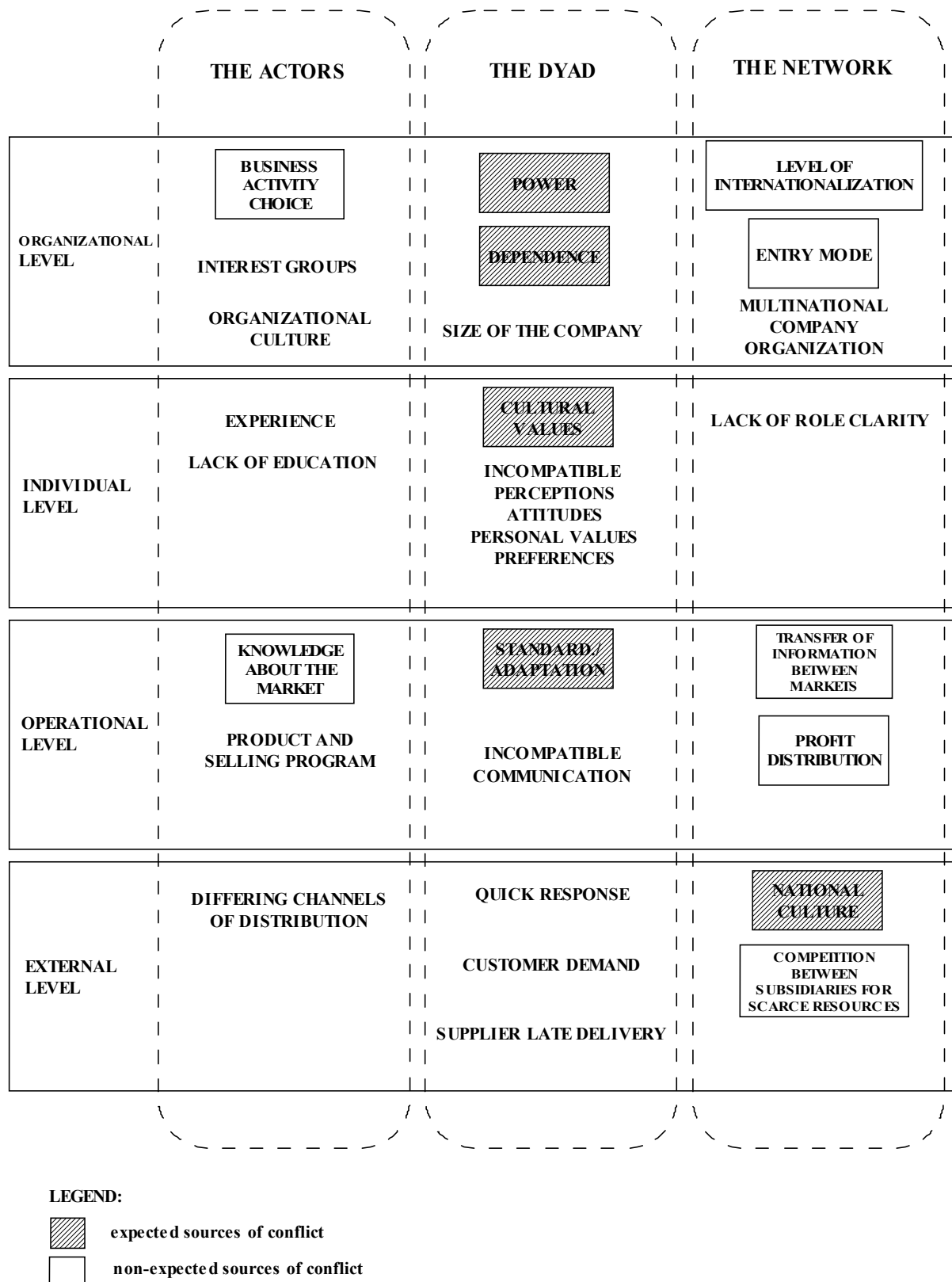
The research among Slovenian retailers identified **the competition between subsidiaries for scarce resources**, provided by headquarters to be one of the more common sources for conflict in current time of financial and economic crisis. As Håkansson and Vaaland (2000) explain, this factor may lead to latent conflict, when viewing a conflict escalation through five stages (latent-, perceived-, felt-, manifest conflict, and conflict aftermath), proposed by Pondy (1967). Etgar (1979) has already identified the competition for scarce resources as a structural cause of conflict; however in his terms this was a conflict and competition between distribution channel members regarding exclusive rights to special markets. Furthermore, the respondents identified **profit distribution** between subsidiary and headquarters as one of the most common conflict sources. One of the sales managers explains: *"while subsidiary managers argue that profit should stay where it is generated, the management board argue that profit should belong to the brand developer... the subsidiaries claim that such profit distribution hinders their development, however the management board wants to have a control over the foreign investments and approves resources to the subsidiary manager, after he/she presents the project to the management board"*. In essence, the identified sources of conflict are the added value of this research, as they were unexpected according to literature review, and expand the scope of conflict understanding also to international business research.

When looking at expected conflict antecedents, **different culture** (either organizational, either national) prevailed in all cases as a highly influential factor. Some of the respondents shared their research results, which showed that culture was not so different on the national level or in terms of geography where they are present, but more different based on diverse company history and different organizational cultures that were created through company history. Our findings confirm Rosenberg and Stern's (1971) study, which in different setting proved the connection between interaction history and conflict, claiming that knowing the history of your partner and mutual experience reduce the risk for sanctions from the conflict. Furthermore, one of the subsidiary managers explained that the business culture across Europe is becoming more and more unified, as managers got the education in the developed European countries, however on the personal level belongingness to different culture, values and tradition may differ even from one worker to another within one firm.

However, when evaluating the impact of **dependence/power** on conflict, most of the respondents claim that it is minimal, if not even negligible. The subsidiary managers' claim that their relationship toward headquarters should be the same as it is the relationship of headquarters to their owners, while the level of conflict particularly depends on the amount of information that is given to headquarters from the subsidiary. On the other hand, export managers at headquarters claim that sometimes it is wise to guide the subsidiary managers in order not to become "a local sheriff", while when limiting subsidiary manager too much, the frequency of conflicts is higher, as they limited by their flexibility and creativity soon hit the boundaries. Furthermore, there are some differences identified by research respondents, whether company is competing on **business to customer (B2C) or business to business (B2B) market**. On the B2C market the conflict is more connected with personality of the customers as to his power, as even the smallest customers may be in constant conflict with the company. On the other hand, the B2B market does not offer a rule that the largest buyer also having most conflict because of the power, as usually even when the sales volume splits in half, the extent of conflicts stays the same. However, respondents recognize that on B2B- conflicts are more task-related than on B2C market.

Research respondents also identified other sources of conflict that are not necessary connected only to international firms or distribution channels itself. Goal incompatibility, commitment, involvement, different perceptions regarding decision-making and task and responsibilities division were confirmed to be conflict sources as already by the study of Rosenberg and Stern (1971). One quite interesting source of conflict that might also be culturally specific is **interest groups**, which were according to the respondents formed in headquarters in order to sustain the job position. In this respect, when the threat for a job position is high, interest groups will be built in order to sustain status quo. Interest groups are usually possessing high legitimate power and do not allow any progress, which leads to conflict between interest groups or between new and old employees.

Figure 5.1: Sources of conflicts in international distribution channels



Sources: adapted from Laine, 2002; Tidström, 2009 and own primary research.

Other listed sources of conflicts were different value systems, size of the companies, lack of education, personality, experience, product and selling program and quick response to the needs of both companies, involved in the relationship (see Figure 5.1). The sources of conflicts were put in the matrix, adapted from Laine (2002) and Tidström (2009), based on two criteria: first, at which level (organizational, operational, individual, external) do they take place, and second, whom do they affect (the actor alone, the dyadic relationship between buyer and seller, or the network as a whole). Most of sources of conflict unexpected in domestic channels (but expected in international channels) were identified at the organizational level (e.g. level of internationalization, entry mode, etc.) and operational level (e.g. transfer of information between markets), while in general most conflict sources pertain to dyadic relationship, which is logical, as the dyad was the main evaluation unit.

5.1.2 The consequences of conflicts

The respondents were also asked, **how do they resolve the conflicts**, and the most common answer was depending on the (friction) event, market and personality of the persons involved. Already Vaaland (2001) talked about governance of friction events, which are influencing the extent of collaboration and conflict in business relationships. Our study confirms the situation factors and level of governance having an influence on conflict occurrence. In addition, the research revealed not only the importance of governance mechanisms like incentives, authority and trust, as discussed by Håkansson and Vaaland (2000) and Vaaland (2001), but also their role as conflict resolution strategies.

All respondents stressed the importance of conversation between people, who are in conflict, especially if the conflict has evolved to that level, where people started to avoid each other. Most of the respondents agree that the conflict resolution strategies depend on the source of the conflict. One of the respondents explained that *“in case when new employee fails to subject to goals and values of the company, the solution is really simple: either in or out”*. Furthermore, the research identified the type of organizational structure to have an impact on conflict resolution, as well as conflicts itself. When having a matrix organizational structure, where product managers are responsible for developing a program and subsidiary managers, who are responsible for production, trade or sales on specific market, already the structure itself presents a potential for conflict and consensus between both sides is a daily routine how to manage foreign operations.

At the end, the interviewees were asked whether **conflicts impact the export performance** of the company, where we faced very interesting results, as all subsidiary managers claim that they do not see any connection between conflicts with headquarters and their performance on the market, while all sales or export managers at headquarters of Slovenian companies confirmed this link. We will conclude the research results presentation by one of the quotes of one of the research respondents, who provide a summary of some findings, explained above:

“Where we talk the most, there are also the most of conflicts and the best results. Through conflicts, discussion, different points of view we come to understanding, what headquarters want and what subsidiary understands the market wants. We arrive to higher understanding, as the headquarters get better view on the market and arguments of subsidiary, where people employed are usually local and are not involved in daily activities at headquarters, but now better understand what headquarters want by certain activities. Without conversation and without those activities there are no conflicts, it does not come to situation solving and business results are worse.”

5.2 RESULTS OF QUANTITATIVE RESEARCH

5.2.1 Sample description

The Seller’s sample can be characterized by 71% of male and 29% female respondents, aged 27 to 67, while most of the respondents (37%) were in their late thirties and early forties. Export managers were the most common representatives in the sample (39%), followed by CEOs (32%), marketing managers (11%) and sales reps (11%). The average number of years of employment by respondents in that particular company was 10.98 years. Most of the respondents (70%) hold bachelor degree, 16% master’s degree or PhD and only 14% high school degree. Respondents represented two different industries, 58% of them came from the high-tech industry and 42% from the low-tech industry. When using a standard classification for number of employees corresponding to specific firm size (e.g. below 250 employees is recognized as an SME), 56% of companies are SMEs and the rest large companies. On average, the respondent companies have been operating for 48 years, out of which, on average, 24 years abroad and, on average, in 18 foreign markets. Most of the companies report that their revenues are rising (64%), while 16% report that their revenues are falling. Most of the companies fall in the class between 1 and 5 million EUR of revenues (21%), while all other companies are normally distributed on a scale from 100,000 EUR to 1 billion EUR.

The Buyer’s sample can be characterized by 68% of male and 32% female respondents, from 23 to 56, while most of the respondents (42%) were in their thirties. Sales/Purchasing managers were the most common representatives in the sample (43%), followed by CEOs (38%), marketing managers (10%) and sales reps (6%). The average number of years of employment by respondents in that particular company was 5.89 years. Most of the respondents (48%) hold bachelor degree, 25% master’s degree or PhD and only 27% high school degrees. The respondents again represented two different industries, which are similar to the sellers’ case, 58% of them came from the high-tech industry and 42% from the low-tech industry. Most of the respondents are operating on the German market (17%), followed by Serbia (15%), Croatia (14%), Italy (6%), Czech Republic (6%) and Austria (5%), which corresponds to the ranking order of most frequently served markets by

Slovenian companies (SURS 2010). When using a standard classification for number of employees corresponding to specific firm size (e.g. below 250 employees is recognized as an SME), 67% of companies are SMEs and the rest large companies. On average the respondent companies have been operating for 31 years, out of which, on average, 17 years abroad and, on average, in 12 foreign markets. Most of the companies report that their revenues are rising (46%), while 14% report that their revenues are falling. Most of the companies fall in the class between 1 and 5 million EUR of revenues (23%), while all other companies are normally distributed on a scale from 100,000 EUR to 500 million EUR.

5.2.2 Descriptive statistics

We use independent sample t-test and corresponding descriptive statistics to test hypotheses H_{1a} , H_{2a} , H_{3a} and H_{4a} . The analysis across both samples identified several differences between buyers and sellers, thereby offering possible gaps leading to distribution channel conflicts. The respondents in Slovenian companies are more risk averse than their foreign counterparts. They experience higher perceptual dependence on their buyers, including advertising, financial and sales dependence, however not product dependence which means they are responsible for product development. When assessing the power sources in the channel, sellers perceived informational and expert power of their foreign partners higher than vice versa, while sales representatives perceived sellers' reward and coercive power to be higher compared to seller's perception of buyers' power. Emotional, task and destructive conflict were on average identified as present more frequently on the buyers' side than suppliers' side. Distributive (passive aggressive and active aggressive) conflict resolution strategies were identified as being used more often in the case of buyers compared to sellers' answers. Export performance relative to the expectations of stockholders and relative to the previous three year was identified to be slightly better at the buyers' side compared to sellers' sample. The following table offers a review over all used constructs in the study, including their mean and standard deviation scores for both samples.

Table 5.1: Descriptive statistics for all constructs in the study, including the evaluation of differences between seller and buyer sample

Construct		Mean	Std. Dev.	Skewness	Kurtosis
individualism	S	3.69	0.71	-0.62	1.20
	B	3.65	0.66	-0.74	1.86
masculinity	S	2.62	0.78	0.25	0.08
	B	2.74	0.93	0.25	-0.29
uncertainty avoidance*	S	3.78	0.61	-0.30	0.05
	B	3.60	0.67	-0.06	-0.28
power distance	S	2.19	0.70	1.00	2.08
	B	2.22	0.73	0.65	-0.05

Continued

Construct		Mean	Std. Dev.	Skewness	Kurtosis
long term orientation	S	4.03	0.53	-1.29	5.07
	B	3.98	0.55	-0.25	0.69
stand/adapt: product	S	2.58	0.81	-0.05	-0.88
	B	2.60	0.83	0.56	0.54
stand/adapt: price	S	3.59	0.77	-0.44	0.20
	B	3.57	0.76	-0.46	0.24
stand/adapt: promotion	S	3.14	0.76	-0.43	0.70
	B	3.13	0.72	-0.60	0.41
stand/adapt: place	S	3.02	0.83	0.05	-0.17
	B	2.95	0.76	-0.29	0.30
irreplaceability (dependence)	S	2.56	0.74	0.34	-0.25
	B	2.63	0.75	0.41	0.89
importance (dependence)	S	3.58	0.80	-0.70	1.05
	B	3.62	0.67	-1.03	3.03
perceptual dependence (total)**	S	3.64	0.63	-0.06	-0.04
	B	3.07	0.62	-0.32	0.53
advertising dependence**	S	3.50	0.99	-0.74	0.31
	B	2.86	0.99	-0.14	-0.29
product dependence	S	3.66	0.90	-0.30	-0.79
	B	3.80	0.87	-0.71	0.23
financial dependence**	S	3.30	0.92	-0.26	-0.07
	B	2.56	0.98	0.19	-0.75
sales dependence**	S	3.83	0.67	-0.04	-0.41
	B	3.01	0.74	-0.34	-0.16
informational power source**	S	3.93	0.57	-0.37	2.20
	B	3.48	0.49	-0.27	0.32
referent power source	S	3.53	0.61	-0.10	1.24
	B	3.48	0.57	0.04	0.39
expert power source**	S	3.85	0.51	-0.22	0.69
	B	3.57	0.47	0.09	0.46
legitimate power source	S	3.33	0.66	-0.30	0.50
	B	3.37	0.50	-0.49	0.58
reward power source**	S	2.46	0.74	0.12	0.03
	B	2.72	0.65	-0.09	-0.34
coercive power source**	S	1.96	0.67	0.58	-0.26
	B	2.46	0.74	-0.01	-0.03
emotional conflict**	S	1.70	0.61	0.71	-0.15
	B	2.37	0.70	-0.09	-0.22
task conflict**	S	2.20	0.62	-0.22	-0.21
	B	2.62	0.57	0.11	0.13
destructive conflict**	S	2.19	0.74	0.49	1.08
	B	2.59	0.82	0.03	-0.61

continued

Construct		Mean	Std. Dev.	Skewness	Kurtosis
constructive conflict	S	3.26	0.79	-0.21	1.14
	B	3.35	0.60	0.06	0.17
problem solving	S	4.01	0.53	-0.22	-0.23
	B	4.02	0.47	0.11	0.54
compromise	S	3.62	0.56	-0.31	0.34
	B	3.64	0.54	-0.17	0.80
passive aggressive**	S	2.92	0.69	0.21	0.73
	B	3.24	0.75	0.11	-0.31
active aggressive**	S	2.29	0.67	0.10	-0.09
	B	2.61	0.75	0.00	0.65
financial export performance	S	3.60	0.65	-0.38	0.51
	B	3.55	0.57	0.09	0.08
strategic export performance	S	3.64	0.70	0.06	0.11
	B	3.51	0.58	-0.60	0.04
satisfaction with export venture	S	3.61	0.59	0.04	0.13
	B	3.71	0.56	-0.27	0.45
Export performance 1 - total	S	3.62	0.57	-0.02	0.50
	B	3.59	0.45	0.26	0.14
perf_A	S	3.55	0.50	0.21	-0.32
	B	3.65	0.49	0.25	0.04
perf_B*	S	3.50	0.58	-0.65	2.94
	B	3.63	0.51	0.40	0.57
perf_C	S	3.62	0.46	0.01	0.21
	B	3.70	0.59	0.12	0.44
perf_D*	S	3.55	0.68	-0.56	1.15
	B	3.73	0.56	0.10	0.30
Export performance 2 - perf_ABCD *	S	3.55	0.49	-0.27	1.97
	B	3.68	0.43	0.35	0.51

Note: S = supplier (n=105), B = buyer (n=101); * significant differences at $\alpha < 0.05$; ** significant differences at $\alpha < 0.01$.

Based on the analyses above we may confirm that the strongest support was found for the gap in the sellers' perception of buyers' power and the buyers' perception of sellers' power (H_{4a}) along informational, expert, reward and coercive power. The differences between buyers and sellers were confirmed also for the perceptual dependence (H_{3a}). Surprisingly, the gap between the buyers' perception of their own standardization/adaptation of marketing strategy and the sellers' perception of their own strategy was not identified (H_{2a}), which may be contributed to a culturally diverse buyers' sample that may suppress the differences. With respect to differing cultural values across both samples, the study gives support only to differences in uncertainty avoidance, thus hypothesis H_{1a} can be only partially supported. The analysis unveiled some additional possible gaps between buyers and sellers. Between the sellers' perception of conflicts with buyers and the buyers' perception of conflicts with sellers there is another gap along their understanding of emotional, destructive and task conflict. The gap in their own perceived usage of conflict

resolution styles was found only in the case of passive aggressive and active aggressive strategy. Finally, the gap was identified with the construct of export performance, where performance relative to the expectations of owners and relative to the previous three years was differently perceived by buyers and sellers.

5.2.3 The gap analysis

The gap analysis was performed to assess hypotheses H_{1b} , H_{2b} , H_{3b} and H_{4b} . The assessment of the whole sample was not possible due to the change of the nature of data collection as already mentioned in the methodology section. Thus, only part of the sample will be used, including only those, where buyer-seller pairs could be identified. The final sample size for gap analysis is 66 buyer-seller pairs. Regression was used to evaluate the possible gap influences on various conflicts.

The results displayed in the following tables offer only partial support for the evaluated hypotheses. The gap in cultural values leading to conflict (H_{1b}) was supported from both sides of the dyad. The gap in uncertainty avoidance was found to lead to constructive conflicts as perceived by the sellers, while the gaps in individualism and long-term orientation lead to task conflict as perceived by the buyers. The causal relationship between the gap in standardization/adaptation of marketing strategy and conflicts (H_{2b}) was supported only from the viewpoint of the sellers.

The gap in standardization/adaptation of product, price, promotion and place create destructive conflict, while the gap in standardization/adaptation of place also decreases constructive conflict. Similar results were found for the influence of the gap in dependence on channel conflicts (H_{3b}). The significant results were found only in the sellers' perception of conflicts, where the gap in perceptual dependence decreases emotional conflicts and destructive conflicts. It was found also that the gap in partner's importance decreases task conflict.

Finally, we tested the causal relationship between the gap in channel power and conflicts (H_{4b}). In contrast to the strong support for direct influence of power on conflicts, the gap analysis showed a small support. We observe that only the gap in coercive power decreases emotional conflicts as perceived from the buyers, while gaps in other sources of power do not have any influence on conflict. Here we may conclude that only negative aspects of power influence also negative perceptions of the amount of conflict in the channel.

Table 5.2: Evaluating the causal relationship between the gap in cultural values and conflicts (H_{1B})

Relationship (n = 66)	Sellers			Buyers		
	β	P-value	R^2	β	P-value	R^2
CULTURAL VAL. GAP \rightarrow EMOTIONAL C.			0.023			0.086
Individualism	-0.031	0.845		0.057	0.709	
Masculinity	0.052	0.697		-0.243	0.064*	
Uncertainty avoidance	0.122	0.450		-0.015	0.925	
Power distance	0.047	0.740		0.119	0.383	
Long-term orientation	-0.101	0.481		0.130	0.349	
CULTURAL VAL. GAP \rightarrow TASK C.			0.109			0.168
Individualism	0.081	0.588		0.257	0.079	
Masculinity	0.270	0.038*		-0.181	0.146	
Uncertainty avoidance	0.232	0.137		-0.118	0.431	
Power distance	-0.108	0.423		0.046	0.724	
Long-term orientation	-0.168	0.219		0.247	0.064	
CULTURAL VAL. GAP \rightarrow DESTRUCTIVE			0.067			0.113
Individualism	-0.042	0.786		0.091	0.542	
Masculinity	0.044	0.737		-0.248	0.055*	
Uncertainty avoidance	0.127	0.423		-0.243	0.119	
Power distance	0.154	0.266		0.245	0.062*	
Long-term orientation	-0.183	0.192		0.118	0.388	
CULTURAL VAL. GAP \rightarrow CONSTRUCTIVE			0.179			0.061
Individualism	0.202	0.164		0.058	0.705	
Masculinity	0.034	0.783		-0.039	0.767	
Uncertainty avoidance	0.256	0.088		-0.162	0.310	
Power distance	-0.038	0.766		0.238	0.089*	
Long-term orientation	0.068	0.602		-0.066	0.636	

* F-test is not significant.

Table 5.3: Evaluating the causal relationship between the gap in standardization/adaptation of marketing strategy and conflicts (H_{2B})

Relationship (n = 66)	Sellers			Buyers		
	β	P-value	R^2	β	P-value	R^2
STD./ADPT. GAP \rightarrow EMOTIONAL CONF.			0.066			0.116
Product	0.251	0.090*		0.046	0.749	
Price	-0.079	0.587		-0.024	0.865	
Promotion	-0.253	0.208		-0.199	0.308	
Place	0.179	0.301		-0.181	0.282	

Relationship (n = 66)	Sellers			Buyers		
	β	P-value	R ²	β	P-value	R ²
STD./ADPT. GAP → TASK CONF.			0.066			0.087
Product	0.075	0.611		0.091	0.528	
Price	0.111	0.446		-0.006	0.965	
Promotion	-0.413	0.042*		-0.036	0.854	
Place	0.217	0.211		-0.290	0.092*	
STD./ADPT. GAP → DESTRUCTIVE CONF.			0.198			0.081
Product	0.335	0.016		-0.184	0.208	
Price	-0.283	0.039		0.043	0.765	
Promotion	-0.364	0.053		0.130	0.513	
Place	0.330	0.042		-0.272	0.115	
STD./ADPT. GAP → CONSTRUCTIVE CONF.			0.211			0.084
Product	-0.003	0.984		0.254	0.084*	
Price	0.113	0.401		-0.038	0.789	
Promotion	-0.175	0.343		-0.313	0.118	
Place	-0.352	0.030		0.265	0.125	

* F-test is not significant.

Table 5.4: Evaluating the causal relationship between the gap in dependence and conflicts (H_{3B})

Relationship (n = 66)	Sellers			Buyers		
	β	P-value	R ²	β	P-value	R ²
DEPENDENCE GAP → EMOTIONAL CONF.						
Irreplaceability	-0.112	0.388	0.012	0.197	0.157	0.067
Importance	-0.013	0.922		-0.152	0.229	
Perceptual dependence	-0.235	0.057	0.055	0.061	0.628	0.004
DEPENDENCE GAP → TASK CONF.						
Irreplaceability	-0.135	0.292	0.026	-0.019	0.883	0.003
Importance	0.061	0.635		0.051	0.693	
Total perceptual dependence	0.093	0.456	0.009	-0.056	0.652	0.003
DEPENDENCE GAP → DESTRUCTIVE C.						
Irreplaceability	-0.013	0.918	0.085	-0.106	0.412	0.011
Importance	-0.295	0.020		-0.027	0.833	
Total perceptual dependence	-0.202	0.103	0.041	0.168	0.178	0.028
DEPENDENCE GAP → CONSTRUCTIVE C.						
Irreplaceability	0.041	0.751	0.031	-0.254	0.047	0.064
Importance	0.180	0.161		0.000	0.999	
Total perceptual dependence	0.196	0.115	0.038	-0.050	0.689	0.003

Table 5.5: Evaluating the causal relationship between the gap in power sources and conflicts (H_{4B})

Relationship (n = 66)	Sellers			Buyers		
	β	P-value	R ²	β	P-value	R ²
POWER GAP → EMOTIONAL CONF.			0.129			0.242
Informational power	0.097	0.538		0.120	0.414	
Referent power	-0.397	0.020*		0.201	0.197	
Expert power	0.072	0.642		-0.164	0.259	
Legitimate power	0.096	0.564		-0.017	0.913	
Reward power	0.058	0.693		-0.045	0.744	
Coercive power	0.089	0.527		-0.377	0.005	
POWER GAP → TASK CONF.			0.056			0.154
Informational power	0.041	0.801		-0.050	0.749	
Referent power	-0.120	0.490		0.186	0.259	
Expert power	0.152	0.349		0.134	0.381	
Legitimate power	0.145	0.407		-0.127	0.442	
Reward power	0.023	0.883		-0.076	0.603	
Coercive power	-0.167	0.256		-0.241	0.086	
POWER GAP → DESTRUCTIVE CONF.			0.114			0.152
Informational power	-0.112	0.481		0.150	0.334	
Referent power	-0.024	0.884		0.252	0.128	
Expert power	-0.218	0.167		0.018	0.905	
Legitimate power	-0.084	0.619		-0.183	0.270	
Reward power	0.101	0.498		-0.057	0.695	
Coercive power	0.065	0.648		-0.088	0.524	
POWER GAP → CONSTRUCTIVE CONF.			0.120			0.079
Informational power	0.143	0.368		0.082	0.614	
Referent power	0.076	0.647		-0.156	0.361	
Expert power	0.036	0.819		0.118	0.461	
Legitimate power	0.148	0.379		0.202	0.243	
Reward power	0.027	0.855		-0.256	0.096	
Coercive power	-0.216	0.130		-0.072	0.618	

* F-test is not significant.

5.2.4 Testing direct relationships between constructs in the conceptual model

This subsection offers the analysis of the direct influences of investigated constructs on conflict (H_{1c}, H_{2c}, H_{3c} and H_{4c}), as well as tests the relationship between conflict and performance (H₅) taking into account different conflict resolution strategies (H₆). The first hypothesis (H_{1c}) aimed to evaluate the impact of cultural values on different types of conflicts and assess the gap stemming from different possible perceptions of sellers and

buyers. The analysis shows (see Table 5.6) that masculinity positively impacts the occurrence of emotional, task and destructive conflict only in case of buyers. Long-term orientation negatively influences the task conflict in case of buyers; meaning that the more long-term oriented the firm the less task conflict is present within the channel. Power distance positively impacts the destructive conflict only in case of sellers, meaning the higher power distance and hierarchy, the higher potential for destructive conflict. The elaborated differences offer a gap in cultural values between sellers and buyers.

Table 5.6: Evaluating the relationship between cultural values and conflicts

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
CULTURAL VAL. → EMOTIONAL CONF.			0.017			0.095
Individualism	-0.074	0.517		-0.075	0.478	
Masculinity	0.038	0.720		0.249	0.016	
Uncertainty avoidance	-0.097	0.413		0.029	0.788	
Power distance	0.044	0.684		-0.034	0.745	
Long-term orientation	0.038	0.755		-0.137	0.196	
CULTURAL VAL. → TASK CONF.			0.054			0.156
Individualism	-0.107	0.339		-0.106	0.303	
Masculinity	0.181	0.082*		0.199	0.046	
Uncertainty avoidance	0.008	0.944		-0.030	0.722	
Power distance	0.056	0.600		-0.127	0.206	
Long-term orientation	-0.057	0.632		-0.213	0.039	
CULTURAL VAL. → DESTRUCTIVE CONF.			0.112			0.124
Individualism	0.058	0.593		-0.041	0.697	
Individualism	0.114	0.255		0.182	0.071	
Masculinity	0.038	0.734		0.310	0.005	
Uncertainty avoidance	0.172	0.098		-0.137	0.183	
Power distance	-0.231	0.048		-0.213	0.043	
Long-term orientation						
CULTURAL VAL. → CONSTRUCTIVE CONF.			0.055			0.027
Individualism	0.046	0.678		0.081	0.460	
Individualism	0.091	0.378		0.040	0.708	
Masculinity	0.088	0.448		-0.013	0.905	
Uncertainty avoidance	-0.089	0.404		-0.110	0.308	
Power distance	0.098	0.412		0.107	0.332	
Long-term orientation						

* F-test is not significant.

The results for the relationship between long-term orientation and destructive conflict are significant across both samples. Thus, solely based on these results we cannot conclude whether sellers perceived the relationship really differently than buyers. We want to test the null hypothesis that the slope for predicting support for destructive conflict from long-term orientation is the same either evaluated from the sellers or buyers perspective ($H_0: b_1 = b_2$). As standardized coefficients (beta) can never be compared across samples or populations (Jacoby, 2011, p. 5), unstandardized coefficients (b) will be used (from this

point on) as a basis for comparison. As evident from the table below, we cannot conclude with an acceptable level of significance that there are differences in perceptions of the investigated relationship.

Table 5.7: Test of betas to evaluate the significance of differences between the seller and the buyer sample

	SLOPE (b)	SE_{SLOPE}	n
LONG-TERM ORIENTATION (LTO) → DESTRUCTIVE CONFLICT			
sellers	-0.318	0.159	105
buyers	-0.316	0.154	101

	$s_{b_1-b_2} = \sqrt{s_{b_1}^2 + s_{b_2}^2}$	$t = \frac{b_1 - b_2}{s_{b_1-b_2}}$	P
LTO – destructive conflict	$\sqrt{0.159^2 + 0.154^2} = 0.2214$	$\frac{-0.318 + 0.316}{0.2214} = -0.009$	0.503

The second hypothesis (H_{2c}) aimed to evaluate the impact of standardization/adaptation of marketing strategy on different types of conflicts and assess the gap stemming from different possible perceptions of sellers and buyers. The analysis shows (see Table 5.8) that in case of buyers the higher the adaptation of place, the higher potential for emotional conflict. Furthermore, the higher the standardization of promotion and the higher the adaptation of place the higher is the destructive conflict. In the case of sellers, the higher the adaptation of product the higher the destructive conflict potential, while the higher the adaptation of price and higher standardization of place the higher the potential for constructive conflict. The elaborated differences offer a gap in the desired level of standardization/adaptation of marketing strategy between sellers and buyers.

Table 5.8: Evaluating the relationship between standardization/adaptation of marketing strategy and conflicts

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R²	β	P-value	R²
STD./ADPT. → EMOTIONAL CONF.			0.052			0.101
Product	0.242	0.041*		-0.090	0.421	
Price	-0.056	0.632		-0.066	0.557	
Promotion	-0.081	0.553		0.140	0.348	
Place	0.088	0.459		0.256	0.038	
STD./ADPT. → TASK CONF.			0.052			0.057
Product	0.150	0.201		-0.181	0.116	
Price	0.112	0.339		0.191	0.101	
Promotion	-0.241	0.080*		0.022	0.885	
Place	0.152	0.202		0.045	0.721	

continued

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
STD./ADPT. → DESTRUCTIVE CONF.			0.073			0.087
Product	0.299	0.011		0.125	0.267	
Price	-0.121	0.297		-0.009	0.938	
Promotion	-0.088	0.513		-0.329	0.030	
Place	-0.063	0.591		0.341	0.007	
STD./ADPT. → CONSTRUCTIVE CONF.			0.076			0.025
Product	0.070	0.545		-0.164	0.161	
Price	0.204	0.080		0.072	0.537	
Promotion	-0.079	0.558		0.048	0.758	
Place	-0.271	0.022		-0.023	0.854	

* F-test is not significant.

The third hypothesis (H_{3c}) aimed to evaluate the impact of dependence on different types of conflicts and assess the gap stemming from the possible different perceptions of sellers and buyers. The analysis shows (see Table 5.9) that dependence has no influence on conflicts in the case of buyers. In the case of sellers, total perceptual dependence negatively impacts emotional and destructive conflicts confirming previous speculations (cf. Kumar, Scheer & Steenkamp, 1995) that higher dependence actually decreases conflicts within distribution channel. Moreover, it has been identified that product dependence in particular negatively impacts destructive conflict and positively constructive conflict. The elaborated differences offer a gap in perceived dependence levels between the sellers and buyers.

Table 5.9: Evaluating the relationship between dependence and conflicts

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
DEPENDENCE → EMOTIONAL CONF.						
Irreplaceability	0.064	0.543	0.020	-0.103	0.349	0.020
Importance	-0.106	0.311		0.062	0.573	
Advertising dependence	-0.158	0.135	0.109	0.032	0.787	0.017
Product dependence	-0.005	0.963		0.089	0.403	
Financial dependence	-0.071	0.545		0.122	0.372	
Sales dependence	-0.189	0.110		-0.133	0.366	
Total perceptual dependence	-0.313	0.001	0.098	0.004	0.968	0.001
DEPENDENCE → TASK CONF.						
Irreplaceability	-0.019	0.852	0.023	-0.035	0.756	0.001
Importance	-0.156	0.138		-0.016	0.885	
Advertising dependence	-0.061	0.582	0.017	0.097	0.409	0.033
Product dependence	0.028	0.814		-0.053	0.613	
Financial dependence	0.057	0.642		0.192	0.155	
Sales dependence	-0.133	0.283		-0.114	0.435	
Total perceptual dependence	-0.085	0.388	0.007	0.060	0.554	0.004

continued

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
DEPENDENCE → DESTRUCTIVE CONF.						
Irreplaceability	0.098	0.346	0.037	0.168	0.129	0.026
Importance	-0.135	0.195		0.122	0.268	
Advertising dependence	-0.042	0.687	0.104	0.056	0.630	0.030
Product dependence	-0.315	0.007		0.045	0.672	
Financial dependence	0.137	0.245		-0.042	0.753	
Sales dependence	-0.067	0.569		-0.160	0.273	
Total perceptual dependence	-0.227	0.020	0.051	-0.119	0.236	0.014
DEPENDENCE → CONSTRUCTIVE CONF.						
Irreplaceability	-0.033	0.756	0.002	0.177	0.108	0.030
Importance	0.017	0.868		0.137	0.212	
Advertising dependence	-0.081	0.440	0.109	0.158	0.180	0.024
Product dependence	0.389	0.001		0.031	0.771	
Financial dependence	-0.004	0.970		0.021	0.876	
Sales dependence	-0.174	0.141		-0.053	0.715	
Total perceptual dependence	0.103	0.297	0.011	0.074	0.460	0.006

The fourth hypothesis (H_{4c}) aimed to evaluate the impact of power sources on different types of conflicts and assess the gap stemming from different possible perceptions of sellers and buyers. The analysis shows (see Table 5.10) that all power sources, except for reward power, impact emotional conflicts in case of sellers (expert power positively, informational, referent and legitimate power negatively), while in contrast reward power positively impacts emotional conflicts in the case of buyers. Coercive power positively impacts destructive conflicts in the case of sellers, and the occurrence of task conflicts equally positively in the case of buyers. In the case of buyers, expert power negatively impacts task conflicts, while expert power impact negatively destructive conflicts and legitimate positively respectively. The elaborated differences offer a gap in the use of power sources between sellers and buyers.

Table 5.10: Evaluating the relationship between power sources and conflicts

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
POWER → EMOTIONAL CONF.			0.340			0.222
Informational power	-0.268	0.050		-0.153	0.146	
Referent power	-0.293	0.023		-0.237	0.053	
Expert power	0.282	0.062		0.130	0.248	
Legitimate power	-0.221	0.052		0.092	0.380	
Reward power	-0.011	0.917		0.189	0.089	
Coercive power	0.443	0.000		0.222	0.033	

continued

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
POWER → TASK CONF.			0.064			0.147
Informational power	-0.246	0.130		0.130	0.238	
Referent power	-0.038	0.801		-0.189	0.139	
Expert power	0.198	0.269		-0.221	0.062	
Legitimate power	-0.122	0.363		0.148	0.176	
Reward power	0.041	0.737		0.014	0.904	
Coercive power	0.135	0.245		0.201	0.064	
POWER → DESTRUCTIVE CONF.			0.142			0.240
Informational power	-0.240	0.122		-0.106	0.308	
Referent power	-0.073	0.613		-0.196	0.103	
Expert power	-0.043	0.803		-0.251	0.026	
Legitimate power	0.049	0.701		0.264	0.012	
Reward power	-0.044	0.704		0.128	0.241	
Coercive power	0.252	0.025		0.071	0.486	
POWER → CONSTRUCTIVE CONF.			0.041			0.033
Informational power	-0.067	0.681		0.032	0.787	
Referent power	-0.062	0.686		0.122	0.369	
Expert power	0.018	0.921		-0.006	0.959	
Legitimate power	0.228	0.096		-0.070	0.548	
Reward power	0.007	0.955		0.128	0.298	
Coercive power	-0.130	0.269		-0.072	0.529	

The results for two relationships between power sources and conflicts are significant across both samples. Thus, solely based on these results we cannot conclude whether sellers perceived the relationship differently to buyers. We want to test the null hypothesis that the slope for predicting support for emotional conflict from referent power and coercive power respectively is the same either evaluated from the sellers or buyers perspective ($H_0: b_1 = b_2$). We cannot conclude that perceptions of sellers regarding the impact of referent power on emotional conflict differ from the buyers' perceptions. However, we can confirm (if we accept significance level of $\alpha < 0.1$) that there is a gap in the perceptions of buyer and sellers regarding the impact of coercive power on emotional conflict and we may speculate that this gap alone increases the friction in the relationship.

Table 5.11: Test of betas to evaluate the significance of differences between the seller and the buyer sample

	SLOPE (b)	SE SLOPE	n
REFERENT POWER (REF)→ EMOTIONAL CONFLICT			
sellers	-0.294	0.128	105
buyers	-0.295	0.150	101
COERCIVE POWER (COE)→ EMOTIONAL CONFLICT			
sellers	0.402	0.088	105
buyers	0.212	0.098	101

continued

	$s_{b_1-b_2} = \sqrt{s_{b_1}^2 + s_{b_2}^2}$	$t = \frac{b_1 - b_2}{s_{b_1-b_2}}$	P (one-tailed)
REF – emotional conflict	$\sqrt{0.128^2 + 0.150^2} = 0.1972$	$\frac{-0.294 + 0.295}{0.1972} = 0.005$	0.498
COE – emotional conflict	$\sqrt{0.088^2 + 0.098^2} = 0.1317$	$\frac{0.402 - 0.212}{0.1317} = 1.443$	0.076

The fifth hypothesis (H₅) aimed to evaluate the impact of conflicts on different types of export performance, leading to a gap stemming from possible different perceptions of sellers and buyers. The analysis shows (see Table 5.12) that in case of sellers destructive conflict decreases performance relative to the plan from the previous year, and emotional conflict decreases performance relative to the expectations of stockholders, and expectations of the rep in that market. On the contrary, constructive conflict positively impacts the performance relative to the previous three years, so the effect of positive side of conflict comes to light only on a long run. In the case of buyers, constructive conflict increases the satisfaction with export venture and total export performance. The elaborated differences offer a gap in perceived impacts of conflict on export performance between the sellers and buyers.

Table 5.12: Evaluating the relationship between conflicts and export performance

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
CONFLICT → FINANCIAL EXP. PERF.						
Emotional conflict	-0.017	0.890	0.015	-0.006	0.958	0.006
Task conflict	0.131	0.281		-0.073	0.498	
Destructive conflict	-0.081	0.422	0.033	0.027	0.786	0.027
Constructive conflict	0.146	0.147		0.162	0.107	
CONFLICT → STRATEGIC EXP. PERF.						
Emotional conflict	-0.048	0.696	0.007	0.069	0.517	0.006
Task conflict	0.102	0.402		-0.068	0.526	
Destructive conflict	-0.130	0.193	0.050	-0.039	0.698	0.033
Constructive conflict	0.155	0.121		0.176	0.080*	
CONFLICT → SATISFACTION WITH EXP.						
Emotional conflict	-0.148	0.223	0.015	0.008	0.944	0.009
Task conflict	0.076	0.532		-0.099	0.354	
Destructive conflict	-0.061	0.548	0.006	-0.118	0.232	0.052
Constructive conflict	0.032	0.751		0.193	0.053	
CONFLICT → PERFORMANCE 1 (total)						
Emotional conflict	-0.078	0.523	0.009	0.031	0.775	0.009
Task conflict	0.119	0.330		-0.101	0.345	
Destructive conflict	-0.106	0.293	0.035	-0.055	0.580	0.054
Constructive conflict	0.131	0.193		0.224	0.025	

continued

Relationship	Sellers (n=105)			Buyers (n=101)		
	β	P-value	R ²	β	P-value	R ²
CONFLICT → PERF. A						
Emotional conflict	-0.143	0.239	0.016	-0.095	0.377	0.012
Task conflict	0.033	0.786		-0.034	0.748	
Destructive conflict	-0.205	0.040	0.055	0.016	0.876	0.001
Constructive conflict	0.074	0.456		0.005	0.961	
CONFLICT → PERF. B						
Emotional conflict	-0.293	0.015	0.057	0.099	0.356	0.010
Task conflict	0.184	0.122		-0.064	0.552	
Destructive conflict	-0.214	0.033	0.054	0.044	0.665	0.002
Constructive conflict	0.055	0.579		0.017	0.863	
CONFLICT → PERF. C						
Emotional conflict	-0.283	0.018	0.060	-0.087	0.415	0.007
Task conflict	0.079	0.507		0.037	0.729	
Destructive conflict	-0.189	0.061*	0.042	-0.015	0.882	0.019
Constructive conflict	0.045	0.654		0.138	0.172	
CONFLICT → PERF. D						
Emotional conflict	-0.235	0.052*	0.037	-0.126	0.237	0.016
Task conflict	0.151	0.208		0.081	0.447	
Destructive conflict	-0.109	0.273	0.053	-0.058	0.565	0.004
Constructive conflict	0.179	0.073		0.024	0.813	
CONFLICT → PERFORMANCE 2 (total)						
Emotional conflict	-0.273	0.023	0.050	-0.068	0.523	0.004
Task conflict	0.135	0.258		0.010	0.922	
Destructive conflict	-0.199	0.046	0.061	-0.007	0.948	0.004
Constructive conflict	0.109	0.272		0.061	0.549	

* F-test is not significant.

The sixth hypothesis (H₆) aimed to evaluate the impact of **conflict resolution strategies** as moderators on relationship between conflicts and export performance. The analysis among the sellers showed (see Table 5.13) that in the case of low level of use of integrative conflict resolution styles (problem solving and compromise), functional conflicts (task and constructive) impact performance positively and dysfunctional conflicts (emotional) negatively. Specifically, in case of low level of use of problem solving strategy, emotional conflict negatively impacts export performance, while it impacts task and constructive conflict positively. In the case of compromise strategy, emotional conflict decreases performance and constructive conflict increases it. On the other hand, the use of low level of the passive aggressive strategy impacts the emotional conflict to decrease performance and task conflict to increase performance. In this respect the passive aggressive strategy acts similarly to integrative resolution styles although it is labeled in the theory together with active aggressive strategy, as a distributive resolution strategy. When sellers apply high level of active aggressive resolution strategy, emotional conflict decreases export performance and constructive conflict increases performance.

Table 5.13: Evaluating the moderation effect of the conflict resolution strategies (SELLERS perspective)

	PERFORMANCE 1	PERFORMANCE 2
PROBLEM SOLVING		
LOW	NS*	Emotional conflict (-) Task conflict (+) Constructive conflict (+)
HIGH	NS	NS
COMPROMISE		
LOW	NS	Emotional conflict (-) Constructive conflict (+)
HIGH	NS	NS
PASSIVE AGGRESSIVE		
LOW	NS	Emotional conflict (-) Task conflict (+)
HIGH	NS	NS
ACTIVE AGGRESSIVE		
LOW	NS	NS
HIGH	NS	Emotional conflict (-) Constructive conflict (+)

* no significant support.

Table 5.14: Evaluating the moderation effect of the conflict resolution strategies (BUYERS perspective)

	PERFORMANCE 1	PERFORMANCE 2
PROBLEM SOLVING		
LOW	Constructive conflict (+)	Emotional conflict (-) Destructive conflict (+)
HIGH	NS	NS
COMPROMISE		
LOW	Emotional conflict (+) Constructive conflict (+)	NS
HIGH	NS	NS
PASSIVE AGGRESSIVE		
LOW	NS	NS
HIGH	Constructive conflict (+) Emotional conflict (+)	NS
ACTIVE AGGRESSIVE		
LOW	NS	NS
HIGH	Emotional conflict (+) Task conflict (-) Constructive conflict (+)	NS

Similarly, we tested the moderation effect of conflict resolution strategies from the buyers' perspective (see Table 5.14). We again found that a low level of problem solving strategy impacts constructive conflict to increase performance and emotional conflict to decrease it, however surprisingly to destructive conflict increase performance. To our surprise the application of compromise style also influenced emotional conflict to increase performance, while constructive conflict increased performance as speculated. Further the application of distributive conflict resolution styles was not left without surprises. With the

use of high level of passive aggressive strategy emotional conflict increased performance, while as speculated constructive conflict increased it. Furthermore, with the high level of active aggressive strategy in place, emotional conflict again increases performance and task conflict even decreases it, while constructive conflict as speculated increases export performance. One of the possible explanations we can offer at this point is cultural diversity of the buyers' sample, meaning the perception of different conflict resolution strategies differs among markets.

Before testing the model with a structural equation modeling method, we modeled the antecedents to conflicts by using the hierarchical regression modeling technique (results are shown in Tables 5.15-5.18). The reason for applying this technique is to go beyond single tested relationships and evaluate how gradual inclusion of the variables in the model impact the significance of the model as a whole. The variables were added to the model in the sequence according to their level of significant support in partial relationships. We see that the whole model is significant only in cases of emotional and destructive conflict and not in cases of task and constructive conflict, when looking at the model from a sellers' perspective.

When looking from the buyers' perspective the model is significant in cases of emotional, task and destructive conflict, but not in the case of constructive conflict. Furthermore, the models are showing also possible suppression effects. We observe that the inclusion of the cultural values in the model suppresses the influence of standardization/adaptation of product on destructive conflicts from the sellers' perspective, legitimate power on destructive conflicts, coercive power on emotional conflicts and expert power on task conflicts from the perspective of buyers. Even more, the inclusion of cultural values newly identified the impact of standardization/adaptation of place on emotional conflicts from the buyers' perspective that was not there before.

Table 5.15: Modeling the antecedents to emotional/task conflicts (SELLERS perspective)

	Emotional conflict				Task conflict			
	1	2	3	4	1	2	3	4
INFORMATIONAL POWER	-0.268*	-0.254*	-0.293*	-0.304*	-0.246	-0.248	-0.294	-0.286
REFERENT POWER	-0.293*	-0.261*	-0.256*	-0.276*	-0.038	-0.044	-0.061	-0.097
EXPERT POWER	0.282*	0.295*	0.304*	0.296*	0.198	0.196	0.226	0.276
LEGITIMATE POWER	-0.221*	-0.211*	-0.216*	-0.193	-0.122	-0.124	-0.133	-0.148
REWARD POWER	-0.011	-0.016	-0.023	-0.022	0.041	0.042	0.026	0.028
COERCIVE POWER	0.443**	0.440**	0.460**	0.457**	0.135	0.136	0.142	0.114
DEPENDENCE		-0.093	-0.086	-0.072		0.016	0.041	0.065
STD./ADP.: PRODUCT			0.013	0.051			0.054	0.028
STD./ADP.: PRICE			0.144	0.134			0.209	0.228
STD./ADP.: PROMOTION			0.003	-0.027			-0.217	-0.234
STD./ADP.: PLACE			-0.008	0.000			0.122	0.095
INDIVIDUALISM				0.032				-0.098
MASCULINITY				-0.019				0.171
UNCERTAINTY AVOID.				-0.125				-0.007
POWER DISTANCE				-0.024				0.001
LONG-TERM ORIENT.				0.077				-0.073
R ²	0.340	0.345	0.366	0.379	0.064	0.065	0.118	0.157
ΔR^2		0.005	0.021	0.013		0.001	0.053	0.039
F	8.400	7.291	4.870	3.359	1.124	0.956	1.132	1.023

* significant at $\alpha < 0.05$; ** significant at $\alpha < 0.01$.

Table 5.16: Modeling the antecedents to constructive/destructive conflicts (SELLERS perspective)

	Destructive conflict				Constructive conflict			
	1	2	3	4	1	2	3	4
INFORMATIONAL POWER	-0.240	-0.229	-0.210	-0.191	-0.067	-0.086	-0.140	-0.168
REFERENT POWER	-0.073	-0.048	0.005	0.007	-0.062	-0.104	-0.104	-0.122
EXPERT POWER	-0.043	-0.032	-0.045	0.007	0.018	0.001	0.071	0.073
LEGITIMATE POWER	0.049	0.057	0.079	0.028	0.228	0.216	0.232	0.251
REWARD POWER	-0.044	-0.048	-0.058	-0.017	0.007	0.014	-0.007	-0.072
COERCIVE POWER	0.252*	0.249*	0.239*	0.202*	-0.130	-0.126	-0.092	-0.097
DEPENDENCE		-0.073	-0.101	-0.128		0.120	0.075	0.073
STD./ADP.: PRODUCT			0.191*	0.161			0.081	0.138
STD./ADP.: PRICE			-0.019	-0.036			0.206	0.201
STD./ADP.: PROMOTION			-0.029	0.044			-0.104	-0.131
STD./ADP.: PLACE			-0.126	-0.147			-0.267	-0.274
INDIVIDUALISM				0.154				0.024
MASCULINITY				0.092				0.159
UNCERTAINTY AVOID.				0.001				0.024
POWER DISTANCE				0.106				-0.170
LONG-TERM ORIENT.				-0.203*				0.097
R ²	0.142	0.145	0.178	0.247	0.041	0.050	0.125	0.186
ΔR^2		0.001	0.033	0.069		0.009	0.075	0.061
F	2.708	2.358	1.830	1.803	0.697	0.722	1.209	1.258

* significant at $\alpha < 0.05$; ** significant at $\alpha < 0.01$.

Table 5.17: Modeling the antecedents to emotional/task conflicts (BUYERS perspective)

	Emotional conflict				Task conflict			
	1	2	3	4	1	2	3	4
INFORMATIONAL POWER	-0.153	-0.158	-0.105	-0.106	0.130	0.122	0.121	0.181
REFERENT POWER	-0.237*	-0.238*	-0.233*	-0.248*	-0.189	-0.190	-0.214*	-0.217*
EXPERT POWER	0.130	0.131	0.062	0.126	-0.221*	-0.219*	-0.236*	-0.127
LEGITIMATE POWER	0.092	0.088	0.026	0.023	0.148	0.143	0.116	0.182
REWARD POWER	0.189*	0.189*	0.259*	0.250*	0.014	0.014	0.093	0.047
COERCIVE POWER	0.222*	0.221*	0.201*	0.145	0.201*	0.200*	0.160	0.099
DEPENDENCE		0.018	-0.023	0.023		0.031	-0.011	0.034
STD./ADP.: PRODUCT			-0.135	-0.150			-0.224*	-0.205*
STD./ADP.: PRICE			-0.014	-0.025			0.090	0.059
STD./ADP.: PROMOTION			0.228	0.197			0.202	0.092
STD./ADP.: PLACE			0.162	0.192*			-0.030	-0.007
INDIVIDUALISM				-0.081				-0.061
MASCULINITY				0.196				0.185*
UNCERTAINTY AVOID.				-0.004				-0.055
POWER DISTANCE				0.075				-0.132
LONG-TERM ORIENT.				-0.076				-0.191*
R ²	0.222	0.222	0.306	0.358	0.147	0.147	0.199	0.293
ΔR ²		0.000	0.084	0.052		0.000	0.052	0.094
F	4.465	3.793	3.574	2.922	2.693	2.299	2.007	2.181

* significant at $\alpha < 0.05$; ** significant at $\alpha < 0.01$.

Table 5.18: Modeling the antecedents to constructive/destructive conflicts (BUYERS perspective)

	Destructive conflict				Constructive conflict			
	1	2	3	4	1	2	3	4
INFORMATIONAL POWER	-0.106	-0.074	-0.058	-0.065	0.032	0.015	-0.009	0.034
REFERENT POWER	-0.196*	-0.191*	-0.164	-0.140	0.122	0.119	0.103	0.053
EXPERT POWER	-0.251*	-0.260*	-0.261*	-0.231*	-0.006	-0.002	0.018	0.030
LEGITIMATE POWER	0.264*	0.287*	0.259*	0.167	-0.070	-0.081	-0.096	-0.040
REWARD POWER	0.128	0.130	0.077	-0.007	0.128	0.128	0.167	0.148
COERCIVE POWER	0.071	0.078	0.115	0.171	-0.072	-0.076	-0.098	-0.125
DEPENDENCE		-0.122	-0.092	-0.083		0.062	0.043	0.055
STD./ADP.: PRODUCT			0.075	0.044			-0.159	-0.145
STD./ADP.: PRICE			-0.061	-0.014			0.111	0.056
STD./ADP.: PROMOTION			-0.132	-0.152			0.053	0.058
STD./ADP.: PLACE			0.202*	0.245*			-0.026	-0.037
INDIVIDUALISM				0.031				0.040
MASCULINITY				0.098				0.055
UNCERTAINTY AVOID.				0.267*				-0.036
POWER DISTANCE				-0.059				-0.108
LONG-TERM ORIENT.				-0.150				0.086
R ²	0.240	0.253	0.281	0.333	0.033	0.036	0.062	0.078
ΔR ²		0.013	0.028	0.052		0.003	0.026	0.016
F	4.952	4.509	3.165	2.619	0.532	0.499	0.538	0.443

* significant at $\alpha < 0.05$; ** significant at $\alpha < 0.01$.

5.2.5 Structural model fit

The structural equation model (SEM) was applied to assess the fit of the model. The complexity of the model did not allow us to test the model as whole, therefore structural paths of investigated hypotheses were evaluated. The following few tables are showing path coefficients, observed t-value and significance level for a given path. We observe that partial support was confirmed for any given hypotheses. The models that were significant with a reasonable fit statistics (RMSEA index being an exception) are displayed in tables A3.1 to A3.3 in the Appendix A3. We may conclude based on both types of model significance indicators that cultural values (H_{1c}) and dependence (H_{3c}) do not present any relationship to conflicts.

The model was complex, evaluated from both sides of the dyad with multiple techniques. The table 5.24 offers a summary of all results of the investigated hypotheses. We observe that hypotheses H_{2a} , H_5 and H_6 were rejected, while all other hypotheses got at least some significant results and can be therefore partially supported. The discussion of the results follows in the consecutive sections.

Table 5.19: Structural model results for cultural values effects on conflicts (H1C)

	Sellers (n = 105)			Buyers (n = 101)		
	Path coefficient	Observed t-value	Sig. level ¹	Path coefficient	Observed t-value	Sig. level ¹
Emotional conflict	$R^2 = 0.02$			$R^2 = 0.11$		
Individualism	-0.083	-0.77	ns	-0.082	-0.79	ns
Masculinity	0.048	0.39	ns	0.310	2.61	**
Uncertainty avoidance	-0.110	-0.99	ns	0.032	0.30	ns
Power distance	0.050	0.46	ns	-0.040	-0.35	ns
Long-term orientation	0.041	0.39	ns	-0.150	-1.44	ns
Task conflict	$R^2 = 0.07$			$R^2 = 0.15$		
Individualism	-0.120	-1.12	ns	-0.120	-1.15	ns
Masculinity	0.230	1.89	*	0.250	2.16	**
Uncertainty avoidance	0.009	0.09	ns	-0.034	-0.34	ns
Power distance	0.063	0.59	ns	-0.150	-1.39	ns
Long-term orientation	-0.062	-0.60	ns	-0.230	-2.33	**
Destructive conflict	$R^2 = 0.14$			$R^2 = 0.26$		
Individualism	0.064	0.63	ns	-0.044	-0.43	ns
Masculinity	0.140	1.23	ns	0.220	1.94	*
Uncertainty avoidance	0.044	0.43	ns	0.340	3.30	***
Power distance	0.190	1.86	*	-0.160	-1.46	ns
Long-term orientation	-0.250	-2.50	**	-0.230	-2.27	**
Constructive conflict	$R^2 = 0.05$			$R^2 = 0.04$		
Individualism	0.052	0.49	ns	0.090	0.83	ns
Masculinity	0.120	0.96	ns	0.049	0.40	ns
Uncertainty avoidance	0.097	0.92	ns	-0.015	-0.14	ns
Power distance	-0.100	-0.93	ns	-0.130	-1.11	ns
Long-term orientation	0.110	1.03	ns	0.110	1.07	ns

¹ Significant at the ***** 0.0001, **** 0.001, *** 0.01, ** 0.05, * 0.1 level (2-tailed)

ns = not significant.

Table 5.20: Structural model results for standardization/adaptation of marketing strategy effects on conflicts (H_{2C})

	Sellers (n = 105)			Buyers (n = 101)		
	Path coefficient	Observed t-value	Sig. level ¹	Path coefficient	Observed t-value	Sig. level ¹
Emotional conflict	R ² = 0.09			R ² = 0.12		
Product	0.270	2.53	**	-0.098	-0.95	ns
Price	-0.062	-0.59	ns	-0.072	-0.69	ns
Promotion	-0.088	-0.85	ns	0.150	1.47	ns
Place	0.100	0.92	ns	0.300	2.71	**
Task conflict	R ² = 0.13			R ² = 0.09		
Product	0.16	1.57	ns	-0.200	-1.87	*
Price	0.12	1.17	ns	0.210	1.96	**
Promotion	-0.26	-2.52	**	0.025	0.24	ns
Place	0.17	1.59	ns	0.051	0.46	ns
Destructive conflict	R ² = 0.15			R ² = 0.16		
Product	0.330	3.16	***	0.170	1.35	ns
Price	-0.130	-1.28	ns	0.028	0.21	ns
Promotion	-0.096	-0.94	ns	-0.480	-2.37	**
Place	-0.072	-0.67	ns	0.480	2.86	***
Constructive conflict	R ² = 0.16			R ² = 0.04		
Product	0.077	0.75	ns	-0.180	-1.66	*
Price	0.220	2.16	**	0.079	0.73	ns
Promotion	-0.084	-0.83	ns	0.053	0.50	ns
Place	-0.310	-2.88	***	-0.028	-0.24	ns

¹ Significant at the ***** 0.0001, **** 0.001, *** 0.01, ** 0.05, * 0.1 level (2-tailed)

ns = not significant.

Table 5.21: Structural model results for dependence effects on conflicts (H_{3C})

	Sellers (n = 105)			Buyers (n = 101)		
	Path coefficient	Observed t-value	Sig. level ¹	Path coefficient	Observed t-value	Sig. level ¹
Emotional conflict	R ² = 0.08			R ² = 0.06		
Advertising dependence	-0.180	-1.70	*	0.047	0.32	ns
Product dependence	-0.007	-0.06	ns	0.130	0.90	ns
Financial dependence	-0.097	-0.77	ns	0.170	1.22	ns
Sales dependence	-0.210	-2.05	**	-0.160	-1.34	ns
Task conflict	R ² = 0.03			R ² = 0.09		
Advertising dependence	-0.068	-0.62	ns	0.140	0.98	ns
Product dependence	0.036	0.29	ns	-0.075	-0.54	ns
Financial dependence	0.078	0.59	ns	0.260	1.95	*
Sales dependence	-0.150	-1.38	ns	-0.140	-1.16	ns
Destructive conflict	R ² = 0.19			R ² = 0.05		
Advertising dependence	-0.048	-0.46	ns	0.083	0.57	ns
Product dependence	-0.410	-3.38	****	0.064	0.45	ns
Financial dependence	0.190	1.48	ns	-0.059	-0.43	ns
Sales dependence	-0.072	-0.71	ns	-0.190	-1.63	ns
Constructive conflict	R ² = 0.25			R ² = 0.05		
Advertising dependence	-0.091	-0.88	ns	0.230	1.58	ns
Product dependence	0.500	4.15	*****	0.044	0.31	ns
Financial dependence	-0.005	-0.04	ns	0.028	0.20	ns
Sales dependence	-0.190	-1.90	*	-0.063	-0.53	ns

¹ Significant at the ***** 0.0001, **** 0.001, *** 0.01, ** 0.05, * 0.1 level (2-tailed)

ns = not significant.

Table 5.22: Structural model results for power effects on conflicts (H_{4C})

	Sellers (n = 105)			Buyers (n = 101)		
	Path coefficient	Observed t-value	Sig. level ¹	Path coefficient	Observed t-value	Sig. level ¹
Emotional conflict	R ² = 0.45			R ² = 0.23		
Informational power	-0.290	-1.96	*	-0.160	-1.74	*
Referent power	-0.350	-2.37	**	-0.260	-2.69	***
Expert power	0.370	2.13	**	0.140	1.48	ns
Legitimate power	-0.260	-2.15	**	0.099	1.04	ns
Reward power	-0.080	-0.58	ns	0.220	2.14	**
Coercive power	0.550	4.32	*****	0.240	2.51	**
Task conflict	R ² = 0.14			R ² = 0.19		
Informational power	-0.250	-2.59	**	0.140	1.41	ns
Referent power	-0.039	-0.39	ns	-0.200	-2.05	**
Expert power	0.200	2.07	**	-0.240	-2.38	**
Legitimate power	-0.130	-1.28	ns	0.160	1.60	ns
Reward power	0.050	0.42	ns	0.016	0.15	ns
Coercive power	0.160	1.43	ns	0.220	2.18	**
Destructive conflict	R ² = 0.18			R ² = 0.30		
Informational power	-0.250	-2.63	***	-0.110	-1.22	ns
Referent power	-0.079	-0.83	ns	-0.210	-2.25	**
Expert power	-0.043	-0.46	ns	-0.270	-2.88	***
Legitimate power	0.053	0.54	ns	0.290	3.03	***
Reward power	-0.055	-0.49	ns	0.150	1.48	ns
Coercive power	0.290	2.77	***	0.076	0.81	ns
Constructive conflict	R ² = 0.09			R ² = 0.05		
Informational power	-0.070	-0.71	ns	0.034	0.33	ns
Referent power	-0.065	-0.65	ns	0.130	1.23	ns
Expert power	0.019	0.19	ns	-0.006	-0.06	ns
Legitimate power	0.250	2.37	**	-0.076	-0.71	ns
Reward power	0.008	0.07	ns	0.150	1.31	ns
Coercive power	-0.150	-1.36	ns	-0.078	-0.74	ns

¹ Significant at the ***** 0.0001, **** 0.001, *** 0.01, ** 0.05, * 0.1 level (2-tailed)

ns = not significant.

Table 5.23: Structural model results for effects on export performance (H₅)

	Sellers (n = 105)			Buyers (n = 101)		
	Path coefficient	Observed t-value	Sig. level ¹	Path coefficient	Observed t-value	Sig. level ¹
Export performance 1	R ² = 0.048			R ² = 0.14		
Emotional conflict	-0.06	-0.59	ns	0.16	1.51	ns
Task conflict	0.11	1.06	ns	-0.17	-1.58	ns
Destructive conflict	-0.13	-1.08	ns	-0.11	-0.88	ns
Constructive conflict	0.15	1.30	ns	0.31	2.83	***
Export performance 2	R ² = 0.058			R ² = 0.19		
Emotional conflict	-0.31	-2.36	**	-0.096	-3.73	****
Task conflict	0.17	1.24	ns	0.011	0.42	ns
Destructive conflict	-0.25	-2.09	**	0.049	1.61	ns
Constructive conflict	0.13	1.14	ns	-0.012	-0.46	ns

¹ Significant at the ***** 0.0001, **** 0.001, *** 0.01, ** 0.05, * 0.1 level (2-tailed)

ns = not significant.

Table 5.24: A summary of hypotheses testing

Hypothesis		Method used	Results	Supported/ rejected
H1a	Cultural values differ S vs. B	independent sample t-test	UAI (S ↑); IND, MAS, PD, LTO = no support	partially supported
H1b	Gap in cult. values → conflict	regression	B: IND gap → task conf. (+), LTO gap → task conf. (+) S: UAI gap → const. conf. (+)	partially supported
H1c	Cultural values → conflict	regression	B: MAS → em. conf. (+), MAS → task conf. (+) , MAS → dest. conf. (+), LTO → task conf. (-) , IND → dest. conf. (+), PD → dest. conf. (-), UAI → dest. conf. (+) S: UAI → dest. conf. (+), PD → dest. conf. (-), LTO → dest. conf. (-)	partially supported
		SEM	No support	
H2a	Std./adapt. strategy differs S vs. B	independent sample t-test	No support	rejected
H2b	Gap in std./adapt. strategy → conflict	regression	B: no support S: product gap → dest. conf. (+), price gap → dest. conf. (-), promotion gap → dest. conf. (-), place gap → dest. conf. (+), place gap → const. conf. (-)	partially supported
H2c	Std./adapt. strategy → conflict	regression	B: place → em. conf. (+) , place → dest. conf. (+) , promotion → dest. conf. (-), product → task conf. (-) S: product → dest. conf. (+), price → const. conf. (+), place → const. conf. (-)	partially supported
		SEM	B: std./adpt. → dest. conf.; S: std./adpt. → const. conf.	
H3a	Dependence differs S vs. B	independent sample t-test	Perceptual dependence (S ↑): advertising, financial, sales dependence; Product dependence = no support	partially supported
H3b	Gap in dependence → conflict	regression	B: no support S: dep. gap → em. conf. (-), dep. gap → dest. conf. (-), importance gap → dest. conf. (-)	partially supported
H3c	Dependence → conflict	regression	B: no support S: dep. → em. Conf. (-), dep. → dest. Conf. (-), prod.dep. → dest. Conf. (-), adv.dep. → const. conf. (+)	partially supported
		SEM	No support	
H4a	Power differs S vs. B	independent sample t-test	INF (S ↑), EXP (S ↑), REW (B ↑), COE (B ↑); REF, LEG = no support	partially supported
H4b	Gap in power → conflict	regression	B: coercive power gap → emotional conflict (-) S: no support	partially supported
H4c	Power → conflict	regression	B: REF → em. conf. (-) , REW → em. conf. (+) , COE → em. conf. (+), EXP → task. conf. (-), COE → task conf. (+), EXP → dest. conf. (-) , LEG → dest. conf. (+), REF → task conf. (-) S: INF → em. conf. (-) , REF → em. conf. (-) , LEG → em. conf. (-), EXP → em. conf. (+), COE → em. conf. (+) , COE → dest. conf. (+) , EXP → em. conf. (+)	partially supported
		SEM	B: no support; S: power → emotional conflict	

Hypothesis		Method used	Results	Supported/ rejected
H5	Conflict → performance (-)	regression	B: const. conf. → satisf. (+), const. conf. → performance 1 (+) S: dest. conf. → perf. A (-), em. conf. → perf. C (-), const. conf. → perf. D (+), em. conf. → perf. 2 (-), dest. conf. → perf. 2 (-)	rejected
		SEM	B: no support S: task conflict → performance 2; emotional conf. → performance 2	
H6	Conflict resolution → conflict/ performance (+)	regression	B: mixed findings S: low level of integrative resolution behavior & high level of distributive resolution behavior = positive conf. (cons.&task) → perf. (+); negative conf. (em. & dest.) → perf. (-)	rejected

Legend: B = buyer, S = seller, SEM = structural equation modeling

Cultural values: IND = individualism, MAS = masculinity, PD = power distance, UAI = uncertainty avoidance, LTO = long-term orientation

Std./adapt. strategy = standardization and/or adaptation strategy

Dep. = dependence: prod.dep. = product dependence, adv.dep. = advertising dependence

Power: INF = informational, REF = referent, EXP = expert, LEG = legislative, REW = reward, COE = coercive

Conflict: em.conf. = emotional conflict, dest.conf. = destructive conflict, const.conf. = constructive conflict

Export performance: performance 1 = financial & strategic export performance & satisfaction with export venture, performance 2 = export performance A, B, C, D

perf.A = performance relative to its plan for this year, perf.B = performance relative to the expectations of our owners/stockholders

perf.C = performance relative to the expectations of our rep in this market, perf.D = performance relative to the previous three years

Note: (1) results displayed in italics were found significant only in a hierarchical regression with all antecedents to conflict included; results displayed in italics and bolded were found significant in both, hierarchical regression with all antecedents to conflicts included and linear regression with single antecedent to conflicts included. (2) results for structural equation modeling are given support only if both, path coefficient and goodness-of-fit statistics were significant.

5.2.6 Post-hoc analysis

High-tech vs. low-tech companies

Industry characteristics were often investigated in the exporting context in many empirical studies (Lages, 2000). These characteristics may include level of competition, number of new competitors, seasonal component, predictability and speed of change, risk level, stability and industry type (Das, 1994). The latter was also labeled as “the line of industry”, a concept referring to manufacturing complexity first introduced by Holzmüller and Kasper (1991, in Lages, 2000), whose findings confirmed the higher the manufacturing complexity of the industry, the better their export performance. On the other hand, Katsikeas and Piercy’s (1991) study in low-tech industry found that less conflict is associated with higher satisfaction in the channel and we may suspect similar relations to financial and strategic performance. Successful exporters in the Das (1994) study were firms operating in industries with turbulent environments, where the market circumstances were rapidly changing, and industry risky with many competitors. Singh (2009) found strong industry effects predicting export sales, where firm’s resources measured by R&D expenditure were positively related to export sales. Similarly, Sterlacchini’s (2000) study among Italian manufacturers reported positive impact of R&D intensity on the export shares of the investigated firms. Furthermore, Roper, Love and Higon (2006) who studied Irish manufacturing plants found significant differences between companies which use different sources of new technology, while companies possessing higher technical skills were reported to have higher export propensities. All the evidence above supports the idea that export performance will be more prone to other influences in high-tech industries.

Cavusgil, Zou and Naidu (1993) found that the industry and the company itself significantly influence product and promotion adaptation. Furthermore, Hughes and Morgan (2007) found that contrary to common misconception, high-tech firms generally follow more constant strategic approach to markets. Also Katsikeas, Samie and Theodosiou (2006) claim that in times of high technological intensity and velocity, standardization of marketing strategy is needed. Thus firms will standardize their international marketing strategies, when dealing with high-tech industrial products (O’Donnell & Jeong, 2000).

High-tech companies are production oriented companies, where the latest findings of Katsikeas et al. (2006) contrary to export literature (e.g. Cavusgil et al., 1993) state that multinational companies pursue standardized product strategies. The authors argue that the products of those large multinational companies “satisfy the same customer needs across countries and are seemingly impervious to cultural differences and these firms pursue a consistent global corporate and brand image” (p. 882). Furthermore, according to Uppsala theory, from the viewpoint of the product the final stage of internationalization represents adaptation of all marketing mix elements, including products (Hollensen, 2011). However,

the majority of the firms in the global environment are SMEs, which usually stop at previous stages and due to limited resources only partially adopt their marketing mix.

Our research identified several differences in high-tech companies in contrast to low-tech companies (see Table 5.25 and 5.26). If looking from the perception of the seller, there are differences between high- and low-tech companies in their long-term orientation (high-tech companies score higher), while low-tech companies tend to adapt promotion to a higher extent than high-tech companies. High-tech companies are more financially dependent on their foreign sales reps, perceive higher constructive conflict, use more passive and active aggressive conflict resolution strategies and evaluate its strategic export performance higher and performance relative to the previous three years. If looking from the perception of the buyer, high-tech companies tend to adapt price more than low-tech companies and are also more advertising dependent than low-tech companies. High-tech companies also tend to use informational and coercive power sources to a higher extent than their channel counterparts. Emotional, constructive and destructive conflicts were perceived to be higher in high-tech companies. High-tech companies also perceive their strategic export performance, performance relative to its plan for this year and relative to the expectations of their seller higher than low-tech companies.

Table 5.25: Evaluating differences between high-tech and low-tech companies – perception of the seller

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
individualism	H	3.69	0.68	0.084	0.467
	L	3.67	0.76		
masculinity	H	2.65	0.83	0.442	0.330
	L	2.59	0.73		
uncertainty avoidance	H	3.82	0.62	0.727	0.235
	L	3.73	0.61		
power distance	H	2.22	0.65	0.340	0.367
	L	2.17	0.76		
long term orientation	H	4.08	0.51	1.396	0.083
	L	3.94	0.57		
stand/adapt: product	H	2.55	0.80	-0.567	0.286
	L	2.64	0.82		
stand/adapt: price	H	3.57	0.75	-0.514	0.304
	L	3.65	0.79		
stand/adapt: promotion	H	3.03	0.73	-1.945	0.027
	L	3.32	0.73		
stand/adapt: place	H	2.95	0.84	-1.127	0.131
	L	3.14	0.82		
irreplaceability (dependence)	H	2.61	0.77	0.584	0.280
	L	2.52	0.70		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
importance (dependence)	H	3.58	0.76	0.206	0.418
	L	3.55	0.83		
perceptual dependence (total)	H	3.70	0.70	1.113	0.134
	L	3.57	0.51		
advertising dependence	H	3.49	0.99	0.073	0.471
	L	3.48	0.98		
product dependence	H	3.71	0.97	0.519	0.302
	L	3.62	0.79		
financial dependence	H	3.44	0.93	1.940	0.027
	L	3.09	0.88		
sales dependence	H	3.88	0.74	0.874	0.192
	L	3.76	0.59		
informational power source	H	3.94	0.64	0.209	0.417
	L	3.92	0.46		
referent power source	H	3.59	0.68	1.198	0.117
	L	3.45	0.50		
expert power source	H	3.82	0.58	-0.502	0.309
	L	3.87	0.42		
legitimate power source	H	3.38	0.72	0.771	0.221
	L	3.27	0.59		
reward power source	H	2.52	0.80	0.972	0.167
	L	2.38	0.65		
coercive power source	H	2.00	0.69	0.796	0.214
	L	1.89	0.64		
emotional conflict	H	1.64	0.57	-0.940	0.175
	L	1.75	0.64		
task conflict	H	2.16	0.59	-0.478	0.316
	L	2.22	0.66		
destructive conflict	H	2.17	0.81	-0.333	0.370
	L	2.22	0.64		
constructive conflict	H	3.36	0.76	1.530	0.064
	L	3.12	0.83		
problem solving	H	4.01	0.57	0.132	0.448
	L	3.99	0.47		
compromise	H	3.66	0.57	0.989	0.163
	L	3.55	0.56		
passive aggressive	H	3.01	0.74	1.767	0.040
	L	2.77	0.55		
active aggressive	H	2.37	0.65	1.384	0.084
	L	2.19	0.69		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
financial export performance	H	3.62	0.65	0.357	0.361
	L	3.58	0.67		
strategic export performance	H	3.71	0.62	1.402	0.082
	L	3.52	0.76		
satisfaction with export venture	H	3.67	0.52	1.182	0.121
	L	3.52	0.68		
Export performance 1 - total	H	3.67	0.52	1.150	0.126
	L	3.54	0.62		
perf_A	H	3.55	0.50	0.121	0.452
	L	3.54	0.51		
perf_B	H	3.48	0.55	-0.112	0.456
	L	3.50	0.62		
perf_C	H	3.67	0.46	1.276	0.102
	L	3.55	0.46		
perf_D	H	3.63	0.59	1.517	0.066
	L	3.43	0.79		
Export performance 2 - perf_ABCD	H	3.58	0.45	0.828	0.205
	L	3.50	0.53		

Note: H = high-tech company (n=60), L =low-tech company (n=44).

Table 5.26: Evaluating differences between high-tech and low-tech companies – perception of the buyer

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
individualism	H	3.68	0.69	0.610	0.272
	L	3.60	0.62		
masculinity	H	2.79	1.00	0.634	0.264
	L	2.67	0.84		
uncertainty avoidance	H	3.58	0.71	-0.395	0.694
	L	3.63	0.61		
power distance	H	2.23	0.73	0.164	0.435
	L	2.21	0.75		
long term orientation	H	4.06	0.57	1.625	0.053
	L	3.88	0.51		
stand/adapt: product	H	2.54	0.87	-0.851	0.198
	L	2.68	0.78		
stand/adapt: price	H	3.67	0.77	1.507	0.068
	L	3.44	0.74		
stand/adapt: promotion	H	3.13	0.75	0.051	0.480
	L	3.12	0.69		
stand/adapt: place	H	2.96	0.72	0.150	0.440
	L	2.93	0.81		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
irreplaceability (dependence)	H	2.59	0.81	-0.627	0.266
	L	2.68	0.67		
importance (dependence)	H	3.64	0.76	0.353	0.362
	L	3.60	0.53		
perceptual dependence (total)	H	3.12	0.62	1.068	0.144
	L	2.99	0.63		
advertising dependence	H	3.01	1.08	1.798	0.037
	L	2.65	0.81		
product dependence	H	3.82	0.96	0.287	0.387
	L	3.77	0.73		
financial dependence	H	2.64	1.01	0.922	0.179
	L	2.45	0.94		
sales dependence	H	3.04	0.71	0.514	0.304
	L	2.97	0.80		
informational power source	H	3.54	0.52	1.446	0.075
	L	3.39	0.45		
referent power source	H	3.51	0.58	0.720	0.236
	L	3.43	0.55		
expert power source	H	3.56	0.46	-0.097	0.461
	L	3.57	0.50		
legitimate power source	H	3.39	0.48	0.441	0.330
	L	3.35	0.53		
reward power source	H	2.74	0.63	0.438	0.331
	L	2.68	0.68		
coercive power source	H	2.55	0.76	1.505	0.068
	L	2.33	0.69		
emotional conflict	H	2.46	0.72	1.510	0.067
	L	2.24	0.67		
task conflict	H	2.63	0.56	0.121	0.452
	L	2.61	0.60		
destructive conflict	H	2.70	0.83	1.676	0.048
	L	2.43	0.79		
constructive conflict	H	3.43	0.65	1.665	0.050
	L	3.23	0.51		
problem solving	H	4.07	0.47	1.281	0.101
	L	3.95	0.46		
compromise	H	3.64	0.56	-0.081	0.467
	L	3.65	0.53		
passive aggressive	H	3.36	0.81	1.979	0.025
	L	3.08	0.62		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
active aggressive	H	2.68	0.78	1.060	0.146
	L	2.52	0.71		
financial export performance	H	3.59	0.52	0.761	0.224
	L	3.50	0.63		
strategic export performance	H	3.57	0.58	1.293	0.099
	L	3.42	0.57		
satisfaction with export venture	H	3.71	0.60	-0.071	0.472
	L	3.71	0.52		
Export performance 1 - total	H	3.62	0.47	0.843	0.200
	L	3.54	0.42		
perf_A	H	3.72	0.50	1.665	0.049
	L	3.56	0.48		
perf_B	H	3.67	0.50	0.841	0.201
	L	3.58	0.52		
perf_C	H	3.78	0.59	1.571	0.059
	L	3.60	0.56		
perf_D	H	3.76	0.58	0.679	0.249
	L	3.68	0.55		
Export performance 2 - perf_ABCD	H	3.73	0.43	1.468	0.072
	L	3.60	0.44		

Note: H = high-tech company (n=59), L =low-tech company (n=42).

SMEs vs. LARGE COMPANIES

Studies on how company size impacts the researched relationship are even rarer, and the results are often contradictory. O'Cass and Julian (2003) found that small firms have to adapt their marketing strategies to foreign countries. In contrast, Ruzzier and Konečnik (2006) support the increased use of information technology and Internet as a medium of communication and a marketing tool, which enable SMEs with a lack of resources to successfully enter foreign markets by using strategies that do not require product/service adaptation. In sum, firms have to standardize their products, distribution and communication across borders, when they are characterized as large firms (Hultman, Robson & Katsikeas, 2009).

The study among SMEs, performed by Larimo and Kontkanen (2008) revealed relatively small differences between adaptation and standardization of product, communication and distribution strategies, while pricing was found to be more adapted by SMEs. As Katsikeas, Samiee and Theodosiou (2006) found, the firm reacts to the environment (culture is part of the environment) as exogenous variable, which implies that it adjusts its marketing strategy to match the environment. Large multinational companies usually possess higher power compared to SMEs and can therefore exercise its strategies, without being highly influenced by the environment, as their influence on the environment is usually even higher (Hollensen, 2011).

There are studies, which evaluated direct relationship between firm size and export performance, reporting some contradictory results. Culpan (1989) empirically tested and confirmed a positive relationship between firm size and export performance. The author explains that in cases where size and export volume increase; there is also a change in firm's export marketing behavior. Verwaal and Donkers (2002) also found a positive relationship between firm size and export intensity. In addition, larger firms in the Indian sample, were found to be more profitable and less productive (Majumdar, 1997). The rationale behind all these findings may be a resource based view, claiming that firm size affects the resource allocation (Baldauf, Cravens & Wagner, 2000). The latter is confirmed by Bonaccorsi, (1992) who found the positive relationship between firm size and export performance is due production capacity, managerial and financial resources, as well as economies of scale (Singh, 2009). Contrastingly, Das (1994) found a negative relationship between firm size and export performance, also revealing that smaller companies have a smaller size but employ more people in export departments if the whole firm is not completely export oriented (Lages, 2000), ..., while we end up with a mixed findings. The primary reason for these mixed results lies in the manner in which firm size is operationalized, as most common indicators used vary from number of employees, value of firm assets to level of sales. Given these possibilities, it is likely that the impact of size will vary among different studies (Samiee & Walters, 1990).

As Sousa (2004) argues the size of the firm may be of importance in certain circumstances. Size is particularly important when evaluating emerging economy firms, as most of these firms are small and still growing in the domestic market (Singh, 2009). Thus, small firms are more likely to be able to achieve high growth on their domestic markets, while large companies will focus more on export. Nevertheless, the firms' size may be important in some stages of the internationalization process, but not in the others (Samiee & Walters, 1990). Finally, a special circumstance when firm size is important is the time focus of firm managers. While managers of large companies are usually long-term focused, managers of small firms emphasize the short-term over a long-term due to the lack of financial resources to be able to operate on foreign markets with low margins. Bijmolt and Zwart (1994) confirm that the financial possibilities of a small and medium enterprise (SME) will be more restricted than the ones of a larger firm. In that particular case, the use of objective over subjective measures is advised since we already reported they tend to be more reliable in measuring short-term performance (Sousa, 2004). As conflicts are resolved on a long-run, we suspect that large companies will face fewer (if any) conflicts on a long run that will impact their performance. In addition, larger firms can deploy more resources more easily, in order to gather important information about their foreign markets and manage inconsistencies like conflict (Singh, 2009).

Our study identified some interesting results (see Table 5.27 and 5.28). First, when looking from the perspective of the seller, large companies find it easier to replace their representative on foreign markets. SMEs tend to use informational, referent, expert and

legitimate power source to a higher extent than large companies. Emotional and task conflict were perceived to be higher in large companies. SMEs use more integrative (compromise) conflict resolution strategies, while large companies more distributive (passive aggressive and active aggressive) conflict resolution strategies. Large companies perceive their financial export performance higher than SMEs. If we look from the perspective of the buyer, SMEs tend to adapt products to a higher extent than large companies. Large buyers perceive their total interdependence and sales dependence on their suppliers to be higher than SMEs. Referent and reward power source is used by large companies more often than SMEs, while large companies also perceive their financial export performance to be higher than SMEs.

Table 5.27: Evaluating differences between SMEs and large companies – perception of the seller

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
individualism	S	3.69	0.70	-0.068	0.473
	L	3.70	0.75		
masculinity	S	2.67	0.84	0.0481	0.216
	L	2.59	0.73		
uncertainty avoidance	S	3.78	0.62	0.045	0.482
	L	3.77	0.64		
power distance	S	2.22	0.78	-0.077	0.469
	L	2.23	0.57		
long term orientation	S	3.97	0.63	-0.846	0.200
	L	4.08	0.44		
stand/adapt: product	S	2.62	0.88	0.842	0.201
	L	2.47	0.74		
stand/adapt: price	S	3.68	0.70	0.515	0.304
	L	3.59	0.81		
stand/adapt: promotion	S	3.19	0.78	0.277	0.391
	L	3.14	0.82		
stand/adapt: place	S	3.15	0.84	0.657	0.257
	L	3.02	0.88		
irreplaceability (dependence)	S	2.39	0.77	-1.627	0.054
	L	2.67	0.77		
importance (dependence)	S	3.60	0.78	0.049	0.480
	L	3.59	0.97		
perceptual dependence (total)	S	3.61	0.71	-0.044	0.482
	L	3.62	0.60		
advertising dependence	S	3.47	1.15	-0.317	0.376
	L	3.54	0.95		
product dependence	S	3.59	0.98	-0.080	0.468
	L	3.61	0.89		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
financial dependence	S	3.17	1.07	-0.536	0.296
	L	3.29	0.87		
sales dependence	S	3.87	0.80	0.469	0.320
	L	3.79	0.57		
informational power source	S	4.09	0.61	1.729	0.044
	L	3.85	0.60		
referent power source	S	3.69	0.70	2.248	0.014
	L	3.36	0.58		
expert power source	S	4.01	0.54	2.231	0.015
	L	3.75	0.48		
legitimate power source	S	3.51	0.66	1.703	0.046
	L	3.25	0.71		
reward power source	S	2.45	0.77	-0.368	0.357
	L	2.51	0.72		
coercive power source	S	2.06	0.64	0.566	0.286
	L	1.97	0.75		
emotional conflict	S	1.61	0.61	-1.945	0.027
	L	1.89	0.67		
task conflict	S	2.07	0.65	-1.332	0.094
	L	2.26	0.63		
destructive conflict	S	2.18	0.78	-0.467	0.320
	L	2.26	0.71		
constructive conflict	S	3.13	0.78	-1.085	0.140
	L	3.32	0.78		
problem solving	S	3.98	0.53	-0.425	0.336
	L	4.04	0.56		
compromise	S	3.76	0.48	1.584	0.058
	L	3.57	0.56		
passive aggressive	S	2.80	0.68	-1.071	0.144
	L	2.98	0.83		
active aggressive	S	2.10	0.60	-1.408	0.081
	L	2.31	0.76		
financial export performance	S	3.51	0.76	-1.298	0.099
	L	3.70	0.57		
strategic export performance	S	3.70	0.78	0.176	0.430
	L	3.67	0.71		
satisfaction with export venture	S	3.64	0.64	0.734	0.232
	L	3.53	0.61		
Export performance 1 - total	S	3.61	0.67	-0.146	0.442
	L	3.63	0.53		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
perf_A	S	3.54	0.49	-0.110	0.413
	L	3.57	0.56		
perf_B	S	3.46	0.59	-0.156	0.438
	L	3.48	0.65		
perf_C	S	3.61	0.48	-0.033	0.487
	L	3.61	0.50		
perf_D	S	3.48	0.74	-0.562	0.288
	L	3.58	0.76		
Export performance 2 - perf_ABCD	S	3.52	0.52	-0.307	0.380
	L	3.56	0.54		

Note: S = small and medium company-SME (n=45), L =large company (n=35).

Table 5.28: Evaluating differences between SMEs and large companies – perception of the buyer

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
individualism	S	3.60	0.64	-0.773	0.221
	L	3.73	0.71		
masculinity	S	2.85	1.04	0.707	0.241
	L	2.67	0.94		
uncertainty avoidance	S	3.39	0.55	-2.848	0.003
	L	3.86	0.72		
power distance	S	2.25	0.81	-0.129	0.449
	L	2.27	0.74		
long term orientation	S	4.00	0.49	0.079	0.469
	L	3.99	0.52		
stand/adapt: product	S	2.66	0.88	1.453.	0.075
	L	2.42	0.52		
stand/adapt: price	S	3.71	0.70	0.179	0.429
	L	3.68	0.81		
stand/adapt: promotion	S	3.15	0.63	0.126	0.450
	L	3.13	0.76		
stand/adapt: place	S	2.86	0.69	-0.510	0.306
	L	2.95	0.82		
irreplaceability (dependence)	S	2.60	0.69	-0.080	0.468
	L	2.61	0.78		
importance (dependence)	S	3.66	0.67	0.887	0.189
	L	3.50	0.83		
perceptual dependence (total)	S	3.10	0.52	-1.671	0.050
	L	3.33	0.63		
advertising dependence	S	2.95	0.92	-0.366	0.357
	L	3.04	1.21		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
product dependence	S	3.85	0.79	-1.169	0.123
	L	4.08	0.79		
financial dependence	S	2.54	0.93	-0.570	0.285
	L	2.68	1.06		
sales dependence	S	3.01	0.67	-1.943	0.028
	L	3.34	0.67		
informational power source	S	3.48	0.56	-0.369	0.357
	L	3.53	0.47		
referent power source	S	3.41	0.57	-1.354	0.090
	L	3.61	0.68		
expert power source	S	3.51	0.50	-0.765	0.447
	L	3.61	0.46		
legitimate power source	S	3.33	0.52	-0.956	0.171
	L	3.45	0.37		
reward power source	S	2.55	0.58	-1.434	0.078
	L	2.77	0.74		
coercive power source	S	2.50	0.71	1.002	0.160
	L	2.32	0.79		
emotional conflict	S	2.41	0.72	0.261	0.397
	L	2.37	0.64		
task conflict	S	2.57	0.57	-0.895	0.187
	L	2.70	0.57		
destructive conflict	S	2.59	0.78	0.522	0.302
	L	2.48	0.87		
constructive conflict	S	3.27	0.59	-1.191	0.119
	L	3.45	0.68		
problem solving	S	4.05	0.43	-0.552	0.291
	L	4.11	0.51		
compromise	S	3.63	0.55	-0.289	0.386
	L	3.67	0.67		
passive aggressive	S	3.35	0.77	0.547	0.293
	L	3.24	0.84		
active aggressive	S	2.52	0.78	-0.428	0.335
	L	2.60	0.82		
financial export performance	S	3.46	0.59	-1.327	0.095
	L	3.65	0.58		
strategic export performance	S	3.47	0.58	-0.354	0.362
	L	3.52	0.62		
satisfaction with export venture	S	3.66	0.59	-0.832	0.204
	L	3.77	0.47		

continued

Construct		Mean	Std. Dev.	t-test	P (1-tailed)
Export performance 1 - total	S	3.53	0.44	-1.066	0.145
	L	3.65	0.47		
perf_A	S	3.58	0.50	-1.169	0.123
	L	3.73	0.50		
perf_B	S	3.65	0.58	0.653	0.258
	L	3.57	0.43		
perf_C	S	3.66	0.67	-0.776	0.220
	L	3.79	0.58		
perf_D	S	3.78	0.58	0.519	0.303
	L	3.70	0.63		
Export performance 2 - perf_ABCD	S	3.67	0.47	-0.236	0.407
	L	3.70	0.43		

Note: S = small and medium company-SME (n=47), L =large company (n=25).

6 RESEARCH EVALUATION

6.1 IMPLICATIONS AND CONCLUSIONS

Lately, most of the literature in business-to-business (B2B) marketing focuses on buyer-seller relationship marketing (Backhaus, Lügger & Koch, 2011, p. 947). However, the researchers studying conflicts between buyers and sellers rarely expose their conceptualization to international environment. Thus, they neglect the existence of some influencing factors that only exist in the international environment (e.g. cultural differences, standardization or adaptation of international marketing strategy). On the other hand, researchers in the international business and international marketing field focus primarily on macro- or institutional (stakeholder)-level of analysis, but rarely introduce relationship marketing components (e.g. cooperation, trust, commitment) into their models of conflict. Thus, they neglect the power and dependence coming from a sole buyer-seller channel relationship most often, which are the most frequently cited sources for conflicts in B2B marketing literature. The present dissertation unites both perspectives, offering a fresh and broader view on conflicts in distribution channels.

In the present work we are trying to build on the existent knowledge in the fields of B2B marketing and international business, while by constructing a conceptual model and its empirical testing we contribute to the understanding of relationships between conflicts and export performance, as well as evaluate the role of different relationship marketing and international business sources to conflicts. The evaluation of the gap between buyers and sellers in the distribution channel stemming from their differing perception of their power, dependence, values and the need to either standardize or adapt international marketing strategy, represents the major contribution of the dissertation, as to our knowledge there

has been no study evaluating these factors in distribution channels in a similar way. We stress the importance of evaluating distribution channel conflict in the international setting, where the arise of conflicts may be also due to various factors in the external environment to the dyadic relationship itself, which was most often neglected in the B2B marketing theory so far. In total, the development of marketing thought in the area of conflict within international distribution channels is an important contribution of the present dissertation.

In order to develop theoretically grounded and useful work for practice, we evaluated the antecedents and outcomes of conflicts in case of Slovenian exporters and their corresponding sales representatives (e.g. agents, distributors) on foreign markets. We were assessing how well theoretical concepts of power, dependence, cultural values and standardization/ adaptation of international marketing strategy explain conflicts in the described setting, as well as evaluating the direction and the intensity of impacts of conflict through conflict resolution strategies on export performance. The outcomes are generalizable across both, high-tech and low-tech industries, as well as different company sizes, while may be of particular value for companies operating in the Eastern and Western Europe, where most of the companies in the sample are coming from.

6.1.1 Theoretical implications

Research outcomes of the present work indicate several theoretical contributions to the field of distribution channel conflicts in B2B marketing and international business theory. The conceptual model that was presented can be used as a base for the understanding and interpretation of conflicts in international distribution channels. The theoretical contribution of the dissertation can be seen in the representation of external (international) influences on channel conflicts, whether the previous research studies evaluate mostly internal causes for distribution channel conflicts. The added value of the research stems from the nature of the study, as it is dyadic, unites economical and behavioral approach of the channel members' evaluation, which were in the channel theory examined separately (Stern & Reve, 1980, p. 52), as well as it is among the first that includes both, the antecedents and consequences of channel conflicts, and based on those findings proposes effective approach to conflict resolution. In sum, the systematization of various theoretical views on conflict, its antecedents and outcomes we found to be rare or nonexistent in the literature, thus representing the important contribution of the dissertation. The following few paragraphs focus on several factors used in the study and the theoretical contribution of their research findings in otherwise separate fields of research.

Some of the results can be explained through so called "new institutional economics theory" that influenced European marketing scholars (German in particular) to develop their own theory of B2B markets. According to this theory marketing is defined as "the management of information and uncertainty in markets" (Kleinaltenkamp & Jacob, 2002, p. 150), where problem solving strategies are used as a response to this uncertainty. We

observe in our research findings that sellers operating on domestic market are more risk averse than their channel partners, who report that in case of an increase in risk aversion the potential for destructive conflict arises. Thus, our research finding that knowledge about the market and its uncertainty plays an important role as antecedent to international channel conflicts is logical and contributes to the theory. Furthermore, the transfer of information between markets as antecedent to international conflicts can be explained through the transaction-cost theory as one of four basic components (besides agency theory, property rights and information economics) of the new institutional economics theory. According to the transaction cost theory every exchange relationship includes imperfect (asymmetric) information, opportunistic behavior of both partners and bounded rationality (Williamson, 1985). Those factors create uncertainty, which in turn again presents potential for conflict. Thus, it was suggested that firms may need to trade off transaction costs against capabilities when making decisions regarding multinational boundaries (Madhok, 1998, p. 259).

A resource-based theory can be used to explain competition between subsidiaries for scarce resources as a source of distribution channel conflict. It has been confirmed that the fit between marketing resources and the context in which those resources are deployed will affect the firm's performance (Auh & Menguc, 2009, p. 757), while market-based assets and capabilities are correlated to generating and sustaining customer value and gaining competitive advantage (Srivastava, Fahey & Christensen, 2001, p. 777). Scholars have suggested that resource alignment between partners will directly affect collective strengths and inter-firm conflicts in strategic alliances (Das & Tang, 2000, p. 51-53). The authors believe that the surplus of resources in alliance will help reduce inter-firm conflicts due to less rigid constraints and better relationship accommodation, while dissimilar resources present an obstacle to cooperation and increase potential for inter-firm conflicts within the alliance. Nevertheless, most of the research on conflict antecedents was done in Western, developed countries, where the scarcity of resources (e.g. semi-finished and finished products, tradable goods, services, knowledge) may not be identified outside the basic conflict over natural resources (Reuveny, Maxwell & Davis, 2011). International business researchers have highlighted the dilemma over hard-to-measure, knowledge-based resources, where channel members take advantage of the information asymmetries between other channel members and foreign markets to leverage its resources (Peng, 2001, p. 814). As firms profit from such opportunities their partners never rest assured that the firm will actually deploy those knowledge-based resources, we argue this kind of situation to lead to channel conflicts.

Some of the conflict sources (knowledge about the market, level of internationalization, and transfer of information between markets) may have a significant contribution in the field of knowledge management and absorptive capacity theories. Absorptive capacity is "one of the most important constructs to emerge in organizational research in recent decades" (Lane, Koka & Pathak, 2006, p. 833). It was introduced by Cohen and Levinthal

in 1990 as “the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends” (p. 128). Knowledge management is correlated to absorptive capacity, which is defined as “the ability to enable firms to effectively acquire and utilize external knowledge as well as internal one which affects their innovations” (Chen, Lin & Chang, 2009, p. 152). While some authors (cf. Lichtenthaler, 2009) claim that technological and market knowledge are two critical components of prior knowledge in the organizational learning processes of absorptive capacity, some authors (cf. Jurado, Gracia & de Lucio, 2008) claim that organizational knowledge composed of skills and experience of employees are critical success factors of absorptive capacity processes. Our contribution is identifying the relationship of some of the knowledge management components to positive, constructive conflicts and performance, but also to negative, destructive conflicts. Thus, knowledge about the market can also create negative outcomes. Although, learning about relationship(s) and absorptive capacity have proven to have a positive influence on innovation performance of companies, as well as their competitive advantages creation (Chen, Lin & Chang, 2009), knowing the customer and learning from the relationship solely depends on both parties’ willingness to cooperate in joint learning activities and knowledge exchange. The level of internationalization is related to the level of international experience (Johnson & Vahlne, 1977), thus we may speculate that the higher the absorptive capacity the higher international experience and vice versa. If we discovered this link, future research should examine how absorptive capacity influences export performance through the mediating role of channel conflict. In essence, although the concepts of customer relationship management and knowledge management in business and academia are regarded as separate research areas, both approaches “focus on allocating resources to supportive business activities in order to gain competitive advantage” (Gebert et al., 2003, p. 107), and many authors (i.e. Gebert et al., 2003; Liew, 2008; Liyun, 2008; Schlegelmilch & Chini, 2003) see a high synergy potential in an integrated model.

This review of the recent international marketing literature given by Nakata and Huang (2005) indicates that the field has developed in terms of diversification of research topics in strategy, organizational and operational issues, which reflects the maturing perspective of international marketing discipline. However, as the authors point out pricing and distribution as two specific marketing mix elements were largely neglected by scholars (p. 617-618). We are observing how companies are dramatically altering their traditional channel strategies due to improvements in the technology leading to automated supply chains and the influence of electronic consumer channels, while the shift of power to large multinational retailers should also not be neglected. Thus, our study of power-conflict in light of a current fast changing environment presents a step forward from the seminal work of Gaski (1984). Furthermore, pricing-conflict relationship is a field of research that has been newly opened with our study. There have been some suggestions for future research to focus on how price transparency and international price coordination may affect purchase behavior and the flow of gray goods (Nakata & Huang, 2005, p. 618), which in

channel literature were recognized as a potential issue leading to channel conflict. Our theoretical contribution is linking pricing and conflict, finding that the more the company adapts prices the more it creates potential for constructive rather than destructive conflict. The practical implication is that firms need to adapt to market conditions and buying power of their consumers, as otherwise the incongruence between overpriced products and given seller's sales target create potential for conflict. Furthermore, our study identified profit distribution as an important conflict source, thereby adding a financial aspect to the conflict theory. Practical implications of this theoretical implication are twofold: (1) distribution channel members should clearly define what roles they will perform and how they will be paid for it (e.g. the question whether the development of the brand stays with the manufacturer or is transmitted to the retailer); and (2) academic researchers and also managers should study conflict in the broader environmental context, especially evaluating transfer risks that may prohibit profit distribution in the channel.

In contrast to other studies on conflict resolution strategies and their speculative relationship to performance (cf. Desivilya & Eizen, 2005; Deutsch, 1990; Rahim, 1983; Thomas, 1992), we observe that it is not only the sole choice of a conflict resolution strategy that impacts the relationship between conflict and export performance, but also the intensity of the strategy used. Here, our predictions confirmed that only low intensity of integrative conflict resolution strategies (problem solving, compromise) and high intensity of distributive strategies (passive aggressive, active aggressive) will impact the way conflict influences export performance. Furthermore, we identified that passive aggressive as one of distributive conflict resolution styles in certain cases (in our case at sellers' point of the dyad) behave more like integrating style. We argue that the passive aggressive strategy is more like the active avoiding strategy, which is characterized by low assertiveness and low cooperative integrative style. The reason for these findings may be the long-term orientation of the firms, according to which firms prefer to engage in stable long-term relationships, where any type of aggression and divergence from win-win solutions may harm that relationship. Our research offers some new insights. Nevertheless, in contrast to previous research we found (cf. Koza & Dant, 2007) that not only integrative conflict resolution styles are preferred and lead to positive outcomes, but also distributive conflict resolution styles positively impact the relationship between (positive; task and constructive) conflict itself and export performance. Based on the findings we conclude that the relationship and performance would not be threatened by aggressive/distributive conflict resolution strategies, when the channel member using the strategy possesses power over the channel counterpart. Thus, this is also a major contribution to the conflict resolution theory.

At the end, we must note that the presented conceptual model does not include (and it was also not its purpose) all factors that impact distribution channel conflicts, neither their outcomes. Besides evaluated power, dependence, cultural values and standardization/adaptation of the international marketing theory there are also other sources of conflicts,

already identified by other studies e.g. incongruity of goals. Thus, the model represents the simplification of reality, as the conflict in reality is too complex to be studied within one model.

6.1.2 Methodological implications

The methodological contribution is primarily represented in the complexity of the antecedents-consequences model and its empirical test. First, the comprehensive study of some newly discovered causes and consequences of conflicts on international business-to-business markets is the result of the extensive theoretical review and qualitative study. Second, the qualitative study was complemented by the quantitative research, which is rare in B2B research, although lately it has been suggested by several scholars (cf. Backhaus, Lügger & Koch, 2011; Leeftang, 2011). It has been pointed out that comparing and contrasting the results across both types of methods further strengthens our knowledge (Plank, 1997, p. 237). Third, the study is dyadic, which also enables higher value of theoretical and managerial implications, as we observe the phenomenon from both sides of the distribution channel relationship. Finally, the model is tested using the structural equation modeling technique, which enables us to analyze the model fit, report measurement errors and evaluate the relationship between all proposed concepts.

The contribution is also in the test of various scales that either did not report any reliability and validity test, or were never empirically tested before. Scales for reward power source and destructive conflict had reported slightly lower reliability, and might be changed or supplemented by other scales in the future research. On the other hand, our methodological contribution is reasonable reliability analysis for legitimate power source, which did not get support in its original form by Swasy (1979). We also added informational power source in our research that was rarely used in the empirical studies as it was conceptualized by its authors French and Raven (1959) later than their first scale. Furthermore, this is the first study that evaluates the newly developed export performance scale (Ruvio et al., 2004) and got exceptional results in terms of reliability and constructs' validity. Export performance was also evaluated by EXPERF scale developed by Zou, Taylor and Osland (1998). In contrast to previous research (Shoham et al., 2008, p. 142), the validity and reliability tests in our study showed that the scale can actually be divided into three parts (financial performance, strategic performance and satisfaction with export venture) as suggested by its authors and examined in relation to other variables separately. Finally, our methodological contribution is a conceptualization of the perceptual dependence scale (Zhou, Zhuang & Yip, 2007) into advertising, product, financial and sales dependence; thereby offering scholars to test different types of channel dependence and their interrelations.

The use of structural equation modeling (SEM) enabled to test interrelated dependence relationships among observed and unobserved variables simultaneously (Hair et al., 2010,

p. 666), while alert at and take into account the measurement error in the model (Bagozzi, 2010, p. 208). The use of this statistical technique enabled us to understand to what extent latent variables are correlated in our conceptual model. As the model to be tested with SEM should be strongly theoretically grounded, every possible misfit identified (culture, dependence) alerts that the theory needs rethinking. In sum, by theoretically defining a broad conceptual model and its cause-effect relationships we came closer to the good real life model, which can be still further tested in other context and time.

6.1.3 Managerial implications

The research offers various practical implications for managers of companies on the seller as well as on the buyer side of the dyad. When looking at the data, whether they can be generalized, we must first explain that companies came from two different industries (high-tech vs. low-tech) and approximately evenly distributed in the sample. As the sampling frame included exporters and companies in the foreign markets in the exact ranking order as the major exporting markets are for the whole Slovenian economy, the data can be generalized for the Slovenian exporters, although we cannot discuss quota sampling in this case. Furthermore, the data results might be applicable for similar cultures (e.g. East-European countries, post-transitional economies, developing countries), which share similar cultural values. If we observe the Hofstede's (2001) cultural dimensions, Slovenia scores relatively high on uncertainty avoidance (UA = 88), which places it in a group of countries like Belgium, France, Greece, Israel, Japan, South Korea, and most of Latin American countries. When doing business with partners from those countries, we may expect the level of conflicts to be lower due to mutual cooperative predisposition, however due to risk aversion (high difference along other cultural dimensions) it may take longer to engage and build long-lasting relationships. Most of Eastern European countries in the sample, except Slovakia scored similarly high values on uncertainty avoidance. Power distance scores are also relevant to our study, which was found to be relatively high (PD = 71) for Slovenia. As in West European countries and more developed countries these scores are much lower, there is perceptual gap in power, which was already in our study found to be an important factor of distribution channel conflicts. Countries with a similar high power distance predisposition include Bulgaria, Poland and Turkey. Thus, it is not surprising that the international trade with those countries is increasing, while results of our study are most applicable.

We found there was a strong impact of conflict on export performance within sellers' sample, while weak or none support of conflict impact on performance at the buyers' side of the dyad. Furthermore, buyers in our sample perceive dependence on their suppliers to be lower as suppliers' perceive their dependence on buyers. Thus, it was not surprising that buyers do not perceive dependence to have any influence on conflicts with their channel partners, while sellers' perceive their dependence on buyers to be negatively related to emotional and destructive conflict. As already stated, this might be explained by the shift

in power and increasing role, as well as higher autonomy of subsidiaries within multinational companies. This trend is also called heterarchy (Hedlund 1986), where the multinational company is not organized hierarchically, but is *internalizing the environment* in the decision-making. In fact, as Wang et al. (2009) explain, every subsidiary or other representative on the foreign market is facing dual-roles, as it is embedded in dual context of multinational company and host environment. Second, the direction of most of the relationships between either antecedents or outcomes of task conflict was exactly the opposite as expected in the literature. The important implication of this study is that task conflict can also be perceived with negative outcomes and not necessarily just improve work processes by abolishing problems that arise, but also hinders the productivity and inflicts possible delays. On the other hand, this result also confirms one of the central findings of Rose and Shoham (2004) study that international channels of distribution are more prone to negative conflict, because cultural differences decrease the amount of opportunities for interactions to resolve in particular task conflict. As reported by Lusch (1976) and Rawwas et al. (1997), emotional conflict was reduced by informational, referent, and legitimate sources, which are non-coercive. Previous studies (e.g. Lusch 1976; Rawwas et al. 1997; Zhuang et al. 2010) most commonly found that the coercive power source has a positive relationship to conflict, which was also the case in our research with emotional conflict, as well as destructive conflict, which are both considered as negative perspectives of conflict. However, a surprising finding, at least in light of previous research, is that expert power has a positive relationship to emotional conflict, meaning the more knowledge the seller has and uses as a power over a buyer, the more emotional conflict arises as perceived by seller, possibly because buyers want to be independent in their own territory.

The empirical results among exporters show that conflicts impact export performance particularly when the company is large, operating on many markets and coming from a high-tech industry. The reasons for somewhat surprising results may be found in the concept of change and organizational inertia. Organizational inertia is defined as “an overarching concept that encompasses personal commitments, financial investments and institutional mechanisms supporting the current way of doing things” (Shimizu & Hitt, 2005: 52). We may argue that in spite the fact that poor performance may signal a need for change, inertial forces often prevent an organization from initiating this required change.

When evaluating the results for SMEs, the most surprising fact was that there is no significant relationship between conflicts and performance of those companies. This might be explained by the fact that SMEs are often part of the network of smaller companies, where external communication is an integral part of their business, while internally the organizational structure is most commonly not hierarchical but more like a network, fostered by the open communication (Ling & Zhang, 2005), which hinders conflicts before occurring. On the other hand, SMEs are much more flexible and changing faster than large companies, while conflicts need time to arise. We might explain the results by suggesting

that large companies have higher possibilities for standardization of their strategy, due to higher power compared to SMEs. However, as the companies in the sample are Slovenian companies, which are in general much smaller compared to large foreign multinationals, this effect did not show itself significantly. Our research confirms previous studies' (Ruzzier & Konečnik, 2006) speculation, that SMEs will be more prone to standardization in the cross-cultural context due to a lack of resources. We suggest, as Ghauri et al. (2002) stresses that networks can help solve export-marketing problems for SMEs. SMEs are a part of that network, only if they have a clearly defined market problem or market opportunity; a willingness to respond together; development of solidarity, coherence and commitment; and initiated foreign market activities.

We can confirm the speculations of previous studies that the degree of adaptation depends on firm characteristics (e.g. firm size, degree of international experience) and environmental factors (e.g. cultural distance between markets, the nature of the competition, the stage in the product life cycle) (Dow, 2006). However, international marketing strategy formulation also depends on the place, where it has been created. Most of the standardization/ adaptation studies have been conducted from the standpoint of headquarters (Katsikeas et al., 2006), while our study views the problem from the other side of the dyad. The highest support from both sides of the dyad was given to the standardization/adaptation of the distribution channel. The sellers reported that standardization of international distribution channels increases constructive conflict, while the buyers reported that channels' adaptation increases emotional and destructive conflict. The practical implication is that multinational firms will try to standardize their distribution channel choices across different markets in order to avoid negative outcomes. We find examples of such strategies employed by large successful multinationals, (e.g. McDonalds, Starbucks, 3M, Bodyshop) which standardize their entry modes and create capabilities and knowledge specific to that entry mode and their business context. Furthermore, the sellers report that the higher the adaptation of products the higher destructive conflicts, while buyers found that the higher the standardization of promotion the higher destructive conflicts. Those findings are in line with the common business sense, as advertising and promotion need to be adapted to specific local needs, customs, habits and culture in general in order not to be offensive or even banned; while higher customization of products creates friction in usually automated production procedures of standardized products, and increases the variability of the quality control. Thus, companies will need to pay higher attention to routines, procedures and communication to their channel partners, when they are selling customized products.

The influence of all the researched factors on conflict and consequently export performance of Slovenian firms may represent an important contribution to the Slovenian business sector, and the research findings to more efficient and effective performance of Slovenian firms on international markets. Managers need to continuously communicate with their dealers to get a better understanding of the dealer's perspective on all the

relational, strategic and performance issues in order to avoid destructive conflict and stimulate constructive outcomes (Kiyak, Roath & Schatzel, 2001, p. 24). The identification of unexpected international sources to conflict, like entry mode, knowledge about the foreign market, information flow, profit distribution, type of foreign activities and level of internationalization besides expected conflict sources like cultural values, standardization/adaptation of international marketing strategy and power/dependence channel structure are not only an important theoretical contribution, but also a warning to Slovenian managers, which factors they need to consider when forming their internationalization strategy.

6.2 FUTURE RESEARCH IMPLICATIONS

The variables that were included in the conceptual model and its empirical testing only refer to a small number of various conflict sources, while some additional were identified by the present research. Future research could include sources on other theories, particularly organizational behavior theory, into the evaluation of conflict and find regularities in customer behavior data, thereby generalizing knowledge about conflicts as we know it today at the specific relationship level. This is in line with a latest finding that there is a knowledge gap in B2B marketing coming from panel data and regularities (Leeflang, 2011). In sum, future research will need to consider the complexity of conflict, evaluate different behavior strategies in different circumstances and their effectiveness in the scope of complex long-term interpersonal relationships, as indicated by other scholars (cf. Speakman & Ryals, 2010).

Although one of the basic principles in the business network approach is that every relationship affects and is affected by other relationships within the network (Håkansson et al., 2009; Tidström, 2009), adding a third party contribution to dyadic conflict is very rare among the empirical studies of conflict in distribution channels (Håkansson & Vaaland, 2000). Our study confirms the results of Vaaland (2001) in the international setting, that nearly half of the conflicts are related to the parties outside the dyadic relationship. Therefore, we suggest researchers to further expand the research scope from pure dyadic relationship in the distribution channel to distribution networks. As already written in the introduction, the research field of conflicts in business networks, and more particularly in international distribution setting, is only just emerging (Tidström & Hagberg-Andersson, 2008). It is recommended that more research should be devoted to exposed international distribution conflict sources, with particular emphasis on types of conflict and conflict resolution strategies in different cultures. Furthermore, focus of future research on external (international network) sources of conflict would highlight the importance of networks that exist among different subsidiaries of large multinational companies. Furthermore, there have been just a few attempts to clarify and systematically categorize the outcomes of conflicts and conflict resolution strategies. There is still relatively little known about the characteristics of conflict management practices and their contribution to outcome

variation, in particular how they are linked to the general organizational strategy (Lipsky & Avgar, 2008, p. 174).

In their seminal work Lusch and Brown (1986, p. 321) already pointed out, that channel scholars need to develop a deeper understanding of separate channel power sources and their relation to constructs of power, conflict and performance. However, not many channel scholars (cf. Lee, 2001; Vaaland & Håkansson, 2003; Zhuang, Xi & Tang, 2010) actually studied the relationships between all the proposed constructs together ever since, while power and conflict alone have been central research constructs in studies on interfirm relationships (Welch & Wilkinson, 2005, p. 205). First, future research could link power directly to export performance. Although, scholars already confirmed that power influences relationship satisfaction (Benton & Maloni, 2005, p. 18), future research should encompass other export performance indicators (e.g. financial, strategic) to explain whether power-performance relationship really is a prominent part of supply chain strategy. Nevertheless, future channel research should include more factors that determine channel power (Kadiyali, Chintagunta & Vilcassim, 2000, p. 147), which might in turn also explain the rise of conflicts in the channel relationships. Furthermore, future research could also study the opposite relationship between power and conflict, as it has been suggested that conflict potential can act as an antecedent to the use of coercive power, when taking into account that rather competitive than cooperative norms influence the behavior of dyad partners (Kiyak, Roath & Schatzel, 2001, p. 24). In this respect we follow the ideas of other scholars (cf. Welch & Wilkinson, 2005, p. 212), who suggested researching the impact of institutions on interfirm conflicts and expand the typologies of conflict routines and rules to network research. The channel researchers could build their network theory of conflict on our review of conflict history within various disciplines.

Scholars who studied conflict in relation to channel management opened several areas of research that need to be further developed (Lee, 2001, p. 158; Moore, Birtwistle & Burt, 2004, p. 765; Ryu, Lee & Lee, 2011, p. 100): (1) functions of different forms of conflict (perceived, felt and manifest conflict) in distribution channels; (2) the issue of constructive conflict in channel research in general; (3) cross-cultural studies on channel conflict, in particular how should firms from developing world (e.g. Eastern Europe, Asia) manage their channel relations in order to achieve harmony and high performance simultaneously. Our study presents a step further in the area of the last two issues, while the first issue still remains under-researched. As business relationships in complex environments are usually strengthened by a more diversified relational attitude and deeper understanding of conflict (Vaaland & Håkansson, 2003, p. 137), future researchers may consider the use of case study methodology to study conflict under various environmental conditions.

As many scholars stressed the importance for future studies to include both sides of the dyad when studying channel dependence (Zhuang & Zhou, 2004, p. 690), export performance (Jimenez-Jimenez & Sanz-Valle, 2011, p. 416; Leonidou, Katsikeas &

Samiee, 2002, p. 65) and international marketing strategy (Erdogmus, Bodur & Yilmaz, 2010, p. 1431), our study is the answer to that call. However, in addition to the proposed dyadic nature of future studies scholars suggest to consider longitudinal analysis which would put a shed on a dynamic nature of exporting and related relationships (Stoian, Rialp & Rialp, 2011, p. 131). The use of this type of method could help studying the causality of these relationships and allow in particular examining the positive and negative outcomes related to investigated concepts (Jimenez-Jimenez & Sanz-Valle, 2011, p. 416).

With respect to export performance, many studies (cf. Leonidou, Katsikeas & Samiee, 2002, p. 65; Shoham et al., 2008, p. 142) suggested that further research should reexamine and improve the international performance scale by introducing more direct, composite and objective measures. Thus, we introduced and tested a new export performance scale (Ruvio et al., 2004), which offers a step forward in export performance measurement and may be used in the future research. Scholars can enhance the knowledge in the field by researching and understanding the role of managerial, organizational and environmental antecedent variables to export marketing strategy and its impact on export performance (Leonidou, Katsikeas & Samiee, 2002, p. 65). In the future research other determinants of export performance beside the international marketing strategy (which we study through mediating role of conflicts) could be considered like technological, organizational and social/relational capital (Stoian, Rialp & Rialp, 2011, p. 131). In sum, future researchers may want to assess the relative importance of each marketing variable within the export marketing strategy, as firms need to optimize their resource allocation to appropriate marketing activities to achieve high export performance (Leonidou, Katsikeas & Samiee, 2002, p. 65). As the scarcity of resources may be industry or/and country specific, future research should investigate those relationships within various industries (even more specifically as our distinction between high- and low-tech) and served specific overseas markets.

There have been suggestions that scholars in B2B marketing research should go a step further and explore the influence of marketing strategy standardization also from the perspective of consumers in terms of consumer recall, attention, preference, and behavior (Samiee et al., 2003, p. 623). Although a home-host country approach for future marketing strategy studies was suggested (Erdogmus, Bodur & Yilmaz, 2010, p. 1431) and also used in our study, there are still other environmental variables influencing international marketing strategy performance that need to be studied in the future. Moreover, the multidimensionality of the international product strategy has been identified by our and previous research (Schmid & Kotulla, 2011, p. 504), thus researchers should evaluate product standardization separately for its sub-dimensions. As has been suggested (cf. Chung, 2005, p. 1368) future research should examine differences or similarities in the international distribution channel selection process between firms using FDI (foreign direct investment) and non-FDI entry modes. Finally, the role of power, dependence and conflict as drivers of international marketing standardization/adaptation could be studied. With

respect to the outcomes of international marketing strategy, the link to financial and market performance could be studied directly as already suggested in the latest research (Leonidou et al., 2011, p. 537). Nevertheless, further studies should move beyond material products and evaluate the international marketing strategy of services like tourism or sports (Ruvio, Shoham & Makovec Brenčič, 2008, p. 49).

Future research could also overcome the limitations of the present study. First, if measured in other circumstances, not in the recession times, we might get different results more quickly. Furthermore, it would be possible to collect the data by identifying partner pairs in the dyad without seriously hindering response rate. This would enable us to evaluate all the hypothesized gaps of the conceptual model. Using more research with diverse sample is suggested, as we would end with higher generalizability of the data. As indicated already in the research limitations section, we use firm-level of analysis, while the results of qualitative study clearly showed that sources to conflicts and conflicts itself arise at different levels of analysis (e.g. organizational, operational, and personal). The extension of research to other levels might give us even better understanding of conflicts within international channel relationships.

The study came to some unexpected results that could be explained through some changes in constructs' measurement. First, we observed that cultural values and dependence played a small role (measured by regression), if any (measured by SEM), in explaining distribution channel conflicts. On the one hand, the dependence scale was newly conceptualized in our study, where we find that alone product dependence, as we labeled it, has a significant impact on conflicts, while together with other types of dependence not. Here we might be dealing with a so-called suppression effect (Cohen et al., 2002), where other types of dependences suppress the effect of product dependence on conflict. Thus, we suggest researchers to solely use product dependence in future studies of conflict or include some additional scales for dependence measurement. On the other hand, we found that while the cultural values measured by Hofstede dimensions were frequently successfully used in international marketing and business studies, these do not work well in B2B marketing. Future research is going into the direction of dynamic models of culture evaluation (cf. Fang, 2012), indicating that culture and conflict will need to be measured over time, as the arise of cultural values and conflicting episodes is depending on the context and time. Second, we could also use avoidance as integrative conflict resolution style to evaluate differences to passive aggressive distributive style, which came out in our research as integrative rather than distributive. Thus, the future research could finally move from two-factor conceptualization of conflict resolution strategies. In sum, the proposed conceptual model and its empirical evaluation close some theoretical and practical research questions, but at the same time open some new questions, thereby opening space for future research in this theoretical area.

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APPENDIX

Exhibit 1: Survey questionnaire for sellers (English version)

I would like to ask for your help in answering the following questionnaire. Most questions relate to your relationships with your firm's international distribution channels (agents, distributors). Since a company can export more than one product or product line to more than one market or market segment, when answering the questions, bear in mind your main product or product line, which you export to at least two foreign markets. Note that most questions relate to your representatives in export markets. When responding, please answer all such questions with regards to one of your representatives in one of the foreign markets in which you operate (e.g. agents, distributors, importers, etc.)

1. Regarding your personal views, *as a manager in the company*, to what extent do you agree/disagree with the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it?

Yoo, Donthu, 1998, p. 43-44, Journal of International Consumer Marketing, Vol. 18 No. 1/2

		Totally disagree			Totally agree	
COLLECTIVISM/INDIVIDUALISM						
I1	Individuals should sacrifice self-interest for the group to which they belong.	1	2	3	4	5
I2	Individuals should stick with the group even through difficulties.	1	2	3	4	5
I3	Group welfare is more important than individual rewards.	1	2	3	4	5
I4	Group success is more important than individual success.	1	2	3	4	5
I5	Individuals should pursue their goals after considering the welfare of the group.	1	2	3	4	5
I6	Group loyalty should be encouraged even if individual goals suffer.	1	2	3	4	5
MASCULINITY						
M1	It is more important for men to have a professional career than it is for women.	1	2	3	4	5
M2	Men usually solve problems with logical analysis; women usually solve problems with intuition.	1	2	3	4	5
M3	Solving difficult problems usually requires an active, forcible approach, which is typical of men.	1	2	3	4	5
M4	There are some jobs a man can always do better than a woman.	1	2	3	4	5
UNCERTAINTY AVOIDANCE						
UA1	It is important to have instructions spelled out in detail so that I always know what I'm expected to do.	1	2	3	4	5
UA2	It is important to closely follow instructions and procedures.	1	2	3	4	5
UA3	Rules/regulations are important because they inform me what is expected of me.	1	2	3	4	5
UA4	Standardized work procedures are helpful.	1	2	3	4	5
UA5	Instructions for operations are important.	1	2	3	4	5
POWER DISTANCE						
PD1	People in higher positions should make most decisions without consulting people in lower positions.	1	2	3	4	5
PD2	People in higher positions should not ask the opinions of people in lower positions too frequently.	1	2	3	4	5
PD3	People in higher positions should avoid social interaction with people in lower positions.	1	2	3	4	5
PD4	People in higher positions should not delegate important tasks to people in lower positions.	1	2	3	4	5
PD5	People in lower positions should not disagree with decisions made by people in higher positions.	1	2	3	4	5

LONG TERM ORIENTATION						
LT1	Careful management of money (thrift).	1	2	3	4	5
LT2	Going on resolutely in spite of opposition (persistence).	1	2	3	4	5
LT3	Personal steadiness and stability.	1	2	3	4	5
LT4	Long-term planning.	1	2	3	4	5
LT5	Giving up today's fun for success in the future.	1	2	3	4	5
LT6	Working hard for success in the future.	1	2	3	4	5

2. For the list of marketing variables listed below, please indicate whether they are standardized (the same in all markets) or adapted (different in each export market), where 1 means that the relevant marketing variable the same in all markets and 5 that it is completely different in each market:

Lages, Abrantes, Lages, 2008, p. 591, International Marketing Review, Vol. 25 No. 5

		the same in all markets			completely different in each market	
PRODUCT						
I1	Positioning	1	2	3	4	5
I2	Design/style	1	2	3	4	5
I3	Quality	1	2	3	4	5
I4	Features/characteristics	1	2	3	4	5
I5	Brand/branding	1	2	3	4	5
I6	Packaging	1	2	3	4	5
I7	Labeling	1	2	3	4	5
I8	Services	1	2	3	4	5
I9	Warranty	1	2	3	4	5
I10	Items/models in product line	1	2	3	4	5
PRICE						
C1	Retail price	1	2	3	4	5
C2	Wholesale/trade price	1	2	3	4	5
C3	Profit margins to trade customers	1	2	3	4	5
C4	Profit margins to end-users	1	2	3	4	5
C5	Discounts	1	2	3	4	5
C6	Sales/credit terms	1	2	3	4	5
PROMOTION						
K1	Advertising	1	2	3	4	5
K2	Creative/execution style	1	2	3	4	5
K3	Message/theme	1	2	3	4	5
K4	Media allocation	1	2	3	4	5
K5	Sales promotion	1	2	3	4	5
K6	Sales force structure/management	1	2	3	4	5
K7	Sales force role	1	2	3	4	5
K8	Public relations	1	2	3	4	5
K9	Personal selling	1	2	3	4	5
K10	Advertising/promotion budget	1	2	3	4	5
PLACE						
D1	Channels of distribution	1	2	3	4	5
D2	Physical distribution	1	2	3	4	5
D3	Type of middlemen	1	2	3	4	5
D4	Role of middlemen	1	2	3	4	5

3. Please evaluate the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it.

Sezen, Yilmaz, 2007, p. 46, *Journal of Business and Industrial Marketing*, Vol. 22 No. 1

		Totally disagree			Totally agree	
BUYER (DEALER) IRREPLACEABILITY						
IR1	If this rep no longer represented us, we could easily compensate for the loss of income in this rep's trading area by switching to another rep.	1	2	3	4	5
IR2	It would be quite easy for us to find an adequate replacement for this rep in our trading area.	1	2	3	4	5
IR3	If this rep no longer represented us, our sales in this rep's territory would suffer dramatically.	1	2	3	4	5
IR4	We could easily switch to another rep in this rep's trading area.	1	2	3	4	5
BUYER (DEALER) IMPORTANCE						
IM1	This rep is important to us.	1	2	3	4	5
IM2	This rep represents a major outlet for our products in his trading area.	1	2	3	4	5
IM3	This rep generates high sales volume for us.	1	2	3	4	5

4. Please evaluate the following statements, relating to the extent to which you rely on your rep, where 1 means that you do not rely on your rep at all and 5 that you completely rely on your rep:

Zhou, Zhuang, Yip, 2007, p. 319, *Industrial Marketing Management*, No. 36

		Not at all rely on rep			Completely rely on rep	
A	National advertising	1	2	3	4	5
B	Local advertising	1	2	3	4	5
C	Product delivery	1	2	3	4	5
D	Product information	1	2	3	4	5
E	Sales information	1	2	3	4	5
F	After sales services	1	2	3	4	5
G	Marketing programs	1	2	3	4	5
H	Sales generating	1	2	3	4	5
I	Profit generating	1	2	3	4	5
J	Financial assistance	1	2	3	4	5
K	Product warranty	1	2	3	4	5
L	Good reputation	1	2	3	4	5

5. Please evaluate the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it.

Katsikeas, Goode, Katsikea, 2000, p. 197-198, *Journal of Marketing Management*, No. 16 (I1-I4, RF1-RF3, E1-E4, L1-L3)

Swasy, 1979, p. 344-345, *Advances in Consumer Research*, Vol. 6 (I5-I7, RF4-RF6, E4-E6, L4-L6, RW1-RW3, C1-C3)

		Totally disagree			Totally agree	
INFORMATIONAL POWER SOURCE						
I1	This overseas rep provides us with valuable information on its market characteristics.	1	2	3	4	5
I2	Dealing with this rep, we gain knowledge important to the improvement of our export market operations.	1	2	3	4	5
I3	This rep assesses our specific actions.	1	2	3	4	5
I4	This rep points out consequences of our actions not precisely considered by us.	1	2	3	4	5
I5	The information provided by this rep about this situation makes sense.	1	2	3	4	5
I6	The information this rep provided is logical.	1	2	3	4	5
I7	I will seriously consider this rep’s request because it is based on good reasoning.	1	2	3	4	5
REFERENT POWER SOURCE						
RF1	We like this rep that we deal with.	1	2	3	4	5
RF2	The approval of this rep means a lot to us.	1	2	3	4	5
RF3	We admire this rep and want to act in a way to merit the respect of the people in his office and him.	1	2	3	4	5
RF4	In general, this rep’s opinions and values are similar to mine.	1	2	3	4	5
RF5	Being similar to this rep is good.	1	2	3	4	5
RF6	In this situation my attitudes are similar to this rep’s.	1	2	3	4	5
EXPERT POWER SOURCE						
E1	This rep is an expert in his field.	1	2	3	4	5
E2	We get good advice from this rep.	1	2	3	4	5
E3	Since this rep is familiar with its own market conditions, we accept his suggestions.	1	2	3	4	5
E4	I trust this rep’s judgment.	1	2	3	4	5
E5	This rep’s expertise makes him/her more likely to be right.	1	2	3	4	5
E6	This rep has a lot of experience and usually knows best.	1	2	3	4	5
LEGITIMATE POWER SOURCE						
L1	This rep has the right to expect our cooperation.	1	2	3	4	5
L2	Since this rep is the representative of us in the export market, we should accept his recommendations.	1	2	3	4	5
L3	This rep has the right to tell us what to do.	1	2	3	4	5
L4	It is my duty to comply with this rep.	1	2	3	4	5
L5	Because of this rep’s position he/she has the right to influence my behavior.	1	2	3	4	5
L6	I am obligated to do as this rep suggests.	1	2	3	4	5
REWARD POWER SOURCE						
RW 1	If we do not comply with this rep’s requests, we will not be rewarded.	1	2	3	4	5
RW 2	The only reason for doing as this rep suggests is to obtain good things in return.	1	2	3	4	5
RW 3	We want to do as this rep suggests only because of the good things he can guarantee us for complying.	1	2	3	4	5

COERCIVE POWER SOURCE						
C1	This rep can harm us in some manner if we do not do as he suggests.	1	2	3	4	5
C2	If we do not do as this rep suggests, he will punish us.	1	2	3	4	5
C3	Something bad will happen to us if we don't do as this rep requests and he finds out.	1	2	3	4	5

6. Please evaluate the following statements, where 1 means that the statement **not at all** happens/is valid and 5 that the statement **very much** happens/is valid.

Rose, Shoham, Neill, Ruvio, 2007, p. 303; Journal of business research, No. 60

		Not at all		Very much		
EMOTIONAL CONFLICT						
E1	To what extent is friction present in your relationship with this rep?	1	2	3	4	5
E2	How much anger is present in your relationship with this rep?	1	2	3	4	5
E3	To what extent are there personality clashes in your relationship with this rep?	1	2	3	4	5
E4	To what extent are there emotional tensions in your relationship with this rep?	1	2	3	4	5
TASK CONFLICT						
T1	To what extent are there differences of opinions between you and this rep regarding the tasks he does for you?	1	2	3	4	5
T2	How often do people in your firm disagree with people from this rep about the work they do for you?	1	2	3	4	5
T3	How often do you disagree with this rep about the tasks he performs for you?	1	2	3	4	5
T4	How often do you and this rep disagree about ideas regarding his tasks?	1	2	3	4	5

7. Please evaluate the following statements regarding your relationship with the rep, where 1 means that you totally disagree with the statement and 5 that you totally agree with it.

Song, Dyer, Thieme, 2006, p. 354; Journal of the Academy of Marketing Science, Vol. 34 No. 3

		Totally disagree			Totally agree	
DESTRUCTIVE CONFLICT						
D1	There is little or no conflict with this rep.	1	2	3	4	5
D2	The rep's people and our people conflict on how to proceed on tasks.	1	2	3	4	5
D3	We get along well with each other.	1	2	3	4	5
D4	The rep's people and our people differ on the basic goals the two firms should pursue.	1	2	3	4	5
D5	People here generally dislike interacting with those from the rep's office.	1	2	3	4	5
CONSTRUCTIVE CONFLICT						
C1	We see constructive changes occur on projects because of conflicts with the rep.	1	2	3	4	5
C2	We know each other better because of the way conflicts are handled.	1	2	3	4	5
C3	We are more sensitive to one another because of the way conflicts are handled.	1	2	3	4	5
C4	We feel energized and ready to get down to work after a conflict with the rep.	1	2	3	4	5

8. Please evaluate the following statements about how you handle conflicts with your rep, where 1 means that you totally disagree with the statement and 5 that you totally agree with it. When handling conflicts with your rep, you:

Koza, Dant, 2007, p. 294; Journal of Retailing, Vol. 83, No. 3

		Totally disagree			Totally agree	
INTEGRATIVE BEHAVIOR – PROBLEM SOLVING						
PS1	Lean toward a direct discussion of the problem with this rep.	1	2	3	4	5
PS2	Try to show this rep the logic and benefits of your position.	1	2	3	4	5
PS3	Communicate your priorities clearly.	1	2	3	4	5
PS4	Attempt to get all your concerns and issues in the open.	1	2	3	4	5
INTEGRATIVE BEHAVIOR - COMPROMISE						
C1	Try to find the middle-ground between your and the rep’s positions.	1	2	3	4	5
C2	Try to soothe your feelings and preserve your relationship by meeting the rep half-way.	1	2	3	4	5
C3	Try to find a fair combination of gains and losses for both of you.	1	2	3	4	5
C4	Let this rep have some of your positions if he lets you have some of his.	1	2	3	4	5
DISTRIBUTIVE BEHAVIOR – PASSIVE AGGRESSIVE						
PA 1	Make convincing arguments to achieve your own end.	1	2	3	4	5
PA 2	Are committed to your initial position throughout the resolution process.	1	2	3	4	5
PA 3	Try to create the impression there is nothing you can do to change the terms of your position.	1	2	3	4	5
PA 4	Insist your position is the best alternative to solve the dispute.	1	2	3	4	5
DISTRIBUTIVE BEHAVIOR – ACTIVE AGGRESSIVE						
AA 1	Threaten to break off the relationship if this rep refuses to accept your position.	1	2	3	4	5
AA 2	Make implicit threats should this rep not comply with your request.	1	2	3	4	5
AA 3	Expresses strong displeasure with rep’s behavior when he challenges your stand.	1	2	3	4	5
AA 4	Try to win your position by any means.	1	2	3	4	5

9. Please evaluate the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it. Our performance in this rep's territory:

Zou, Taylor, Osland, 1998, p. 47; Journal of international marketing; Vol. 6 No. 3

		Totally disagree			Totally agree		
FINANCIAL EXPORT PERFORMANCE							
A	Has been very profitable	1	2	3	4	5	
B	Has generated a high volume of sales	1	2	3	4	5	
C	Has achieved rapid growth	1	2	3	4	5	
STRATEGIC EXPORT PERFORMANCE							
D	Has improved our global competitiveness	1	2	3	4	5	
E	Has strengthened our strategic position	1	2	3	4	5	
F	Has significantly increased our market share	1	2	3	4	5	

		Totally disagree			Totally agree		
SATISFACTION WITH EXPORT VENTURE							
G	Has been very satisfactory	1	2	3	4	5	
H	Has been very successful	1	2	3	4	5	
I	Has fully met our expectations	1	2	3	4	5	

10. How would you rate your 2007 product/product line performance with regard to the territory and rep on which you answer this questionnaire?

Ruvio, Shoham, Vigoda-Gadot, Schwabsky, 2004; 3rd International Conference on Public and Non Profit Marketing.

		A					B					C					D				
Overall performance		Relative to its plan for this year					Relative to the expectations of our owners/stockholders					Relative to the expectations of our rep in this market (e.g., agents, distributors)					Relative to the previous three years				
		Very poor				Very good	Very poor				Very good	Very poor			Very good	Very poor				Very good	
1	Overall performance of this product/product line has been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
2	In relation to the resources committed, the performance improvements achieved by this product/product line have been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
3	The quality of the products/services made possible by this product/product line has been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
4	The level of cost effectiveness achieved in producing/marketing this product/product line has been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
5	Our ability to attract the resources needed for managing this product/product line	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
6	Our ability to keep the resources needed for managing this product/product line	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

Demographic questions:

1. Gender
 - a) Male b) Female
2. Age: ____ years
3. Job title: _____
4. How many years are you employed in the company? _____ Years
5. Finished formal education:
 - a) Elementary school or less
 - b) High school
 - c) Bachelor degree
 - d) Master's degree or PhD
6. Please mark to which industry you belong:
 - a) high-tech b) low-tech
7. Number of employees: _____
8. What is the percentage of export within the total revenue?
2007: __%, 2008: __%, 2009: __%
9. How many years is your company operating? _____ Years
10. How many years is your company operating abroad? _____ Years
11. In how many countries are you operating? _____ countries
12. Is the volume of your company's activity from the revenue viewpoint (mark one)....
 - 1 - Rising
 - 2 - Stays at the same level
 - 3 - Falling
13. Please mark to which rank you belong, if the numbers below represent your revenue level on a yearly basis:
 - 01 to 10.000 EUR
 - 02 between 10.000 and 50.000 EUR
 - 03 between 50.000 and 100.000 EUR
 - 04 between 100.000 and 500.000 EUR
 - 05 between 500.000 and 1.000.000 EUR
 - 06 between 1.000.000 and 2.500.000 EUR
 - 07 between 2.500.000 and 5.000.000 EUR
 - 08 above 5 million EUR

Exhibit 2: Survey questionnaire for buyers (English version)

I would like to ask for your help in answering the following questionnaire. Most of questions relate to your relationships with the international distribution channels (your sellers). Since a company can import more than one product or product line, when answering the questions, bear in mind your main product or product line, which you import from your supplier, who provided you with this questionnaire. Note that most questions relate to your supplier in foreign market.

- Regarding your personal views, *as a manager in the company*, to what extent do you agree/disagree with the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it?

Yoo, Donthu, 1998, p. 43-44, Journal of International Consumer Marketing, Vol. 18 No. 1/2

		Totally disagree			Totally agree	
COLLECTIVISM/INDIVIDUALISM						
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I2	Individuals should stick with the group even through difficulties.	1	2	3	4	5
I3	Group welfare is more important than individual rewards.	1	2	3	4	5
I4	Group success is more important than individual success.	1	2	3	4	5
I5	Individuals should pursue their goals after considering the welfare of the group.	1	2	3	4	5
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M3	Solving difficult problems usually requires an active, forcible approach, which is typical of men.	1	2	3	4	5
M4	There are some jobs a man can always do better than a woman.	1	2	3	4	5
UNCERTAINTY AVOIDANCE						
UA1	It is important to have instructions spelled out in detail so that I always know what I'm expected to do.	1	2	3	4	5
UA2	It is important to closely follow instructions and procedures.	1	2	3	4	5
UA3	Rules/regulations are important because they inform me what is expected of me.	1	2	3	4	5
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POWER DISTANCE						
PD1	People in higher positions should make most decisions without consulting people in lower positions.	1	2	3	4	5
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PD4	People in higher positions should not delegate important tasks to people in lower positions.	1	2	3	4	5
PD5	People in lower positions should not disagree with decisions made by people in higher positions.	1	2	3	4	5
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LT1	Careful management of money (thrift).	1	2	3	4	5
LT2	Going on resolutely in spite of opposition (persistence).	1	2	3	4	5
LT3	Personal steadiness and stability.	1	2	3	4	5

		Totally disagree			Totally agree	
LT4	Long-term planning.	1	2	3	4	5
LT5	Giving up today's fun for success in the future.	1	2	3	4	5
LT6	Working hard for success in the future.	1	2	3	4	5

2. For the list of marketing variables listed below, please indicate whether they are standardized (the same in all markets) or adapted (different in each export market), where 1 means that the relevant marketing variable the same in all markets and 5 that it is completely different in each market:

Lages, Abrantes, Lages, 2008, p. 591, International Marketing Review, Vol. 25 No. 5

		the same in all markets			completely different in each market	
PRODUCT						
I1	Positioning	1	2	3	4	5
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I7	Labeling	1	2	3	4	5
I8	Services	1	2	3	4	5
I9	Warranty	1	2	3	4	5
I10	Items/models in product line	1	2	3	4	5
PRICE						
C1	Retail price	1	2	3	4	5
C2	Wholesale/trade price	1	2	3	4	5
C3	Profit margins to trade customers	1	2	3	4	5
C4	Profit margins to end-users	1	2	3	4	5
C5	Discounts	1	2	3	4	5
C6	Sales/credit terms	1	2	3	4	5
PROMOTION						
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K2	Creative/execution style	1	2	3	4	5
K3	Message/theme	1	2	3	4	5
K4	Media allocation	1	2	3	4	5
K5	Sales promotion	1	2	3	4	5
K6	Sales force structure/management	1	2	3	4	5
K7	Sales force role	1	2	3	4	5
K8	Public relations	1	2	3	4	5
K9	Personal selling	1	2	3	4	5
K10	Advertising/promotion budget	1	2	3	4	5
PLACE						
D1	Channels of distribution	1	2	3	4	5
D2	Physical distribution	1	2	3	4	5
D3	Type of middlemen	1	2	3	4	5
D4	Role of middlemen	1	2	3	4	5

3. Please evaluate the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it.

Sezen, Yilmaz, 2007, p. 46, Journal of Business and Industrial Marketing, Vol. 22 No. 1

		Totally disagree			Totally agree	
SUPPLIER IRREPLACEABILITY						
IR1	If we no longer represented this supplier, we could easily compensate for the loss of income by switching to other suppliers.	1	2	3	4	5
IR2	It would be quite easy for us to find an adequate replacement for this supplier.	1	2	3	4	5
IR3	If we no longer represented this supplier, our sales would suffer dramatically despite all our efforts.	1	2	3	4	5
IR4	If we wanted to, we could switch to another supplier quite easily.	1	2	3	4	5
SUPPLIER IMPORTANCE						
IM1	The supplier is important to our business.	1	2	3	4	5
IM2	The supplier is crucial to our overall business performance.	1	2	3	4	5
IM3	It would be costly to lose the supplier.	1	2	3	4	5
IM4	This supplier’s products have a reputation of high quality.	1	2	3	4	5
IM5	Our success in this business is largely due to the marketing efforts of this supplier.	1	2	3	4	5

4. Please evaluate the following statements, where 1 means that you do not at all rely on your supplier and 5 that you completely rely on your supplier regarding the following:

Zhou, Zhuang, Yip, 2007, p. 319, Industrial Marketing Management, No. 36

		Not at all rely on s.			Completely rely on s.	
A	National advertising	1	2	3	4	5
B	Local advertising	1	2	3	4	5
C	Product delivery	1	2	3	4	5
D	Product information	1	2	3	4	5
E	Sales information	1	2	3	4	5
F	After sales services	1	2	3	4	5
G	Marketing programs	1	2	3	4	5
H	Sales generating	1	2	3	4	5
I	Profit generating	1	2	3	4	5
J	Financial assistance	1	2	3	4	5
K	Product warranty	1	2	3	4	5
L	Good reputation	1	2	3	4	5

5. Please evaluate the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it.

Katsikeas, Goode, Katsikea, 2000, p. 197-198, *Journal of Marketing Management*, No. 16 (I1-I4, RF1-RF3, E1-E4, L1-L3)

Swasy, 1979, p. 344-345, *Advances in Consumer Research*, Vol. 6 (I5-I7, RF4-RF6, E4-E6, L4-L6, RW1-RW3, C1-C3)

		Totally disagree			Totally agree	
INFORMATIONAL POWER SOURCE						
I1	The supplier provides us with valuable information on its market characteristics.	1	2	3	4	5
I2	Dealing with the supplier, we gain knowledge important to the improvement of our export/import market operations.	1	2	3	4	5
I3	The supplier assesses our specific actions.	1	2	3	4	5
I4	The supplier points out consequences not precisely considered by us.	1	2	3	4	5
I5	The information provided by the supplier about this situation makes sense.	1	2	3	4	5
I6	The information the supplier provided is logical.	1	2	3	4	5
I7	I will seriously consider the supplier's request because it is based on good reasoning.	1	2	3	4	5
REFERENT POWER SOURCE						
RF1	The supplier likes that he deals with us.	1	2	3	4	5
RF2	The approval of us from supplier side means a lot to us.	1	2	3	4	5
RF3	The supplier admires us and wants to act in a way to merit the respect of the people here.	1	2	3	4	5
RF4	In general, supplier's opinions and values are similar to mine.	1	2	3	4	5
RF5	Being similar to the supplier is good.	1	2	3	4	5
RF6	In this situation my attitudes are similar to the supplier's.	1	2	3	4	5
EXPERT POWER SOURCE						
E1	The supplier is an expert in its field.	1	2	3	4	5
E2	The supplier gets good advice from us.	1	2	3	4	5
E3	Since we are familiar with our own market conditions, the supplier accepts our suggestions.	1	2	3	4	5
E4	I trust supplier's judgment.	1	2	3	4	5
E5	Supplier's expertise makes him/her more likely to be right.	1	2	3	4	5
E6	Supplier has a lot of experience and usually knows best.	1	2	3	4	5
LEGITIMATE POWER SOURCE						
L1	We have the right to expect the supplier's cooperation.	1	2	3	4	5
L2	Since we are the representative of the supplier in this market, the supplier should accept our recommendations.	1	2	3	4	5
L3	We have the right to tell the supplier what to do.	1	2	3	4	5
L4	It is my duty to comply with the supplier.	1	2	3	4	5
L5	Because of supplier's position he/she has the right to influence my behavior.	1	2	3	4	5
L6	I am obligated to do as the supplier suggests.	1	2	3	4	5
REWARD POWER SOURCE						
RW1	If we do not comply with the supplier, we will not be rewarded.	1	2	3	4	5
RW2	The only reason for doing as the supplier suggests is to obtain good things in return.	1	2	3	4	5
RW3	We want to do as the supplier suggests only because of the good things the supplier will give us for complying.	1	2	3	4	5

COERCIVE POWER SOURCE						
C1	The supplier can harm us in some manner if we do not do as the supplier suggests.	1	2	3	4	5
C2	If we do not do as the supplier suggests, the supplier will punish us.	1	2	3	4	5
C3	Something bad will happen to us if we don't do as the supplier requests and the supplier finds out.	1	2	3	4	5

6. Please evaluate the following statements, where 1 means that the statement **not at all** happens/is valid and 5 that the statement **very much** happens/is valid.

Rose, Shoham, Neill, Ruvio, 2007, p. 303; Journal of business research, No. 60

		Not at all		Very much		
EMOTIONAL CONFLICT						
E1	To what extent was friction present in your relationship with the supplier?	1	2	3	4	5
E2	How much anger is present in your relationship with your supplier?	1	2	3	4	5
E3	To what extent are there personality clashes in your relationship with your supplier?	1	2	3	4	5
E4	To what extent are there emotional tensions in your relationship with your supplier?	1	2	3	4	5
TASK CONFLICT						
T1	To what extent are there differences of opinions between you and the supplier regarding the tasks he does for you?	1	2	3	4	5
T2	How often do people in your firm disagree with people from the supplier about the work they do for you?	1	2	3	4	5
T3	How often do you disagree with your supplier about the tasks he performs for you?	1	2	3	4	5
T4	How often do you and the supplier disagree about ideas regarding his tasks?	1	2	3	4	5

7. Please evaluate the following statements regarding your relationship with the supplier, where 1 means that you totally disagree with the statement and 5 that you totally agree with it.

Song, Dyer, Thieme, 2006, p. 354; Journal of the Academy of Marketing Science, Vol. 34 No. 3

		Totally disagree			Totally agree	
D1	There is little or no conflict with the supplier.	1	2	3	4	5
D2	The supplier's and our people conflict on how to proceed on tasks.	1	2	3	4	5
D3	We get along well with each other.	1	2	3	4	5
D4	The supplier's people and our people differ on the basic goals the two firms should pursue.	1	2	3	4	5
D5	People here generally dislike interacting with those from the supplier's office.	1	2	3	4	5
C1	We see constructive changes occur on projects because of conflicts with the supplier.	1	2	3	4	5
C2	We know each other better because of the way conflicts are handled.	1	2	3	4	5
C3	We are more sensitive to one another because of the way conflicts are handled.	1	2	3	4	5
C4	We feel energized and ready to get down to work after a conflict with the supplier.	1	2	3	4	5

8. Please evaluate the following statements about how you handle conflicts with your supplier, where 1 means that you totally disagree with the statement and 5 that you totally agree with it. When handling conflicts with your supplier, you:

Koza, Dant, 2007, p. 294; Journal of Retailing, Vol. 83, No. 3

		Totally disagree			Totally agree	
INTEGRATIVE BEHAVIOR – PROBLEM SOLVING						
PS1	Lean toward a direct discussion of the problem with the supplier.	1	2	3	4	5
PS2	Try to show the supplier the logic and benefits of your position.	1	2	3	4	5
PS3	Communicate your priorities clearly.	1	2	3	4	5
PS4	Attempt to get all your concerns and issues in the open.	1	2	3	4	5
INTEGRATIVE BEHAVIOR - COMPROMISE						
C1	Try to find the middle-ground between your and the supplier’s positions.	1	2	3	4	5
C2	Try to soothe your feelings and preserve your relationship by meeting the supplier half-way.	1	2	3	4	5
C3	Try to find a fair combination of gains and losses for both of you.	1	2	3	4	5
C4	Let the supplier have some of your positions if he lets you have some of his.	1	2	3	4	5
DISTRIBUTIVE BEHAVIOR – PASSIVE AGGRESSIVE						
PA 1	Make convincing arguments to achieve your own end.	1	2	3	4	5
PA 2	Are committed to your initial position throughout the resolution process.	1	2	3	4	5
PA 3	Try to create the impression there is nothing you can do to change the terms of your position.	1	2	3	4	5
PA 4	Insist your position is the best alternative to solve the dispute.	1	2	3	4	5
DISTRIBUTIVE BEHAVIOR – ACTIVE AGGRESSIVE						
AA 1	Threaten to break off the relationship if the supplier refuses to accept your position.	1	2	3	4	5
AA 2	Make implicit threats should the supplier not comply with your request.	1	2	3	4	5
AA 3	Expresses strong displeasure with supplier’s behavior when he challenges your stand.	1	2	3	4	5
AA 4	Try to win your position by any means.	1	2	3	4	5

9. Please evaluate the following statements, where 1 means that you totally disagree with the statement and 5 that you totally agree with it. Supplier's performance in our territory:

Zou, Taylor, Osland, 1998, p. 47; Journal of international marketing; Vol. 6 No. 3

		Totally disagree			Totally agree	
A	Has been very profitable	1	2	3	4	5
B	Has generated a high volume of sales	1	2	3	4	5
C	Has achieved rapid growth	1	2	3	4	5
D	Has improved our global competitiveness	1	2	3	4	5
E	Has strengthened our strategic position	1	2	3	4	5
F	Has significantly increased our global market share	1	2	3	4	5
G	Has been very satisfactory	1	2	3	4	5
H	Has been very successful	1	2	3	4	5
I	Has fully met our expectations	1	2	3	4	5

10. How would you rate your 2007 product/product line performance with regard to the territory and supplier on which you answer this questionnaire?

Ruvio, Shoham, Vigoda-Gadot, Schwabsky, 2004; 3rd International Conference on Public and Non Profit Marketing.

Overall performance	Relative to its plan for this year					Relative to the expectations of our owners/stockholders					Relative to the expectations of our supplier in this market					Relative to the previous three years				
	Very poor		Very good			Very poor		Very good			Very poor		Very good			Very poor		Very good		
Overall performance of this product/ product line has been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
In relation to the resources committed, the performance improvements achieved by this product/product line have been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
The quality of the products/services made possible by this product line has been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
The level of cost effectiveness achieved in producing /marketing this product /product line has been	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Our ability to attract the resources needed for managing this product/product line	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Our ability to keep the resources needed for managing this product/product line	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

Demographic questions:

1. Gender

a) Male b) Female

2. Age: ____ years

3. Job title: _____

4. How many years are you employed in the company? _____ Years

5. Finished formal education:

- a) Elementary school or less
- b) High school
- c) Bachelor degree
- d) Master's degree or PhD

6. Please mark to which industry you belong:

- a) high-tech
- b) low-tech

7. Number of employees: _____

8. What is the percentage of export within the total revenue?

2007: __%, 2008: __%, 2009: __%

9. How many years is your company operating? _____ Years

10. How many years is your company operating abroad? _____ Years

11. In how many countries are you operating? _____ countries

12. Is the volume of your company's activity from the revenue viewpoint (mark one)....

- 1 - Rising
- 2 - Stays at the same level
- 3 - Falling

13. Please mark to which rank you belong, if the numbers below represent your revenue level on a yearly basis:

- 01 to 10.000 EUR
- 02 between 10.000 and 50.000 EUR
- 03 between 50.000 and 100.000 EUR
- 04 between 100.000 and 500.000 EUR
- 05 between 500.000 and 1.000.000 EUR
- 06 between 1.000.000 and 2.500.000 EUR
- 07 between 2.500.000 and 5.000.000 EUR
- 08 above 5 million EUR

Exhibit 3: Cover letter

Dear Sir/Madam,

My name is Gregor Pfajfar and I kindly ask you for help with the research that is part of my doctoral dissertation at the Faculty of Economics, University of Ljubljana. I am working on a doctoral dissertation with the title *“The gap between buyers and sellers and its influence on conflicts within international distribution channels”* under the supervision of prof. Maja Makovec Brenčič, PhD and prof. Aviv Shoham, PhD. The objective of the research is to find which conflicts usually arise between Slovenian company and its representatives (e.g. agents, sales representatives, subsidiaries, distributors, etc.) in the foreign market, as well as to determine, how much those conflicts impact the export performance of Slovenian firms. However, without your cooperation I will not be able to attain those goals, therefore I am asking you for your help.

Your company was selected from the list of the Slovene Exporters. I would kindly ask you, if you can fill out the questionnaire that is displayed at the following link (<http://konflikt.questionpro.com>). The completion of the questionnaire should not take more than 15-20 minutes of your time. As the research tackles the relationships between your company and your representatives in the foreign market (e.g. agents, sales representatives, subsidiaries, distributors, etc.), please distribute the following questionnaire at the following link (<http://conflict.questionpro.com>) to your representatives, as without their answers the goal of the research will not be reached. All the information, you will provide, is considered confidential. Your participation in the research is completely voluntary and anonymous. If you have any questions, please contact me at 031360611 or via e-mail gregor.pfajfar@ef.uni-lj.si. If you want to receive the summary of the results, please state your contact information in the comment box at the end of the questionnaire, while I would also appreciate any useful comments regarding the investigated topic.

Thank you for your time and effort, and wish you a lot of business success in the future.

Yours sincerely,
Gregor Pfajfar

Exhibit 4: In-depth interview survey design

1. What do you understand under »conflict«?
2. What types of conflict do you perceive to arise in the company?
3. What types of conflicts arise in the relationship between you and your sales representatives (e.g. agents, distributor) on the foreign market?
4. Are there more conflicts that arise in the company (on domestic market) or more in the relationship with foreign market representatives?
5. What are the most common »troubles« that you have with your representatives in foreign markets?
6. Are there more conflicts that arise from job tasks or more those that arise from emotions and emotional personal disharmony?
7. How would you define both conflicts in the case of your company and what is their difference in terms of relationship consequences?
8. How often do conflicts arise in your company and in which situations are they most commonly present?
9. Which factors influence the formation of conflicts with your representatives? How would you categorize those factors?
10. To what extend does different cultural environment and different values impact the formation of conflicts?
11. To what extend does dependence of your representative/your power or vice versa affect the formation of conflicts that arise between you and your representative?
12. To what extend different views on marketing strategy influence the formation of conflict between you and your representative in the foreign market?
13. Do you rather adopt to the market in order to avoid conflicts with your representative on that market or do you have the same strategy for all markets, where you are present?
14. How do you solve/manage the conflicts? Is there any difference in respect of conflict type?
15. What role communication barriers are playing, when conflicts arise and need to be managed?
16. Do you think, conflict has positive or negative consequences for your relationship with foreign market representatives? Which are the positive and which are the negative consequences of conflicts that you have spotted in your organization?
17. To what extend do you think the conflicts with your representative impact your export performance on the target market, which is a home market to your representative?
18. Which relationship characteristics with your representative would you state as crucial for a long-term success?
19. How do you stimulate good relationships with your representatives on foreign markets and how many resources do you assign to that purpose? How do you train your representatives?
20. Is your business in foreign markets centralized (led by headquarters) or decentralized (the representatives are commonly independent in decisions they make)?
21. Do representatives on foreign markets cooperate with each other or do they have a relationship only towards headquarters and not with each other?
22. Do you lead the same policy, relationship towards all representatives on foreign markets?
23. Do you use different distribution channels to cover a specific foreign market e.g. agent, distributor, internet, licensing, etc.? Are there any conflicts between different distribution channels?
24. What is more important to you when doing business with your representatives on foreign market: the relationship or result (performance)?

A1. EXPLORATORY FACTOR ANALYSIS (EFA) RESULTS (SELLERS)

(1) CULTURAL VALUES

Table 1.1: The rotated component matrix for cultural values

	IND	MAS	UAI	PD	LTO
INDIVIDUALISM (IND)					
Self-interest sacrifice for the group	0.708				
Sticking with the group even through difficulties	0.446				
Higher importance of group welfare	0.771				
Higher importance of group success	0.867				
Pursuing goals after considering group welfare	0.790				
Group loyalty should be encouraged	0.699				
MASCULINITY (MAS)					
Importance of a professional career for men		0.692			
Men use logical analysis, women intuition		0.718			
Active problem solving is typical of men		0.772			
There are jobs men always do better than women		0.640			
UNCERTAINTY AVOIDANCE (UAI)					
Importance of spelled out instructions in detail			0.659		
Importance of closely following instructions			0.829		
Rules are important because they inform			0.771		
Standardized work procedures are helpful			0.556		
Instructions for operations are important			0.725		
POWER DISTANCE (PD)					
Low level of consulting people in lower positions				0.751	
Low frequency of asking for employee opinions				0.748	
Managers should avoid social interaction				0.766	
Managers should not delegate important tasks				0.724	
Employees should not disagree with managers				0.615	
LONG TERM ORIENTATION (LTO)					
Careful management of money					0.802
Going on resolutely in spite of opposition					0.453
Personal steadiness and stability					0.731
Long-term planning					0.737
Giving up today's fun for success in the future					0.510
Working hard for success in the future					0.718

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(2) MARKETING MIX STANDARDIZATION/ADAPTATION

Table 1.2: The rotated component matrix for marketing mix standardization/adaptation

	product	price	promotion	place
PRODUCT				
Positioning	0.561			
Design/style	0.709			
Quality	0.748			
Features/characteristics	0.746			
Brand/branding	0.704			
Packaging	0.749			
Labeling	0.614			
Services	0.678			
Warranty	0.620			
Items/models in product line	0.624			
PRICE				
Retail price		0.790		
Wholesale/trade price		0.766		
Profit margins to trade customers		0.843		
Profit margins to end-users		0.812		
Discounts		0.739		
Sales/credit terms		0.654		
PROMOTION				
Advertising			0.788	
Creative/execution style			0.784	
Message/theme			0.801	
Media allocation			0.749	
Sales promotion			0.693	
Sales force structure/management			0.529	
Sales force role			0.536	
Public relations			0.694	
Personal selling			0.662	
Advertising/promotion budget			0.699	
PLACE				
Channels of distribution				0.755
Physical distribution				0.784
Type of middlemen				0.817
Role of middlemen				0.845

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(3) DEPENDENCE

Table 1.3: The rotated component matrix for dependence

	Buyer irreplaceability	Buyer importance
BUYER (DEALER) IRREPLACEABILITY		
Easy compensation for the loss of income	0.890	
Easy to find an adequate replacement	0.882	
Our sales in rep's territory would suffer	0.669	
We could easily switch to another rep	0.816	
BUYER (DEALER) IMPORTANCE		
This rep is important to us		0.714
This rep represents a major outlet for our products		0.860
This rep generates high sales volumes for us		0.888

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(4) PERCEPTUAL DEPENDENCE

Table 1.4: The rotated component matrix for perceptual dependence

		Component			
		1	2	3	4
A	National advertising			,932	
B	Local advertising			,904	
C	Product delivery		,721		
D	Product information	,401	,767		
E	Sales information	,868			
F	After sales services	,839			
G	Marketing programs	,526			,436
H	Sales generating	,704			,426
I	Profit generating	,416			,739
J	Financial assistance				,824
K	Product warranty		,772		
L	Good reputation	,574	,488		
	% of variance explained	24,393	17,914	15,779	15,706

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

As identified above, we distinguish between (own labeling):

A, B = advertising dependence (factor 3)

I, J = financing dependence (factor 4)

C, D, K = product dependence (factor 2)
(factor1)

E, F, G, H, L = sales dependence

(5) POWER SOURCES

Table 1.5: The rotated component matrix for power sources

	INF	REF	EXP	LEG	REW	COE
INFORMATIONAL POWER S. (INF)						
Overseas rep provides valuable information	0.818					
We gain important knowledge to improve	0.719					
This rep assesses our specific actions	0.799					
Rep points out consequences of our actions	0.787					
The information provided makes sense	0.799					
The information provided is logical	0.787					
Rep's request is based on good reasoning	0.796					
REFERENT POWER SOURCE (REF)						
We like this rep that we deal with		0.810				
The approval of this rep means a lot to us		0.710				
We admire this rep and merit the respect		0.748				
Rep's opinions & values are similar to mine		0.771				
Being similar to this rep is good		0.825				
In this situation my attitudes are similar		0.729				
EXPERT POWER SOURCE (EXP)						
This rep is an expert in his field			0.764			
We get good advice from this rep			0.769			
We accept suggestion due to its knowledge			0.803			
I trust this rep's judgment			0.832			
Expertise makes rep more likely to be right			0.747			
Rep has a lot of experience and knows best			0.696			
LEGITIMATE POWER SOURCE (LEG)						
Rep has the right to expect our cooperation				0.650		
We should accept his recommendations				0.741		
Rep has the right to tell us what to do				0.850		
It is my duty to comply with this rep				0.837		
He has the right to influence due to position				0.735		
I am obliged to do as this rep suggests				0.475		
REWARD POWER SOURCE (REW)						
No comply, no rewards					0.673	
The only reason for complying are rewards					0.821	
We do as rep suggests only due good things					0.788	
COERCIVE POWER SOURCE (COE)						
Rep can harm us if we do not comply						0.697
Rep will punish us if not do as suggested						0.885
Bad things will happen if do not comply						0.812

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(6) CONFLICT

Table 1.6A: The rotated component matrix for first conflict scale

	EMOTIONAL	TASK
EMOTIONAL CONFLICT		
The extent of friction present in the relationship	0.836	
The extent of anger present in the relationship	0.886	
The extent of personal clashes in the relationship	0.833	
The extent of emotional tensions in the relationship	0.774	
TASK CONFLICT		
The extent of differences of opinions		0.810
Frequency of people disagreeing in the firm		0.767
Frequency of disagreements with the rep about the tasks		0.811
Frequency of disagreements with the rep about the ideas		0.783

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

Table 1.6B: The rotated component matrix for second conflict scale

	DESTRUCTIVE	CONSTRUCTIVE
DESTRUCTIVE CONFLICT		
There is little or no conflict with this rep	0.021	
Conflict on how to proceed on tasks	0.532	
We get along well with each other	-0.070	
Differences on the basic goals both should pursue	0.814	
People dislike interacting with rep's office	0.699	
CONSTRUCTIVE CONFLICT		
Constructive changes occur due rep conflicts		0.493
Handling conflicts improves knowledge of both		0.847
We are more sensitive due conflict handling type		0.890
We feel energized and ready to work after conflict		0.728

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(7) CONFLICT RESOLUTION STRATEGIES

Table 1.7: The rotated component matrix for conflict resolution strategies

	PS	COMP	PA	AA
PROBLEM SOLVING (PS)				
Lean toward direct discussion of the problem	0.783			
Try to show the logic & benefits of your position	0.653			
Communicate your priorities clearly	0.882			
Attempt to get all your concerns and issues open	0.753			
COMPROMISE (COMP)				
Try to find the middle-ground between positions		0.843		
Try to soothe feelings and preserve relationship		0.850		
Find a fair combination of gains & losses for both		0.741		
Let rep have some of yours, if he lets some of his		0.630		
PASSIVE AGGRESSIVE (PA)				
Make convincing arguments to achieve own end			-0.068	
Committed to initial position through resolution			0.747	
Create impression you can change nothing			0.908	
Insist your position is the best alternative			0.872	
ACTIVE AGGRESSIVE (AA)				
Threaten to break off if not accepting your view				0.785
Make implicit threats should the rep not comply				0.847
Express strong displeasure with rep's behavior				0.757
Try to win your position by any means				0.710

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(8) EXPORT PERFORMANCE

Table 1.8A: The rotated component matrix for first export performance scale

	FIN	STR	SAT
FINANCIAL EXPORT PERFORMANCE (FIN)			
Has been very profitable	0.860		
Has generated a high volume of sales	0.866		
Has achieved rapid growth	0.893		
STRATEGIC EXP. PERFORMANCE (STR)			
Has improved our global competitiveness		0.826	
Has strengthened our strategic position		0.943	
Has significantly increased our market share		0.885	
SATISFACTION WITH EXP. VENTURE (SAT)			
Has been very satisfactory			0.889
Has been very successful			0.881
Has fully met our expectations			0.816

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

Table 1.8B: The rotated component matrix for second export performance scale

	PerfA	PerfB	PerfC	PerfD
<u>PerfA-relative to its plan for this year</u>				
Overall performance	0.721			
In relation to the resources committed	0.707			
The quality of products/services made possible	0.754			
The level of cost effectiveness achieved	0.775			
Our ability to attract resources needed	0.784			
Our ability to keep resources needed	0.758			
<u>PerfB-relative to the expectations of stockholders</u>				
Overall performance		0.848		
In relation to the resources committed		0.862		
The quality of products/services made possible		0.778		
The level of cost effectiveness achieved		0.799		
Our ability to attract resources needed		0.807		
Our ability to keep resources needed		0.792		
<u>PerfC-relative to the expectations of our rep</u>				
Overall performance			0.766	
In relation to the resources committed			0.735	
The quality of products/services made possible			0.738	
The level of cost effectiveness achieved			0.715	
Our ability to attract resources needed			0.757	
Our ability to keep resources needed			0.731	
<u>PerfD-relative to the previous three years</u>				
Overall performance				0.833
In relation to the resources committed				0.899
The quality of products/services made possible				0.901
The level of cost effectiveness achieved				0.844
Our ability to attract resources needed				0.875
Our ability to keep resources needed				0.865

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

A2. EXPLORATORY FACTOR ANALYSIS (EFA) RESULTS (BUYERS)

(1) CULTURAL VALUES

Table 2.1: The rotated component matrix for cultural values

	IND	MAS	UAI	PD	LTO
INDIVIDUALISM (IND)					
Self-interest sacrifice for the group	0.653				
Sticking with the group even through difficulties	0.636				
Higher importance of group welfare	0.835				
Higher importance of group success	0.770				
Pursuing goals after considering group welfare	0.651				
Group loyalty should be encouraged	0.640				
MASCULINITY (MAS)					
Importance of a professional career for men		0.842			
Men use logical analysis, women intuition		0.806			
Active problem solving is typical of men		0.817			
There are jobs men always do better than women		0.642			
UNCERTAINTY AVOIDANCE (UAI)					
Importance of spelled out instructions in detail			0.733		
Importance of closely following instructions			0.808		
Rules are important because they inform			0.770		
Standardized work procedures are helpful			0.725		
Instructions for operations are important			0.645		
POWER DISTANCE (PD)					
Low level of consulting people in lower positions				0.710	
Low frequency of asking for employee opinions				0.734	
Managers should avoid social interaction				0.790	
Managers should not delegate important tasks				0.625	
Employees should not disagree with managers				0.593	
LONG TERM ORIENTATION (LTO)					
Careful management of money					0.471
Going on resolutely in spite of opposition					-0.081
Personal steadiness and stability					0.507
Long-term planning					0.645
Giving up today's fun for success in the future					0.829
Working hard for success in the future					0.836

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(2) MARKETING MIX STANDARDIZATION/ADAPTATION

Table 2.2: The rotated component matrix for marketing mix standardization/adaptation

	product	price	promotion	place
PRODUCT				
Positioning	0.617			
Design/style	0.819			
Quality	0.734			
Features/characteristics	0.763			
Brand/branding	0.689			
Packaging	0.571			
Labeling	0.740			
Services	0.843			
Warranty	0.785			
Items/models in product line	0.651			
PRICE				
Retail price		0.765		
Wholesale/trade price		0.576		
Profit margins to trade customers		0.738		
Profit margins to end-users		0.780		
Discounts		0.809		
Sales/credit terms		0.764		
PROMOTION				
Advertising			0.650	
Creative/execution style			0.577	
Message/theme			0.670	
Media allocation			0.713	
Sales promotion			0.739	
Sales force structure/management			0.627	
Sales force role			0.586	
Public relations			0.767	
Personal selling			0.759	
Advertising/promotion budget			0.514	
PLACE				
Channels of distribution				0.673
Physical distribution				0.814
Type of middlemen				0.843
Role of middlemen				0.783

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(3) DEPENDENCE

Table 2.3: The rotated component matrix for dependence

	Supplier irreplaceability	Supplier importance
SUPPLIER IRREPLACEABILITY		
Easy compensation for the loss of income	0.787	
Easy to find an adequate replacement	0.869	
Our sales would suffer despite all our efforts	0.380	
We could easily switch to another supplier	0.822	
SUPPLIER IMPORTANCE		
This supplier is important to our business		0.785
The supplier is crucial to our overall performance		0.821
It would be costly to lose the supplier		0.661
His products have a reputation of high quality		0.735
Our success is largely due to his marketing efforts		0.533

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(4) PERCEPTUAL DEPENDENCE

Table 2.4: The rotated component matrix for perceptual dependence

		Component		
		1	2	3
A	National advertising		,693	
B	Local advertising		,569	
C	Product delivery			,794
D	Product information			,799
E	Sales information	,611		,439
F	After sales services	,572		
G	Marketing programs		,673	
H	Sales generating	,722		
J	Profit generating	,830		
K	Financial assistance	,735		
L	Product warranty		,731	
M	Good reputation		,680	
	% of variance explained	22.953	20.544	13.465

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

Exploratory factor analysis is giving us slightly different results in the buyers' sample compared to sellers', as we can observe only three factors instead of four as identified above. After confirmatory factor analysis and reliability analysis we came to the conclusion to stick to the previous four constructs, only item K (product warranty) was omitted from product dependence scale.

(5) POWER SOURCES

Table 2.5: The rotated component matrix for power sources

	INF	REF	EXP	LEG	REW	COE
INFORMATIONAL POWER S. (INF)						
Supplier provides valuable information	0.710					
We gain important knowledge to improve	0.765					
Supplier assesses our specific actions	0.499					
He points out consequences of our actions	0.553					
The information provided makes sense	0.612					
The information provided is logical	0.620					
His request is based on good reasoning	0.631					
REFERENT POWER SOURCE (REF)						
We like the supplier that we deal with		0.717				
The approval of supplier means a lot to us		0.620				
We admire supplier and merit the respect		0.677				
His opinions & values are similar to mine		0.789				
Being similar to the supplier is good		0.659				
In this situation my attitudes are similar		0.726				
EXPERT POWER SOURCE (EXP)						
The supplier is an expert in his field			0.621			
We get good advice from the supplier			0.571			
We accept suggestion due to his knowledge			0.557			
I trust this supplier's judgment			0.706			
Expertise makes him more likely to be right			0.684			
He has a lot of experience and knows best			0.509			
LEGITIMATE POWER SOURCE (LEG)						
He has the right to expect our cooperation				0.629		
We should accept his recommendations				0.625		
He has the right to tell us what to do				0.693		
It is my duty to comply with the supplier				0.553		
He has the right to influence due to position				0.516		
I am obliged to do as the supplier suggests				0.635		
REWARD POWER SOURCE (REW)						
No comply, no rewards					0.723	
The only reason for complying are rewards					0.813	
We do as he suggests only due good things					0.789	
COERCIVE POWER SOURCE (COE)						
He can harm us if we do not comply						0.839
He will punish us if not do as suggested						0.935
Bad things will happen if do not comply						0.905

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(6) CONFLICT

Table 2.6A: The rotated component matrix for first conflict scale

	EMOTIONAL	TASK
EMOTIONAL CONFLICT		
The extent of friction present in the relationship	0.721	
The extent of anger present in the relationship	0.850	
The extent of personal clashes in the relationship	0.842	
The extent of emotional tensions in the relationship	0.865	
TASK CONFLICT		
The extent of differences of opinions		0.527
Frequency of people disagreeing in the firm		0.851
Frequency of disagreements with supplier about the tasks		0.799
Frequency of disagreements with supplier about the ideas		0.775

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

Table 2.6B: The rotated component matrix for second conflict scale

	DESTRUCTIVE	CONSTRUCTIVE
DESTRUCTIVE CONFLICT		
There is little or no conflict with the supplier	0.248	
Conflict on how to proceed on tasks	-0.083	
We get along well with each other	0.129	
Differences on the basic goals both should pursue	0.823	
People dislike interacting with supplier's office	0.658	
CONSTRUCTIVE CONFLICT		
Constructive changes occur due supplier conflicts		-0.051
Handling conflicts improves knowledge of both		0.455
We are more sensitive due conflict handling type		0.831
We feel energized and ready to work after conflict		0.855

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(7) CONFLICT RESOLUTION STRATEGIES

Table 2.7: The rotated component matrix for conflict resolution strategies

	PS	COMP	PA	AA
PROBLEM SOLVING (PS)				
Lean toward direct discussion of the problem	0.454			
Try to show the logic & benefits of your position	0.798			
Communicate your priorities clearly	0.853			
Attempt to get all your concerns and issues open	0.740			
COMPROMISE (COMP)				
Try to find the middle-ground between positions		0.827		
Try to soothe feelings and preserve relationship		0.819		
Find a fair combination of gains & losses for both		0.735		
Let him have some of yours, if he lets some of his		0.584		
PASSIVE AGGRESSIVE (PA)				
Make convincing arguments to achieve own end			0.589	
Committed to initial position through resolution			0.843	
Create impression you can change nothing			0.857	
Insist your position is the best alternative			0.848	
ACTIVE AGGRESSIVE (AA)				
Threaten to break off if not accepting your view				0.801
Make implicit threats should the rep not comply				0.888
Express strong displeasure with his behavior				0.851
Try to win your position by any means				0.691

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

(8) EXPORT PERFORMANCE

Table 2.8A: The rotated component matrix for first export performance scale

	FIN	STR	SAT
FINANCIAL EXPORT PERFORMANCE (FIN)			
Has been very profitable	0.729		
Has generated a high volume of sales	0.872		
Has achieved rapid growth	0.807		
STRATEGIC EXP. PERFORMANCE (STR)			
Has improved our global competitiveness		0.786	
Has strengthened our strategic position		0.868	
Has significantly increased our market share		0.830	
SATISFACTION WITH EXP. VENTURE (SAT)			
Has been very satisfactory			0.866
Has been very successful			0.874
Has fully met our expectations			0.739

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

Table 2.8B: The rotated component matrix for second export performance scale

	PerfA	PerfB	PerfC	PerfD
<u>PerfA-relative to its plan for this year</u>				
Overall performance	0.794			
In relation to the resources committed	0.819			
The quality of products/services made possible	0.598			
The level of cost effectiveness achieved	0.676			
Our ability to attract resources needed	0.801			
Our ability to keep resources needed	0.769			
<u>PerfB-relative to the expectations of stockholders</u>				
Overall performance		0.751		
In relation to the resources committed		0.837		
The quality of products/services made possible		0.801		
The level of cost effectiveness achieved		0.766		
Our ability to attract resources needed		0.796		
Our ability to keep resources needed		0.783		
<u>PerfC-relative to the expectations of our rep</u>				
Overall performance			0.863	
In relation to the resources committed			0.787	
The quality of products/services made possible			0.779	
The level of cost effectiveness achieved			0.735	
Our ability to attract resources needed			0.863	
Our ability to keep resources needed			0.845	
<u>PerfD-relative to the previous three years</u>				
Overall performance				0.751
In relation to the resources committed				0.817
The quality of products/services made possible				0.787
The level of cost effectiveness achieved				0.787
Our ability to attract resources needed				0.814
Our ability to keep resources needed				0.802

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.

A3. Goodness of fit statistics for significant models tested with SEM

Table A3.1: Goodness of fit statistics for the relationship between power sources and emotional conflict

χ^2	22.73 (df = 8; p = 0.004)
Normed chi-squared measure	2.84 (χ^2 / df)
NFI	0.93
GFI	0.94
CFI	0.95
RMSEA	0.13
RMR	0.11

Note: sellers viewpoint (n=105)

Table A3.2: Goodness of fit statistics for the relationship between standardization/adaptation of marketing strategy and conflict

<i>Fit statistics</i>	Constructive conflict (sellers = 105)	Destructive conflict (buyers = 101)
χ^2	13.92 (df = 1; p = 0.000)	6.14 (df = 1; p = 0.013)
Normed chi-squared measure	13.92 (χ^2 / df)	6.14 (χ^2 / df)
NFI	0.90	0.94
GFI	0.95	0.98
CFI	0.90	0.95
RMSEA	0.34	0.22
RMR	0.12	0.08

Table A3.3: Goodness of fit statistics for the relationship between task/emotional conflicts and export performance (performance scale 2)

χ^2	3.81 (df = 1; p = 0.051)
Normed chi-squared measure	3.81 (χ^2 / df)
NFI	0.92
GFI	0.98
CFI	0.94
RMSEA	0.18
RMR	0.12

Note: sellers viewpoint (n=105)

POVZETEK (Summary in Slovene language)

Tržne poti in distribucija sta pogosto raziskovana koncepta v trženjski literaturi, njun pomen pa ima daljnosežne posledice za uspešnost današnjih podjetij. Tržne poti se po mnenju McCammon in Little (1965, str. 265) uvrščajo med najbolj kompleksne raziskovalne pojave v napredni ekonomiji, vključujoč proučevanje ekonomskega, političnega in socialnega sistema, kar ponavadi združuje analizo številnih odločevalcev na širokem geografskem področju. Teorija si v začetku proučevanja tržnih poti ni bila enotna glede razumevanja proučevanega koncepta. Ruyter, Wetzels in Lemmink (1996, str. 23) so izpostavili dve teoretični paradigmi, ki se na znanstvenem nivoju ukvarjata s tržnimi potmi, t.j. politično-ekonomska paradigma (tudi ekonomski pristop) ter paradigma trženja na podlagi odnosov (tudi vedenjski pristop). Avtorji prve paradigme (Stern & Reve, 1980, str. 53) razumejo tržne poti kot »socialni sistem, ki sestoji iz interaktivnih delov glavnih ekonomskih in socio-političnih sil, katere vplivajo na kolektivno vedenje in uspešnost izvedbe«. Sam se v doktorski disertaciji nagibam na stran avtorjev druge paradigme (Etgar, 1978; Coughlan, 1985), ki vidijo tržne poti kot mrežo komunikacij in odnosov, temelječo na medsebojnem zaupanju, zavezanosti in vrednotah. Slednji teoretični pristop strokovno zaokrožujejo Michaelidou, Arnott in Dibb (2005, str. 46), ki govorijo o lastnostih tržnih poti, pri čemer izpostavljajo predvsem vpletenost, zaznano tveganje, zvestobo, podobnost in hedonizem kot tiste lastnosti tržnih poti, ki bistveno vplivajo na vedenje porabnikov. Zaključim lahko, da so tržne poti del trženja podjetja, njihovo proučevanje pa prinaša pomembne izsledke za razvoj trženja kot funkcije v podjetju (Ferber, Blakertz & Hollander, 1964, str. 344).

Kakor se razlikujejo teoretični pristopi k razlagi tržnih poti, tako si tudi teorija ni enotna, kako pojasniti koncepta tržnih poti in distribucije. Nekateri avtorji enačijo oba pojma (Neves, Zuurbier & Campomar, 2001; Mallen, 1964), medtem ko drugi avtorji (Coughlan et al., 2006; Hollingsworth, 1973; Keegan & Schlegelmilch, 2001; Kotler, 2004) nakazujejo na povezanost, saj opisujejo tržne poti kot sistem odnosov moči in skupnih pričakovanj s skupnim ciljem, t.j. distribucijo izdelkov oziroma storitev. V doktorski disertaciji se opiram na sledečo definicijo tržnih poti: »Tržne poti so skupek medsebojno odvisnih organizacij, ki so vpletene v postopek dajanja izdelka ali storitve v uporabo ali porabo« (Coughlan et al., 2006, str. 2; Kotler, 2004, str. 505). Mallen (1964, str. 29-30) definicijo tržnih poti kot tok med prodajalcem in kupcem razširi s tem, da pojasni, da gre v primeru tržnih poti dejansko za prenos fizične lastnine, promocije, pogajanj, financiranja, tveganja, naročanja in plačil. Na koncept tržnih poti je moč gledati z vidika notranjega in zunanjega okolja podjetja. Tako tržne poti na eni strani predstavljajo podsistem sistema poslovnega trženja v podjetju (Mahin, 1991, str. 381), na drugi strani pa so hkrati tudi kompleksna organizacija povezanih poslovnih subjektov na trgu (Hollingsworth, 1973, str. 53-54). Tržno pot (*ang. marketing channel*), imenovano tudi prodajna (*ang. sales channel*) ali distribucijska pot (*ang. distribution channel*) namreč sestavlja vrsto posrednikov pretežno v tistem delu mreže vrednosti (t.j. sistem partnerjev in zvez), ki gleda naprej proti

kupcu (Kotler, 2004, str. 504). Vsi avtorji pa so si enotnega mnenja, da odločitve o tržnih poteh sodijo med najpomembnejše odločitve podjetja, izbira katerih močno vpliva na ostale trženjske odločitve (Coughlan et al., 2006, str. 2; Kotler, 2004, str. 505).

Tržne poti so most med podjetjem in trgom (Coughlan et al., 2006, str. 2) oziroma med proizvajalci in kupci (Jain, 2001, str. 349; Keegan & Schlegelmilch, 2001, str. 426), pri čemer morajo na eni strani ustrezati potrebam ciljnih tržnih segmentov, po drugi strani pa tudi zadovoljiti potrebe členov na tržni poti, katerih podpora je ključna za uspeh trženjske strategije na medorganizacijskih trgih (Hutt & Speh, 2001, str. 355). Tržna pot je pomembna sestavina v trženjski strategiji in strategiji pozicioniranja podjetja, pri čemer na eni strani pogosto predstavlja glavni razlikovalni dejavnik od konkurence. Na drugi strani izkušnja na tržni poti močno vpliva na porabnikovo zaznavanje blagovne znamke in njegovo končno zadovoljstvo (Coughlan et al., 2006, str. 1-2). Slednje je še toliko bolj pomembno na mednarodnih trgih, ki so predmet proučevanja v doktorski disertaciji. Za razliko od domačih tržnih poti se v mednarodnem prostoru podjetja namreč soočajo z večjo kompleksnostjo vpletenih dejavnikov na tržnih poteh, različnimi zahtevami distribucije ter nezmožnostjo prenosa uspešnega domačega pristopa na tuji trg. Celo več, kompleksni sistemi mednarodnih tržnih poti lahko predstavljajo oviro za uspešen vstop na tuji trg, pri čemer je fizična distribucija lažje premostljiva kot sistem samih kompleksnih odnosov med člani na izbrani tržni poti (Bradley, 2002, str. 322). Zaključimo torej lahko, da se koncepta distribucije in tržnih poti vendarle razlikujeta.

Koncept tržne poti je potrebno ločiti od fizične distribucije (v nadaljevanju le distribucija), ki se v večji meri navezuje na širši koncept upravljanja oskrbne verige (*ang. supply chain management*) (Schary & Skjøtt-Larsen, 1995, str. 17-18), katera vključuje nabavo pravih proizvodnih virov, njihovo učinkovito preoblikovanje v končne izdelke ter njihovo dostavo na končni cilj. Fizična distribucija, ki jo v praksi poimenujemo širše tudi tržna logistika, pa vključuje »načrtovanje infrastrukture, potrebne za zadovoljitev povpraševanja; ter izvedbo in nadzor fizičnih tokov materialov in končnih izdelkov od točk njihovega izvora do točk njihove uporabe, z namenom zadostiti zahtevam kupcev in doseči dobiček« (Kotler, 2004, str. 551). Mogoče je ločiti med vhodno (notranjo) logistiko (*ang. in-bound logistics*), ki opisuje proces prenosa izdelkov in materialov od dobaviteljev v tovarno; ter izhodno (zunanjo) logistiko (*ang. out-bound logistics*), ki je definirana kot prenos izdelkov iz tovarne do kupcev ter vključuje različne vidike transporta, kontrolo zaloge, upravljanje z naročili in skladiščenje (Keegan & Schlegelmilch, 2001, str. 427-432). Temu mnenju se pridružujejo tudi Czinkota, Ronkainen in Moffett (2005, str. 528), ki trdijo, da je mednarodna logistika sestavljena iz dveh faz, t.j. upravljanja z materiali (to enačijo z zgornjo vhodno logistiko) in fizične distribucije (to enačijo z zgornjo izhodno logistiko).

Distribucija predstavlja najmočnejši vezni člen med kupcem in procesom dobave (Schary & Skjøtt-Larsen, 1998, str. 60), kjer so ključnega pomena predvsem odnosi na lokalnem trgu in poznavanje možnosti ter lastnosti lokalnega transporta in distribucije, zaradi česar

je kontrola tržnih poti strateškega pomena in nujno potrebna (Brennan & Turnbull, 1999, str. 484). Iz teoretičnega vidika se koncept distribucije pogosto napačno razume, saj se v literaturi večkrat zgodi, da se enači z oskrbno verigo (Coughlan et al., 2006, str. 560). Po definiciji avtorjev Schary in Skjøtt-Larsen (1998, str. 22) je distribucija poleg izdelave prototipov izdelkov, nabave, proizvodnje in upravljanja s povpraševanjem (*ang. demand management*) le ena izmed osnovnih nalog oskrbne verige. Kot sta ugotovila Hamel in Prahalad (1985), je distribucija ključni in najbolj kritični element mednarodne (globalne) strategije, saj omogoča, da izdelki (oziroma storitve) dosežejo ciljni trg, s čimer je po njunem prepričanju distribucija »čuvaj« globalnega tržnega deleža. Slednje potrjujeta tudi Schary in Skjøtt-Larsen (1998, str. 60), ki pravita, da imajo členi tržnih poti (npr. podružnice, distributerji in agenti) s trženjske perspektive glavno nalogo skleniti prodajni dogovor z njihovimi kupci in na ta način služiti lokalnemu trgu.

Na eni strani je distribucija ključ do kontrole nad oskrbno verigo, saj je izmed vseh njenih stopenj najbližja kupcem, interpretira porabniške vzorce in preference, ki vodijo aktivnosti znotraj določene oskrbne verige (Mühlbacher, Leihs & Dahringer, 2006, str. 536). Po drugi strani pa je namen distribucije upravljati s fizičnim procesom, medtem ko so njene aktivnosti kontrolirane s strani proizvodnje. Kljub vsemu obe definiciji prideta do istega zaključka, da je distribucija najpomembnejši sestavni del oskrbne verige, saj ima vpliv tako na zvestobo porabnikov kot tudi uspešnost same oskrbne verige (Schary & Skjøtt-Larsen, 1998, str. 191). Prav zato so partnerski odnosi med proizvajalcem in distributerjem pridobili visoko pozornost v raziskavah (Frazier, 1999, str. 226), medtem ko so končni kupci z uporabo zaželenih tržnih poti dali jasen znak, da želijo koncentrirati svoje nakupe pri manjšemu številu distributerjev (Anderson & Narus, 1990, str. 45).

Schary in Skjøtt-Larsen (1998, str. 59) pojasnjujeta, da z vidika mednarodnega trženja obstajajo tri naloge distribucije: »pridobiti dostop do tujega trga, poslovati na več trgih hkrati in izoblikovati vlogo notranjega igralca na vsakem izmed teh trgov«. Mednarodno poslovanje prinaša določene posebne ovire, kot so carinske in necarinske omejitve, menjalni tečaji, ekonomsko-, politično-, in finančno tveganje idr., kot tudi razlike v poslovnih običajih (Hollensen, 2004, str. 314). Podjetja pa se poleg tega znotraj mednarodnih tržnih poti soočajo z vrsto ovir za transport blaga, vključno z razlikami v transportnih storitvah in transportni zakonodaji, telekomunikacijah, javnih skladiščih, posrednikih, distributerjih in trgovcih na debelo (Coughlan et al., 2006, str. 10). Razlike v zahtevah glede izdelkov ali katerih koli drugih sestavin trženjske strategije lahko privedejo do višjih zalog v oskrbni verigi, obenem pa lahko vplivajo na standardizacijo oziroma adaptacijo mednarodne trženjske strategije. Povzamemo lahko, da mednarodne ovire so in bodo predmet adaptacije, medtem ko se preostale razlike pretežno navezujejo na tradicionalne načine poslovanja in tudi distribucijo, kjer »struktura tržne poti kaže na pozicijo majhnih trgovcev in njihovih distributerjev« (Schary & Skjøtt-Larsen, 1998, str. 23-24). Kot je razvidno iz zgornjih pogledov, sta pojma distribucija in tržne poti povezana ter se med seboj konceptualno prepletata. Ker pa tržne poti vključujejo tudi odnose med

prodajalci in kupci, v delu obravnavam in uporabljam pojem tržne poti, saj bolje in predvsem širše zajame različne vidike temeljnega raziskovalnega vprašanja.

Robicheaux in El-Ansary (1975, str. 14-17) menita, da so tržne poti vertikalni tržni sistemi medsebojno odvisnih institucij, kjer si vsak člen tržne poti prisvoji zaželeno tržno pozicijo, odvisno od svojih ciljev, vrednot, pričakovanj in referenc. Ko zaželeno pozicije na tržni poti ni mogoče zadržati zaradi interakcij z ostalimi členi na tržni poti, obstaja možnost nastanka konfliktov na tržni poti. Kot razlagata avtorja, je potencial za konflikte še posebej visok v okoliščinah selektivne in ekskluzivne distribucije, predvsem zaradi obstoja visoke funkcijske medsebojne odvisnosti med členi na tržni poti. Anderson in Narus (1990, str. 42) poročata o pozitivni povezavi med relativno odvisnostjo in vplivom s strani drugega člena tržne poti ter o negativni povezavi med relativno odvisnostjo in vplivom nad drugim členom tržne poti, pri čemer ima podjetje z večjo relativno odvisnostjo tudi večji interes obdržati tak odnos. Zaključimo lahko, da v primeru neobstoja medsebojne odvisnosti, konflikt med organizacijami ne more nastati, medtem ko lahko vedenje posameznih členov tržne poti, ki je ovirajoče za doseganje ciljev ali prepoveduje zaželeno vedenjske vzorce preostalih členov na tržni poti, vodi do stanja frustracije in ta do konflikta (Robicheaux & El-Ansary, 1975, str. 22).

Čeprav so tržne poti ekonomski institut (Stern & Reve, 1980, str. 52), pa medkulturni vidik odnosov in njihov vpliv na dimenzije vedenja predstavljajo pomemben del upravljanja z mednarodnimi tržnimi potmi (Johnson, Sakano & Onzo, 1990, str. 641). Nicholson in Stepina (1998, str. 35) sta ugotovila, da v primeru vedno bolj mednarodnih poslov, postane razumevanje kulturnih značilnosti osnova za uspeh ali poraz. Appelbaum, Shapiro in Elbaz (1998, str. 211) pri tem dodajajo, da poskus razrešitve medkulturnih konfliktov z uporabo le tradicionalnih metod iz Severne Amerike, kot so kompromis, pospeševanje konflikta, razreševanje problema, itd.; ne bo zadostno. Kot avtorji poudarjajo, mora potencialni raziskovalec, ki opravlja medkulturno študijo, oceniti tudi nezaupanje in nesporazum v komunikaciji kot vir konflikta. Zaupanje je v literaturi razpoznano kot eden izmed najpomembnejših vidikov medorganizacijskega trženja (Mouzas, Henneberg & Naude, 2007, str. 1016) in je kot koncept razumljeno na dva različna načina. Dwyer et al. (1987, str. 14) razume zaupanje kot sestavni del kakovosti odnosov, medtem ko Morgan in Hunt (1994, str. 22) pojasnjujeta, da je zaupanje potrebna zahteva in dejavnik poslovnih odnosov. Sahay (2003, str. 556) dodaja, da zaupanje igra še posebej ključno vlogo v odnosih v oskrbni verigi, kjer je po mnenju Appelbaum, Shapiro in Elbaz (1998, str. 211) v primeru neobstoja komunikacije med členi tržne poti težko vzpostaviti zaupanja vreden odnos, medtem ko je nezaupanje zaznano kot pogoj za konflikt.

Prvi koraki k razumevanju medkulturnih konfliktov so bili že narejeni. Bandyopadhyay in Robicheaux (1998, str. 192) sta opravila raziskave o medkulturnih strategijah vpliva s strani dobaviteljev (izmenjava informacij, predlogi, prošnje, obljube, grožnje in legalne zahteve) in zadovoljstvu na tržnih poteh. Avtorja ugotavljata, da v Zahodnih državah

predlogi vplivajo pozitivno na zadovoljstvo distributerja, medtem ko imajo prošnje in grožnje negativen vpliv; v državah Daljnega Vzhoda pa predlogi in legalne zahteve vplivajo pozitivno na zadovoljstvo distributerjev. Swierczek in Onishi (2003, str. 187) sta proučevala Hofstede-jev konceptualni model kulturnih razlik na japonskih in tajskih vodstvenih delavcih in ugotovila značilne razlike v poslovnih običajih, ki vodijo do potencialnega konflikta na osnovi različnih zaznav stilov vodenja raziskovanih kultur. Kolman et al. (2003, str. 87) so navkljub majhni geografski razdalji poročali o značilnih kulturnih razlikah med Centralno-evropskimi državami in Zahodno-evropskimi državami, pri čemer so dodali, da bodo izkušnje pridobljene skozi leta tranzicije postale kmalu zastarele. Do podobnih ugotovitev sta prišla tudi Nicholson in Stepina (1998, str. 35), ki sta raziskovala na delo vezane kulturne vrednote kot centralni konstrukt družbene kulture na vzorcu 4.000 vodstvenih delavcev, profesionalcev in študentov v ZDA, Venezueli in na Kitajskem. Avtorja poročata o močni podpori raziskovalni domnevi, da se kulturne vrednote razlikujejo med proučevanimi tremi destinacijami. Kot pojasnjuje Burke (1997, str. 100) so kulturne vrednote navezane na osebne demografske in delovne karakteristike ter vplivajo na izbiro vedenja člena tržne poti. Vendar pa poleg kulturnih vrednot tudi drugi faktorji vodijo do konfliktov (še posebej med trženjem in prodajo na tržnih poteh), kot so razlike v prepričanju glede veljavnega področja in osredotočenosti aktivnosti, času, veljavnih virih znanja, razlikah v zaznanem statusu in v odnosu do okolja (Beverland, Steel & Dapiran, 2006, str. 386). Zaključimo lahko, da medtem ko je večina dosedanjih študij na področju tržnih poti prispevala k razumevanju vedenjskih dimenzij znotraj tržnih poti, so bile redke raziskave, ki so vzele v obzir kulturni kontekst medorganizacijskih interakcij (Brown & Day, 1981; Etgar, 1976; Kale & McIntyre, 1991).

Osrednji predmet proučevanja v doktorski disertaciji so konflikti znotraj mednarodnih tržnih poti, kjer proučujem vire obstoja konflikta, kot tudi njihove posledice za izvozno uspešnost slovenskih podjetij. Definicija konflikta, ki je uporabljena kot osnova za razumevanje in raziskavo, je bila podana s strani Robicheaux in El-Ansary (1975, str. 18), ki pojasnjujeta, da je konflikt na tržni poti »stanje ali situacija, v kateri en člen tržne poti zaznava drugega kot nasprotnika z vedenjem, ki je bilo osnovano z namenom ga uničiti ali mu škodovati oziroma pridobiti vire na njegov račun«. Avtorja še dodajata, da so lahko konflikti na tržni poti funkcionalni ali nefunkcionalni. Po mnenju avtorjev Stern in El-Ansary (1992, str. 289) nefunkcionalni vidik konfliktov pojasnjuje njegova definicija, ki navaja, da je to »situacija, v kateri en člen tržne poti zaznava drugega kot člen z vedenjem, ki onemogoča doseganje njegovih ciljev«; medtem ko funkcionalni konflikti izhajajo iz same narave dela in so pogosto imenovani tudi delovni konflikti (Jehn, 1997, str. 531). Konflikt, beseda ki je izpeljana iz latinske besede »confligere« in pomeni trčiti, velja za vedenje člena tržne poti, ki je v nasprotju z vedenjem nasprotnega člena tržne poti (Coughlan et al., 2006, str. 244). Kot ugotavljata Anderson in Narus (1990, str. 44), je moč konflikt razložiti s splošnim nivojem nestrinjanja v odnosih, določenim z intenzivnostjo, frekvenco in dolžino trajanja nesporazuma. Ugotovitve raziskav nekaterih avtorjev (Gaski, 1984, str. 11; Gaski & Ray, 2003, str. 161) pojasnjujejo pozitivni odnos med nivojem

konfliktov in vplivom s strani člena tržne poti, ter obratno negativni odnos med konfliktom in vplivom nad členom tržne poti. Zaključimo lahko, da večji kot je vpliv podjetja nad ostalimi členi tržne poti, manjši konflikt nastane, ker je ob takem nefunkcionalnem konfliktu najbolje za ostale člene tržne poti ustreči dominantnemu podjetju (Anderson & Narus, 1990, str. 44).

Mednarodne trženske aktivnosti so postavljene v kompleksno okolje raznovrstnih interakcij med ljudmi in cilji najmanj dveh organizacij in tržnih poti (Robicheaux & El-Ansary, 1975, str. 14-17), kjer vsaka interakcija predstavlja potencial za začetno fazo konflikta. Rugman in Verbeke (2000, str. 25), ki sta na podlagi teorije virov podjetja poskušala dokazati povezavo med multinacionalnimi podjetji in lokalno javno politiko, pojasnjujeta, da je konsistentnost med cilji podjetij in cilji vlade tako v domači kot tudi v tuji državi prvi pomemben korak k uspešnim mednarodnim odnosom. Po njuni raziskavi sodeč, problemi glede distribucije (konflikti) nastanejo, ko so interakcije med multinacionalnimi podjetji in tako domačo kot tujo vlado vodene s konfliktom v ciljih; torej ko obstaja neskladje med obnašanjem multinacionalk, usmerjeno k mikro-učinkovitosti in obnašanjem vlade, ki je usmerjeno k makro-učinkovitosti oz. distribucijskim ciljem. Vendar kot pojasnjujeta Robicheaux in El-Ansary (1975, str. 15), obstaja določen minimalni nivo kooperacije kot konfliktu nasprotno vedenje, z namenom doseganja ciljev členov tržne poti.

Kot pojasnjuje Hunter (1997, str. 36-59), konflikti lahko nastanejo, ko proizvajalec in trgovec v isti meri ne razpoznata življenjske vrednosti kupca ter ko njuni programi vzpostavljanja lojalnosti kupcev niso skladni z njihovimi cilji dobičkonosnosti. Po drugi strani so konflikti na mednarodni tržni poti pogostejše prisotni, ko imamo opravka z razdrobljeno trgovino, ki zahteva dobavo več nivojem trgovcev na debelo z namenom zagotovitve zadostne pokritosti trga, pri čemer se lahko tržna pot pretrga zaradi neprimerne vodenja zalog, slabega vodenja naročil in nerednih dobav (Schary & Skjøtt-Larsen, 1998, str. 60). Zaključimo lahko, da je konfliktno obnašanje na tržni poti naravno in neizogibno, saj nastane iz funkcionalne odvisnosti v odnosih na poti, kot tudi zaradi pomanjkanja usklajenosti glede posameznikove naloge člena na tržni poti. Vsak člen na tržni poti ima skupek predpisov glede vedenja, določenih z normami in standardi dobaviteljev in kupcev, lastnimi vrednotami in splošno deljenimi ideali. Predpisi glede vlog vedenja omogočajo členu tržne poti predvideti obnašanje ostalih členov do določene mere in se s tem izogniti potencialnim konfliktom (Robicheaux & El-Ansary, 1975, str. 15-17).

Banner (1995, str. 32) pojasnjuje, da so konflikti rezultat navezanosti ali zvestobe na nekaj, kar se lahko pojavi na treh različnih nivojih: fizični nivo (navezanost ali zvestoba na fizično stvar), nivo uma (ideje, prepričanja, vrednote, koncepti, vera, itd.) in nivo identitete. Jehn in Chatman (2000, str. 57) dodajata, da lahko ločimo med tremi vrstami konfliktov: delovni, procesni in odnosni konflikt; izhajajoč iz Etgar-jeve (1980, str. 73)

klasifikacije konfliktov na razpoložensjske in strukturne konflikte med členi na tržnih poteh. Vendar pa zadnje raziskave na področju medorganizacijskih pojavov (Amason, 1996, str. 125; Rose & Shoham, 2004, str. 943) delijo konflikte na dve vrsti: delovni in emocionalni konflikt. Kot pojasnjuje Amason (1996, str. 125, 144), je moč delovni konflikt opredeliti kot zaznano oziroma prepoznano nesoglasje znotraj skupine glede nalog, ki bi jih morali opraviti, pri čemer je primarna osredotočenost na razlike glede načinov kako doseči skupne cilje. Po drugi strani pa emocionalni konflikt lahko definiramo kot zaznano ali prepoznano nekompatibilnost med osebami znotraj skupine, ki je osnovana na prepirih oziroma osebnostnih nesoglasjih (Rose, Shoham, 2004, str. 943). Zaključimo lahko, da obstaja teoretična ločnica med emocionalnim in delovnim konfliktom, ki je po mnenju Menon, Bharadwaj in Howell (1996, str. 303) negativno povezana z domačimi, notranjimi lastnostmi organizacije. Kot pojasnjujeta Rose in Shoham (2004, str. 943), sta obe vrsti konfliktov zelo pogosti na mednarodnih tržnih poteh, kjer naj bi »razlike v predznanju, različni cilji in referencah o mednarodnih partnerjih vodile do emocionalnega konflikta, medtem ko naj bi kulturne razlike povečale raznovrstnost proučevanih možnosti in izraženih mnenj, ki vodijo do delovnega konflikta«.

Pretekle raziskave so odkrile številne vzroke za konflikte, večinoma izhajajoč iz oddaljitve člana od svoje vloge na tržni poti (Robicheaux & El-Ansary, 1975, str. 18-25). Po mnenju Coughlan et al. (2006, str. 251) večina konfliktov izhaja iz razlik v ciljih členov na tržni poti, njihove percepcije realnosti in njihovega operativnega področja avtonomije (področje konflikta). Večina današnjih povprečnih proizvajalcev se odloča za vstop na tuji trg preko različnih poti, kjer morajo členi tržne poti tekmovati za istega kupca, kar bo nenazadnje, ko bo člen tržne poti postal odvečen, privedlo do konflikta. Vendar kot poročata Robicheaux and El-Ansary (1975, str. 18-25), vedenje členov tržne poti ni le določeno s pravili tržne poti, saj vsak člen premore svoje lastne zahteve vedenja, ki ga privedejo do pozicije na tržni poti. Povzamemo lahko, da glavni vzroki za frustracijo in stres kot predpogoj za konflikt vsebujejo različne predpise glede vlog posameznih členov na tržni poti, razlike v poslovanju (razdelitev ekonomskih nagrad in dostop do redkih virov), različne percepcije realnosti in neskladnost ciljev med členi na tržni poti.

Rosenberg (1974, str. 73) je identificiral nekaj slabih strani in tudi koristi konfliktov na mednarodnih tržnih poteh. Razumljivo je, da konflikti vodijo do zmanjšanja učinkovitosti pri distribuciji in posledično do povečanja stroškov. Negativni vidik konfliktov vključuje tudi odpor do razrešitve prihodnjih konfliktov, emocionalni razkroj in škodo, narejeno preko subjektivnosti in popačenih ocen. Pozitivni vidik konfliktov pa je nedvomno motivacija za vodstvene delavce, da aktivno pregledajo aktivnosti; obenem pa so lahko konflikti tudi vzvod za spremembe in oceno uspešnosti vodstva. Prav iz tega razloga je potrebno proučiti tudi pristope k razreševanju konfliktov. Robicheaux in El-Ansary, (1975, str. 24-25) pojasnjujeta, da je moč nefunkcionalne konflikte odstraniti brez zmanjšanja ali odprave stresa, ker običajno nastanejo v situaciji, ko »ostale alternative ne morejo prinesiti takega zadovoljstva ob cilju, kot ga je moč izkusiti ob trenutni postavitvi«. Na splošno je

moč konflikte razrešiti z razvojem nadpovprečnih ciljev za tržno pot (npr. organizacijski cilji vseh členov tržne poti morajo biti kompatibilni z eksplicitnimi cilji tržne poti), konsenzom doma in neznano absorpcijsko točko na tržni poti (Anderson & Narus, 1990, str. 45). Moore, Birtwistle in Burt (2004, str. 762) pojasnjujejo, da je uporaba sankcij kot metode za razreševanje konfliktov ekstremen in pogosto neučinkovit način razreševanja konfliktov; vendar predstavlja prvi korak v stran k metodam sodelovanja pri sprejemanju odločitev.

Neves, Zuurbier in Campomar (2001, str. 521) so predlagali model za načrtovanje procesa na tržni poti, kjer pojasnjujejo, da se členi tržne poti lahko izognejo potencialnim konfliktom z natančnim planiranjem izbire tržne poti (npr. ocenitev in razumevanje poslovnega okolja, vključno z razpoložljivimi oskrbnimi verigami; analiza vrzeli med cilji podjetja in potrebami kupcev skupaj s strategijo prilagoditve; sklepanje pogodb) in upravljanjem tržne poti med interakcijo z ostalimi členi. Tudi Rosenberg (1974, str. 69) trdi, da je zaradi nastajanja konfliktov na tržni poti po istem vzorcu, konflikte moč tudi dovolj zgodaj identificirati, predvideti in kontrolirati. Avtorji zadnjih raziskav poročajo o novejših učinkovitih metodah razreševanja konfliktov znotraj mednarodnih tržnih poti, in sicer vključitev lokalnega vodstva; prilagoditev vedenja, ki jo je moč doseči preko procesa specializacije vodstva; kot tudi sprostitev centraliziranega nadzora (Moore, Birtwistle & Burt, 2004, str. 762).

Raziskave na področju vzrokov in posledic konfliktnega vedenja vodij trženja (Song, Xile & Dyer, 2000, str. 50) so identificirale sledeči dve strategiji razreševanja konfliktov: izogibanje in sodelovanje vodij. Prav te ugotovitve je moč prenesti na vedenje členov na tržni poti. Richardson (1995, str. 19) je proučeval izogibanje (nejasnost in nesodelovanje) kot aktivni način razreševanja konfliktov (»preko izogibanja lahko aktivno dosežemo naše cilje, čeprav se le ti razlikujejo od ciljev organizacije/posameznika, kateremu nasprotujemo«). Pri tem je pojasnil tudi tri ostale strategije razrešitve konfliktov: (1) konkurenca (jasnost in nesodelovanje), (2) sodelovanje (jasnost), (3) prilagoditev (nejasnost in sodelovanje). Zaključimo lahko, da kljub številnim definicijam konflikta in strategijam razreševanja konflikta, katere so pojasnjene zgoraj, nihče ni ocenjeval konfliktov na mednarodnih trgih vzdolž celotne tržne poti na več nivojih (na nivoju dobaviteljev in na nivoju kupcev hkrati), s poudarkom na kulturnih vzrokih in vzrokih, ki so osnovani na mednarodni trženjski strategiji.

Namen doktorske disertacije je proučevati konflikte (emocionalne in funkcionalne; Rose, Shoham, 2004) na mednarodnih tržnih poteh, kot osrednji koncept raziskovalnega modela. Doktorska disertacija je združila notranje in medorganizacijske vidike konfliktov, njihove vzroke in posledice za izvozno uspešnost podjetij v raziskovalni model, katerega bom preveril z uporabo podatkov o tržnih poteh (členih) mednarodno delujočih slovenskih podjetij. Vzorec je vključeval mednarodna podjetja in tuje poslovne subjekte (agente, distributerje), ki jih predstavljajo na mednarodnih trgih, pri čemer bodo konflikti merjeni v

odnosih med temi poslovnimi subjekti. Z drugimi besedami - proučevane enote so bile podjetja, ki opravljajo mednarodne posle in imajo razvite tržne poti na tujih trgih. Proučevanje je vključevalo nivo distributerjev in izvoznikov, kot tudi lastnih podružnic, saj konflikti lahko nastanejo navzven (konflikti med člani na tržni poti), kot tudi navznoter (konflikti v podjetju oz. mednarodnih skupinah). Rezultate raziskave je moč posplošiti na ostala podobna slovenska podjetja. Pri tem sem z raziskavo ocenil, do kakšne mere so strategije trženjskega spleta standardizirane v primerjavi z adaptacijo le-teh ter ovrednotil njihove posledice za konflikte na tržnih poteh. Razpoznani nivoji konfliktov, povezanimi s strategijami razreševanja konfliktov, so nadalje določevali mednarodno uspešnost podjetij, kar bom skušal skozi raziskavo tudi dokazati. Povzamem lahko, da je namen doktorske disertacije prispevati k razumevanju konfliktov na tržni poti, ki izhajajo iz mednarodnih trženjskih strategij in različnih kulturnih vrednot na nivoju prodajalcev in kupcev na medorganizacijskem trgu ter obenem razpoznati pristope k razreševanju konfliktov. Navedeno mi bo omogočilo razvoj in preveritev novo razvitega konceptualnega in empiričnega modela.

Primarni cilj doktorske disertacije je oceniti in ovrednotiti povezavo med konflikti na tržni poti in izvozno uspešnostjo podjetij, kot tudi oceniti posredne učinke za številne raziskovalne konstrukte. Ti v prvi vrsti vključujejo kulturne vrednote, merjene na individualnem nivoju prodajalcev in z njimi povezanih kupcev na osnovi kulturnih dimenzij Geert-a Hofstede-ja. Drugič, v raziskavi sem ovrednotil standardizacijo v primerjavi z adaptacijo trženjskega spleta ter odgovoril na vprašanje, do kakšne mere ti zadoščata ciljnemu trgu. Tretjič, s pomočjo raziskave sem ocenil strukturo odvisnosti vzdolž tržne poti in proučil moč posameznega člena na tržni poti. Nenazadnje pa je cilj tudi ovrednotiti model na dveh koncih tržne poti (diade), saj so bili podatki zbrani s strani prodajalcev mednarodnih slovenskih podjetij in njihovih kupcev (npr. distributerjev, agentov, itd.) na tržni poti. Povzamemo lahko, da ima splošen konceptualni model cilj preveriti kulturne, standardizacijske/adaptacijske vrzeli in vrzeli v skladanju standardizacijskih in adaptacijskih strategij ter vrzeli v odvisnosti in moči posameznega člena na tržni poti, ki vodijo v konflikte in nadalje do izvozne uspešnosti z metodami razreševanja konfliktov.

Primarno **raziskovalno vprašanje doktorske disertacije** je, kateri so tisti dejavniki mednarodne trženjske strategije, povezave med njimi in vrzeli med prodajalcem ter kupcem, ki vplivajo na konflikte na tržni poti. Na temeljno raziskovalno vprašanje se navezujejo sledeča podvprašanja, torej ali konflikti na tržni poti izhajajo iz:

- razlik v kulturnih vrednotah prodajnih predstavnikov in njihovih kupcev (povečujejo konflikte),
- standardizacije v primerjavi z adaptacijo strategije trženjskega spleta (ob privzeti predpostavki, da prva povečuje konflikte na strani kupcev, druga pa na strani prodajalcev),

- moči, ki je izkoriščena nad določenim členom tržne poti ter obratno odvisnosti od enega ali več členov tržne poti; in
- vrzeli med navedenimi strategijami ter doseženo standardizacijo/adaptacijo za izbrani ciljni trg (povečujejo konflikte).

V disertaciji tako predpostavljam, da navedeni dejavniki konfliktov, skupaj s konflikti na tržni poti neposredno učinkujejo na izvozno uspešnost, medtem ko bodo strategije razreševanja konfliktov posredno omilile vpliv konfliktov na izvozno uspešnost podjetij.

Konflikti na tržnih poteh so bili proučevani tako z uporabo kvalitativnih metod, kot tudi kvantitativnih metod. Webb in Lambe (2007, str. 30) pojasnjujeta, da v primeru, ko je cilj študije osnovno razumevanje novega pojava in razvoj nove teorije, se v splošnem daje prednost kvalitativnim metodam in je zahtevana metodološka raznolikost. Čeprav ima doktorska disertacija za svoj cilj tudi preveriti in nadgraditi teorijo konfliktov na tržni poti, je zahtevana bolj poglobljena analiza z namenom oceniti vse povezave, predstavljene v prejšnjem poglavju. Kot pojasnjujejo Albaum et al. (1989, str. 35) se v mednarodnem raziskovanju kvalitativne spremenljivke primarno uporabljajo za oceno notranjih dejavnikov podjetij, ki vodijo podjetje v vedenje na tujem trgu. Prav zaradi tega bo začetna faza razumevanja koncepta konflikta podprta s kvalitativnimi metodami. Vendar pa Albaum et al. (1989, str. 35) in Churchill (1996, str. 268) dodajajo, da je v primeru ocenjevanja trenutnega nivoja podjetniške uspešnosti ali odnosov, kot tudi vedenja na medorganizacijskih trgih, uporaba kvantitativnih metod zbiranja podatkov precej bolj logična in ustrezna izbira. Zaključimo lahko, da bodo kvalitativne metode uporabljene z namenom pridobiti splošno sliko raziskovalnega problema, medtem ko bodo kvantitativne metode dale bolj globoko razlago posameznih konstruktov in njihovih medsebojnih odnosov.

Na osnovi pregleda strokovne literature in že operacionaliziranih spremenljivk v obstoječih raziskavah iz področja konfliktov na tržni poti (Gaski, 1984, str. 15-20; Lusch, 1976, str. 6-9; Pearson, Ensley & Amason, 2002, str. 113-120; Rose & Shoham, 2004, str. 945; Rosenberg & Stern, 1971, str. 439-442; Vinhas & Anderson, 2005, str. 511-514; Webb & Hogan, 2002, str. 345-346; Webb & Lambe, 2007, str. 30-40), strategij razreševanja konfliktov (Berry, 1998, str. 69; Dant & Schul, 1992, str. 39-41; El-Ansary & Robicheaux, 1974, str. 4-7; Gahr, Mosca & Sarsar, 1995, str. 38; Rosenberg, 1974, str. 72-73; Moore, Birtwistle & Burt, 2004, str. 763), odvisnosti posameznih členov na tržni poti (Frazier, Gill & Kale, 1989, str. 59-61; Gaski, 1984, str. 15-20; Hunt & Wood, 1986, str. 2-4; Sezen & Yilmaz, 2007, str. 46; Zhuang & Zhou, 2004, str. 677-682) in strukture moči na tržni poti (Brown, Lusch & Muehling, 1983, str. 55-64; Gaski, 1984, str. 15-20; Gaski & Ray, 2004, str. 196-200; Hunt & Wood, 1986, str. 2-4; Katsikeas, Goode & Katsikea, 2000, str. 197-198), strategij standardizacije proti strategijam adaptacije (Albaum & Tse, 2001, str. 78-79; Brennan & Turnbull, 1999, str. 495; Brennan, Turnbull & Wilson, 2003, str. 1652-1658; Katsikeas & Piercy, 1993, str. 24; Leonidou, Katsikeas & Hadjimarcou, 2002, str. 110-111;

Lim, Sharkey & Kime, 1993, str. 105-107; Samiee & Roth, 1992, str. 11-13; Shoham et al., 2008, str. 143-145), posameznikovih kulturnih vrednotah (Bandyopadhyay & Robicheaux, 1998, str. 196; Beverland, Steel & Dapiran, 2006, str. 387-390; Ng, Lee & Soutar, 2007, str. 167-170; Swierczek & Onishi, 2003, str. 191; Yoo & Donthu, 2005, str. 44), in izvozni učinkovitosti/izvoznih učinkih (Bilkey, 1982, str. 48; Cicic, Patterson & Shoham, 2001, str. 1118; Jaworski & Kohli, 1993, str. 66-68; Katsikeas, Piercy & Ioannidis, 1996, str. 19-25; Kim, Park & Prescott, 2003, str. 343-344; La, Patterson & Styles, 2005, str. 383; Shoham, 1998, str. 77-78; Zou, Taylor & Osland, 1998, str. 45-48), sem izoblikoval strukturiran vprašalnik. Vprašalnik je bil testiran na vzorcu desetih (mednarodnih) kupcev in desetih prodajalcev (slovenskih izvoznikov), kjer se je preverilo razumevanje trditev v vprašalniku in dolžina intervjuja, obenem pa so bile odpravljene vse ostale morebitne pomanjkljivosti vprašalnika.

Glavni del raziskave predstavlja kvantitativna študija, ki je bila izvedena med najbolj uspešnimi slovenskimi izvozniki in njihovimi kupci (distributerji, agenti), kjer so vprašanja zastavljena enako, saj potencialne vrzeli v vedenju in zaznavanju konfliktov lahko vodijo do razjasnitve konfliktov na tržni poti in povečajo moč razlage pristopov razreševanja konfliktov. Podjetja so bila izbrana v vzorec na podlagi kriterija izvozne uspešnosti in števila podjetij na tržni poti na mednarodnih trgih. Vzorčni okvir, uporabljen v raziskavi, je bila lista izbranih slovenskih izvoznikov, pridobljenih iz bonitetne baze IBON in SloExport. Vzorec se je omejil na prodajalce/direktorje trženja oziroma izvoza in pripadajoč nabor kupcev/agentov/ distributerjev za izbrana podjetja. Poleg tega sta bila v analizo vzeta dva podvzorca (nizko in visoko tehnološka podjetja) z namenom primerjave in posploševanja podatkov. Čeprav Churchill (1996, str. 433) trdi, da je nepretrgana lestvica, ki se deli na dva različna dela, lahko povsem nova izkušnja za večino udeležencev raziskave v določenih kulturah kot je Vzhodna Evropa, so izkušnje preteklih raziskav in testiranje lestvice pokazale ravno nasprotno rezultate. Zato so bile spremenljive proučevanih konstruktov merjene z zaprtimi vprašanji na pet-stopenjski Likertovi lestvici. Vprašalnik vključuje poleg demografskih spremenljivk tudi spremenljivke, ki proučujejo kulturne vrednote, konflikte, strategije standardizacije oziroma adaptacije trženjskega spleta, odvisnost in moč na tržni poti, strategije razreševanja konfliktov ter izvozno uspešnost.

Opis vzorca in značilnosti merjenih spremenljivk so bile predstavljene preko univariatne, bivariatne in multivariatne analize. Konceptualni model, ki proučuje vzroke in posledice konfliktov na tržnih poteh, je bil v obstoječi znani literaturi preverjan z uporabo različnih metod, od študijskih primerov (Richardson, 1995; Webb & Lambe, 2007), potrjujoče faktorske analize (Brown & Day, 1981; Song, Dyer & Thieme, 2006), kanonične korelacije (Etgar, 1980) do regresijske analize (Lusch, 1976) in multivariatne analize variance (Jehn & Mannix, 2001). Vendar pa večino novejših strokovnih literature (Dant & Schul, 1992; Rose & Shoham, 2004; Shoham et al., 2008; Vinhas & Anderson, 2005) na temo konfliktov na tržnih poteh uporablja modeliranje z linearnimi strukturnimi enačbami (*ang.*

structural equation modelling) kot koncept proučevanja statističnih korelacij v podatkih in testiranja konceptualnega modela, zaradi česar sem sledil v svoji raziskavi njihovem razmišljanju in uporabil slednjo metodo. Modeliranje z linearnimi strukturnimi enačbami kot statistična metodologija vključuje merjenje (odvisnost in vplivnost) tako neodvisne kot odvisne merjene spremenljivke, ki so uporabljene z namenom definirati neodvisne in odvisne latentne spremenljivke, ki ne morejo biti neposredno merjene, vendar so predpostavljene na osnovi proučevanih spremenljivk (Schumacker & Lomax, 1996, str. 2-5). Prav tako pa je metoda uporabljena z namenom določiti do katere mere se predlagani model sklada s podatki, kje je dosežena verodostojnost odnosov med spremenljivkami, kdaj je skladnost primerna in kdaj je neskladnost obranljivih odnosov zavržena (Byrne, 1998, str. 3). Za preverjanje oblikovanega konceptualnega modela sem uporabil programski paket LISREL 8 (Jöreskog & Sorbom, 1993) in razvil strukturni model.

Kvalitativna raziskava med 12 predstavniki slovenskih podjetij (od tega 8 prodajalcev in 4 njihovi predstavniki na tujih trgih) je odkrila nove vire konfliktov, ki jih prej vsaj po vedenju avtorja ni bilo moč zaslediti v literaturi medorganizacijskega trženja. Ti viri vključujejo: a) izbiro poslovne aktivnosti, b) poznavanje tujega trga, c) nivo internacionalizacije, d) vstopno obliko na tuje trge, e) izmenjavanje informacij med trgi, f) delitev dobička, in g) konkurenco med podružnicami glede omejenih virov. Dodaten doprinos k teoriji konfliktov prinaša tudi klasifikacija teh in v teoriji že navedenih virov konfliktov glede na različne nivoje v organizaciji in glede na to, ali nastajajo na nivoju posameznika, skupine ali celotne mreže povezanih podjetij. V tem delu raziskave smo prišli tudi do zanimivih ugotovitev glede povezave med konflikti in izvozno uspešnostjo. Medtem ko slovenski prodajalci potrjujejo povezanost med konflikti in njihovo izvozno uspešnostjo, njihovi pripadajoči kupci te povezanosti ne vidijo. Slednji rezultat lahko interpretiramo s preusmeritvijo moči na tržni poti na stran kupca. Tudi kasnejša kvantitativna raziskava je potrdila, da kupci izrazito vidijo pozitivno povezanost konstruktivnega konflikta in izvozne uspešnosti, medtem ko prodajalci poročajo o negativni povezanosti med emocionalnimi oz. destruktivnimi konflikti in izvozno uspešnostjo.

Kvantitativna raziskava je bila izvedena med 105 prodajalci in 101 njihovim pripadajočim kupcu. Ugotavljamo, da vrzeli v percepciji med prodajalcem in kupcem glede proučevanih spremenljivk praktično nastajajo v vseh primerih obravnavanih povezav med spremenljivkami. Z vidika kulturnih vrednot ugotavljamo, da ima odmik moči pozitivno povezavo z destruktivnimi konflikti samo v primeru vzorca prodajalcev, medtem ko na vzorcu kupcev izrazito izstopa vrednota moškost, ki ima pozitiven vpliv na emocionalne, delovne in destruktivne konflikte. Moč na tržni poti se je izkazala kot močan pojasnjevalni dejavnik konfliktov. Glavna vrzel nastaja v uporabi moči informacij in moči nagrad, pri čemer ima prodajalčeva percepcija kupčeve uporabe moči informacij negativen vpliv na emocionalne konflikte, in kupčeva percepcija prodajalčeve uporabe moči nagrad pozitiven vpliv na emocionalne konflikte. Presenetljiva ugotovitev, ki je v sosledju z zgornjim

argumentom preusmeritve moči na tržnih poteh, je nezaznavna kupčeva odvisnost od prodajalcev, medtem ko prodajalci odvisnost od kupcev zaznavajo in potrjujejo, da ima negativen vpliv na emocionalne in destruktivne konflikte. Z vidika mednarodne trženjske strategije ima največjo moč vpliva na konflikte prav standardizacija/adaptacija tržnih poti. Ugotavljamo, da standardizacija tržnih poti na strani prodajalca pozitivno vpliva na konstruktivne konflikte, medtem ko adaptacija tržnih poti na strani kupca pozitivno vpliva na emocionalne in destruktivne konflikte. Tržno komuniciranje se je izkazalo kot dejavnik vpliva na konflikte zgolj na vzorcu kupcev, ki adaptacijo tržnega komuniciranja negativno povezujejo z destruktivnimi konflikti. Izdelek in cena kot preostala sestavna dela trženjskega spleta pa sta se izkazala kot vplivna dejavnika zgolj na primeru prodajalcev, kjer je adaptacija izdelka pozitivno povezana z destruktivnimi konflikti in adaptacija cene pozitivno s konstruktivnimi konflikti. Konstruktivni konflikti so se izkazali kot pozitivni dejavnik vpliva na izvozno uspešnost na primeru vzorca kupcev, medtem ko je negativna stran konfliktov, zaznana s strani prodajalcev, negativno vplivala na izvozno uspešnost v primerjavi z lanskim planom, pričakovanji lastnikov in pričakovanji predstavnikov na tujih trgih. Strategije razreševanja konfliktov uspešno ublažijo vpliv konfliktov na izvozno uspešnost in v skladu s pričakovanji pojasnjujejo, da negativne vrste konfliktov (emocionalni, destruktivni) negativno vplivajo na izvozno uspešnost ter pozitivne vrste konfliktov (delovni, konstruktivni) pozitivno vplivajo na izvozno uspešnost. Kar se je izkazalo za presenetljivo je, da se pasivno agresivna strategija, ki je sicer v literaturi omenjena kot distributivna strategija razreševanja konfliktov, obnaša bolj kot integrativna strategija. Zato tudi predlagamo, da naj raziskovalci v prihodnje vključijo še druge strategije razreševanja konfliktov (predvsem strategijo izogibanja, kateri teoretični opredelitvi se je uporabljena pasivno agresivna strategija približala) in tako naredijo korak stran od dvodimenzionalne klasifikacije strategij, ki v literaturi prevladujejo zadnji dve desetletji.

Znanstveni prispevek doktorske disertacije je moč oceniti na treh različnih nivojih; teoretičnem, metodološkem in praktičnem nivoju. Prvič, teoretični prispevek disertacije je lahko viden v predstavitvi zunanjih (mednarodnih) vplivov na konflikte na tržni poti, medtem ko so dosedanje raziskovalne študije ocenjevale pretežno notranje vzroke za nastanek konfliktov na tržni poti. Poleg tega disertacija ocenjuje vzroke konfliktov in njihove posledice za izvozno uspešnost na nivoju posameznika (prodajalca oziroma kupca), medtem ko so predhodne študije pretežno vključevale nivo vodstvenih delavcev ali kar podjetje kot celoto. Metodološki prispevek je primarno viden v kompleksnosti ocenjenega konceptualnega modela, ki izhaja iz kulturnih vrednot na nivoju posameznega podjetja na eni strani in izvozne uspešnosti na drugi strani. V literaturi vsaj glede na moje vedenje ni moč zaslediti teoretičnega modela, ki bi vključeval vzroke in posledice konfliktov ter na osnovi teh izsledkov predlagal pristope k razreševanju konfliktov in obenem bil tudi statistično testiran. V danem primeru gre za študijo na dveh straneh tržne poti, saj so podatki zbrani tako s strani prodajalcev kot tudi s strani kupcev, kar nam omogoča zanimivo primerjavo. Metodološki prispevek je tudi testiranje nove lestvice za

izvozno uspešnost (Ruvio et al., 2004), kakor tudi nova operacionalizacija lestvice za odvisnost (Zhou, Zhuang & Yip, 2007). Nenazadnje pa raziskava združuje ekonomski in vedenjski pristop k oceni členov na tržni poti, ki pa sta bila do sedaj v literaturi obravnavana posebej (Stern, Reve, 1980, str. 53). Zaključimo lahko, da obširna študija nudi celovit pregled vzrokov in posledic konfliktov na mednarodni medorganizacijski ravni, kar razpoznavam kot glavni teoretični prispevek disertacije, medtem ko vpliv vseh raziskovanih dejavnikov na konflikte in izvozno uspešnost podjetij lahko predstavlja pomembno pridobitev za slovenska podjetja, izsledki raziskave pa lahko pripomorejo k večji uspešnosti in učinkovitosti razvoja, vodenja in upravljanja tržnih poti slovenskih podjetij na mednarodnih trgih.