Power and Relationship Commitment: Their Impact on Marketing Channel Member Performance

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In marketing channels for farm equipment, we investigate the impact of the supplier's use of power on two key outcomes. (1) the retailer's commitment to the channel relationship and (2) both supplier and retailer performance within the channel. We also investigate how retailer commitment affects performance in the channel. We argue that key linkages are moderated by the symmetry of power within the channel (i.e., whether the retailer is more powerful, power is somewhat balanced between the two channel members, or the supplier is more powerful). The results partially support both the primary construct linkages studied here as well as the moderating effects of power symmetry upon them.

As markets have become more competitive, firms have started to abandon the heavy-handed use of power to coordinate marketing channels (Teece, 1992). Instead, they have begun treating their channel partners as just that—partners. Signalizing commitment to channel partners represents a long-term orientation toward the channel relationship (Narus and Anderson, 1986). The motivation behind this is to enhance the value of the channel's market offering to its customers and/or to lower the channel's total costs (Stern and El-Ansary, 1992) and, thereby, improve channel performance.

From a strategic viewpoint, firms signal commitment to their channel partners by employing well-trained personnel, participating in dealer councils, granting exclusive territories, offering exclusive distribution, and investing in transaction specific assets (Narus and Anderson, 1987; Anderson and Weitz, 1992). Day-to-day channel commitment is built...
(or destroyed) through the ways in which one firm attempts to influence its channel partners to adopt new programs, modify existing programs, or terminate ineffective or inefficient marketing practices (Mohr and Nevin, 1990, p. 45).

For example, Boyle, Dwyer, Robicheaux and Simpson (1992) found that one firm’s use of power in the channel directly impacted its partner’s perceptions of relationalism, in which commitment plays a central role (Morgan and Hunt, 1994). Similarly, John (1984) and Frazier and Summers (1986) found a firm’s favorable orientation toward its partner to be associated with the partner’s use of power, as did Scheer and Stern (1992). All of these studies, however, examined the main effects of power usage upon commitment.

While understanding such effects is a critical step in advancing knowledge of marketing channel relationships, they may oversimplify how key constructs are linked. For example, commitment to a channel relationship may be based purely on economic or extrinsic concerns—either the desire for economic reward or the avoidance of economic punishments. This type of commitment is rather shallow and short lived. On the other hand, commitment may be based on non-economic or intrinsic conditions such as the identification with another party or the internalization of similar values. This second type of commitment can be expected to be more enduring. Furthermore, the effects of power usage upon channel member commitment is moderated by the symmetry of power within the channel relationship. Specifically, we argue that the (a)symmetry of power determines the extent to which the use of certain types of power is appropriate. Appropriate power usage will enhance commitment within the relationship, while improper use of power will diminish commitment. We also argue that power (a)symmetry moderates the impact of power usage upon channel performance.

This paper is organized as follows. First, hypotheses linking the use of different types of power with different types of commitment and channel member performance are developed. We also advance hypotheses which specify the moderating effects of the use of power. Finally, we posit a direct effect between channel member commitment and performance. Next, an empirical study in which the hypotheses are tested is described. Following an exposition of the methodology, the results of the study are discussed along with their implications.

**HYPOTHESES**

**Power Usage and Channel Member Commitment**

Consistent with El-Ansary and Stern (1972), we define marketing channel power as the ability of one channel member (e.g., Supplier S) to control the decision variables in the marketing strategy of another member at a different level of distribution (e.g., Retailer R). A firm achieves power over others in the channel through its possession of scarce resources (Dahl, 1957) and embeds them within the influence strategies it uses to communicate its desires to another. R’s perceptions of S’s use of power, therefore, represent the cumulative interplay of S’s resources and influence strategies (Scheer and Stern, 1992; Stern and Scheer, 1992). The more successful S is in getting R to go along with its wishes (i.e., the
more successful S’s influence strategies are), the more power S will have over R. S’s unsuccessful attempts at influencing R will, over time, erode its power over R. In other words, the successful use of power will enhance a firm’s ability to use its power in the future.

Although a variety of schema have been used to group perceptions of the use of power (Hunt and Nevin, 1974; Etgar, 1978; John, 1984; Gaski, 1986; Scheer and Stern, 1992), we adopt the mediated (i.e., reward, coercion, legal legitimate) and nonmediated (i.e., expertise, referent, information, traditional legitimate) typology (Johnson, Sakano, Cote and Onzo, 1993). This dichotomy reflects "... whether the source does or does not control the reinforcements (e.g., rewards or punishments) which guide the target’s behavior" (Tedeschi, Schlenker and Lindskold, 1972, p. 292).

Channel member S’s reward, coercion, and legitimate power sources are mediated in that the reinforcements guiding R’s decision making and behavior are external to R and are provided upon the condition that R does what S wishes. The nonmediated sources of power (i.e., expert, referent, and information), on the other hand, are those for which channel member S does not mediate the reinforcements guiding R’s behavior. Rather, channel member R mediates those reinforcements for itself. Stated somewhat differently, R attributes the success or failure of its behavior to itself as opposed to channel member S (Shaw and Condelli, 1986).

An important phase in the development of marketing channel relationships is the increased commitment firms make toward those relationships (Dwyer, Schurr and Oh, 1987; Anderson and Weitz, 1992). Such commitment increases predictability and flexibility within the relationship and assures constructive use of power and influence within the channel (Buchanan, 1992, p. 67). Ultimately, this results in enhanced performance for the channel as a whole as well as its individual members.

Although commitment is composed of two components: (1) attitude and (2) behavior (Mowday, Steers and Porter, 1979), our focus is upon the attitudinal commitment of channel member R. R’s attitudinal commitment is a long-term orientation to its relationship with S (Anderson and Weitz, 1992, Morgan and Hunt, 1994) and, as O’Reilly and Chatman (1986, p. 493) note:

may be predicated on three independent foundations (a) compliance or instrumental involvement for specific, extrinsic rewards; (b) identification or involvement based on a desire for affiliation; and (c) internalization or involvement predicated on congruence between individual and organizational values.

S’s use of power and influence can affect R’s commitment to the R-S relationship. “Compliance can be said to occur when an individual [or channel member] accepts influence because he hopes to achieve a favorable reaction from another person or group” (Kelman, 1958, p. 53). Although channel member S’s use of power may result in R’s compliance (Leet-Pelligrini and Rubn, 1974), its use of reward, coercion, and legal legitimate power particularly lead to R’s compliance (Kasulis and Spekman, 1980).

“Identification can be said to occur when an individual accepts influence because he wants to establish or maintain a satisfying self-defining relationship to another person or a group” (Kelman, 1958, p. 53). S’s use of referent power, by definition, is targeted at building in R a sense of belonging and identification with S. Identification with S is also devel-
oped if S can provide valued expertise to R. Such expertise increases R’s attraction to or identification with S. Thus, the exercise of both referent and expert power can lead to identification (Kasulis and Spekman, 1980).

“Internalization can be said to occur when an individual accepts influence because the content of the induced behavior—the ideas and actions of which it is composed—is intrinsically rewarding” (Kelman, 1958, p. 53). In other words, “... an individual accepts influence because the induced behavior is congruent with his value system” (Kelman, 1961, p. 65). Over time, the exercise of information and traditional legitimate power builds, within the channel, congruence of norms and values and leads to agreement on roles to be performed (Kasulis and Spekman, 1980). Changes in behavior based upon this type of power will occur because the desired behavior is consistent with the channel member’s norms and values.

Researchers of organizational commitment (Caldwell et al., 1990) have typically found that identification and internalization operate similarly (i.e., they load together on a single factor). They term this normative commitment. Normative commitment is intrinsic as it is based on identification and involvement with the organization (in our case, R’s identification with S and its internalization of common norms and values with S). Instrumental commitment they found to be based on compliance and distinct from normative commitment (i.e. compliance loaded on a separate factor from identification and internalization). In the channels context, R’s instrumental commitment to its relationship with S is driven by the extrinsic “objects” (i.e., rewards or punishments) mediated by S.

Based on this discussion, we propose that commitment (both instrumental and normative), in part, is influenced by the type of power used (either mediated or nonmediated). Further we will argue that the use of mediated or nonmediated power and how they impact normative and instrumental commitment as well as channel member performance is determined by the power (a)symmetry in the relationship.

Following Gundlach and Cadotte (1994, p. 518), we view relative power (a)symmetry as the degree to which one firm holds substantially more, roughly equal, or substantially less power than another in a channel relationship. As Buchanan (1992, pp. 67-68) suggests, the symmetry of power and dependence within the channel sets boundaries on the extent to which a channel member commits to its relationship with another. Where S and R are interdependent above nontrivial levels and power and dependence are symmetric, both parties have an incentive to build their relationship for mutual gain. Where power and dependence are symmetric but S and R share low levels of interdependence, neither channel member is motivated to invest in the relationship. With asymmetric power and dependence, “...the dominant partner has little incentive to invest in specific programs with a dependent partner” (Buchanan, 1992, p. 67). On the other hand, the dependent partner stands to gain considerably by investing in its relationship with a more powerful partner; the extent of this investment, however, is limited by the firm’s ability to enter alternative relationships (Buchanan, 1992, p. 68).²

**Effects of Mediated Power on Commitment**

As suggested above, the use of mediated power will foster instrumental commitment. By offering rewards and threatening punishments or legal action, S provides the extrinsic moti-
vation for R’s commitment to the relationship. Thus, the greater S’s use of mediated power, the greater R’s extrinsic or instrumental commitment.

In general, it is more acceptable for the more powerful channel member to use mediated power. In fact, empirical evidence indicates that more powerful firms more frequently use mediated power (Roering, 1977; Dwyer and Walker, 1981; Kale, 1986; Frazier, Gill and Kale, 1989; Gundlach and Cadotte, 1994), although some evidence to the contrary is provided by Frazier and Summers (1986) and Frazier and Rody (1991). Therefore we would expect that the use of mediated power by S would foster the strongest instrumental commitment by R to the R-S relationship when S is more powerful than R.

The overly frequent use of mediated power is likely to damage relational norms (Boyle et al., 1992), cooperation (Skinner, Gassenheimer, and Kelley, 1992), and accommodation between channel partners (Frazier and Summers, 1986), thereby damaging normative commitment. These effects will be moderated by the degree of power (a)symmetry, however. When power is symmetric or when the retailer has more power than the supplier, generally accepted behavior is for the supplier to use nonmediated power or influence. Under these circumstances, S’s use of mediated power is unacceptable, annoying, and possibly threatening. In fact, R will most likely rebuff S or retaliate against S’s use of mediated power (Frazier and Summers, 1986, Frazier and Rody, 1991). Furthermore, power relationships in channels have a longitudinal character and, once each party acquires roughly equal power or when one party acquires more than the other, they will want to maintain that power. Overt attempts to influence, such as the use of mediated power by equal or weaker parties, will be viewed with considerable disfavor. In fact, this type of behavior will often lead to responses in kind (Frazier and Summers, 1986; Frazier and Rody, 1991), causing increased channel conflict (Lusch, 1976; Brown, Lusch and Muehling, 1983; Frazier and Rody, 1991). Therefore, we would expect that the use of mediated power by S will negatively influence R’s normative commitment to the S-R relationship and that this negative effect will be strongest when the use of mediated power by S is most unacceptable (i.e., when R is more powerful than S or when R and S have equal power).

The preceding discussion leads us to the following hypotheses:

H1: Higher use of mediated power by S will be associated:
A. With a higher instrumental commitment by R to the S-R relationship;
B. With a lower normative commitment by R to the S-R relationship;
C. The relationship between mediated power and instrumental commitment will be most strongly positive when S is more powerful than R;
D. The relationship between mediated power and normative commitment will be most strongly negative when S and R have equal power and when R has more power than S.

Effects of Nonmediated Power on Commitment

The use of nonmediated power, however, enhances positive attitudes toward the channel relationship (John, 1984; Frazier and Summers, 1986) which, in turn, heightens the degree
of relationalism between channel partners (Boyle et al., 1992). Thus, S’s use of nonmediated power within the relationship elevates R’s cooperation (Skinner et al., 1992) and normative commitment (Falbe and Yukl, 1992). It lowers R’s instrumental commitment, however. The more S uses nonmediated power to influence R, the more it focuses upon common norms and values as well as the relationship itself. As these intrinsic factors become more central, extrinsic factors such as rewards and punishments become less important. Thus, R’s instrumental commitment declines with S’s increasing use of nonmediated power.

S’s use of nonmediated power in symmetric power relationships or in relationships where R is more powerful is expected. Under these conditions, nonmediated power tends to be reciprocated (Frazier and Summers, 1986; Frazier and Rody, 1991), strengthening identification and internalization within the channel (Kasulis and Spekman, 1980), thus increasing normative commitment and at the same time decreasing instrumental commitment.

Some empirical evidence indicates that stronger channel members are less likely to use nonmediated power (Roering, 1977; Dwyer and Walker, 1981; Kale, 1986; Frazier et al., 1989). Other research points to a tendency for stronger firms to employ nonmediated power with the aim of preserving their channel relationships (Frazier and Summers, 1986; Frazier and Rody, 1991; Gundlach and Cadotte, 1994). Because both the levels of interfirm coordination and downstream dependence are moderate-to-high in this study (see Frazier and Rody, 1991, Figure 1), we argue that more powerful S’s will use nonmediated power more readily. In doing so, they are likely to strengthen R’s normative commitment and lower R’s instrumental commitment to the S-R relationship. Since the use of nonmediated power by the more powerful S is not what the weaker R would expect, it will more strongly increase R’s normative commitment and more strongly lower R’s instrumental commitment to the S-R relationship than when the use of nonmediated power is more normal or expected (i.e. when power is balanced or when R is more powerful).

**H2:** Higher use of nonmediated power by S will be associated:

A. With lower instrumental commitment by R to the S-R relationship;
B. With higher normative commitment by R to the S-R relationship;
C. The relationship between nonmediated power and instrumental commitment will be most strongly negative when S is more powerful than R;
D. The relationship between nonmediated power and normative commitment will be most strongly positive when S is more powerful than R.

**Power Usage and Channel Member Performance**

In this research, we view channel member performance in terms of both retailer and supplier performance. We examine supplier effectiveness as reflected by supplier competence or supplier role performance (Frazier, 1983; Frazier et al., 1989). This facet of channel performance is aimed at measuring the supplier’s contribution to the reseller’s activities. We also examine reseller efficiency in terms of reseller profitability. This perspective reflects
the firm’s financial viability. Although Kumar, Stern and Achrol (1992) identify a number of additional performance dimensions, this research is restricted to supplier role performance and reseller financial performance.

Sibley and Michie (1981) as well as Gaski and Nevin (1985) argue that the use of power affects marketing channel member performance. In our case, S’s use of mediated power is likely to cause R to view S as less willing to accommodate R’s needs and wants (Frazier and Summers, 1986). As a result, R will see S as contributing less to its activities. In other words, the more S uses mediated power, the lower R evaluates S’s role performance (Frazier and Summers, 1986; Frazier and Rody, 1991). At the same time, if S uses mediated power when it is inappropriate (i.e., when S is the weaker party or when power is symmetric), R will resent this behavior and be antagonistic about S’s use of mediated power. This will further lower its assessment of S’s channel performance. We can thus state the following hypotheses:

**H3a:** S’s increased use of mediated power is associated with R attributing lower performance levels to S.

**H3b:** The relationship between S’s use of mediated power and R attributing lower performance levels to S will be most strongly negative when R is more powerful and when power is symmetric.

On the other hand, empirical research by Frazier and his colleagues (Frazier and Summers, 1986; Frazier and Rody, 1991) shows that S’s use of nonmediated power, will have just the opposite impact; it will enhance R’s attributions of S’s performance. R will perceive S as working for their mutual interests through the use of nonmediated power (Frazier and Summers, 1986, p. 171). S’s use of nonmediated power is more appropriate when R is more powerful (S is the weaker party) and when power is symmetric. When S is more powerful, the use of nonmediated power may signal that S has more than just economic resources and is thus better able to develop and implement marketing plans and programs. As a result, R will “...discount the [S]’s failures and embellish its successes” (Anand and Stern, 1985, p. 374). Since a powerful S’s use of nonmediated power will be unexpected, but positively received by R, we predict that the strongest link between nonmediated power and R’s evaluation of S’s performance to occur in this situation. Accordingly:

**H4a:** S’s increased use of nonmediated power is associated with R attributing higher performance levels to S.

**H4b:** The relationship between nonmediated power and R attributing higher performance levels to S will be most strongly positive when S is more powerful.

**A Recap of the Moderating Effects**

In **H1** to **H4**, we develop some arguments for the moderating effects of power (a)symmetry on the relationship between mediated and nonmediated power usage and: (1) channel member normative and instrumental commitment and (2) channel member performance. In Table 1 we summarize these moderating effects.
### Table 1

**The Impact of Power Usage on Commitment and Performance**

<table>
<thead>
<tr>
<th>Power (a)symmetry condition</th>
<th><strong>The Impact of S's Use of Mediated Power on</strong></th>
<th><strong>Impact of S's Use of Non-Mediated Power on</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R's Instrumental Commitment</td>
<td>R's Normative Commitment</td>
</tr>
<tr>
<td>S &gt; R</td>
<td>strongest positive effect (H1c)</td>
<td>strongest negative effect (H1d)</td>
</tr>
<tr>
<td>S = R</td>
<td>strongest</td>
<td>strongest</td>
</tr>
<tr>
<td>S &lt; R</td>
<td>strongest negative effect (H1d)</td>
<td>strongest negative effect (H1d)</td>
</tr>
</tbody>
</table>

The Effect of Commitment on Supplier Performance

With a normative commitment to their channel relationships firms share mutual goals and values, leading them to work more closely to achieve both their individual and their joint goals. Thus, normative commitment can lead to increased coordination within the channel, enabling all channel members to experience increased performance (Anderson and Weitz, 1992, p. 18). Without such instinctive, coordinated behavior, the channel may have to develop more extensive control systems to insure desired performance, thereby, increasing channel costs (O’Reilly and Chatman, 1986, p. 493). For instance, when instrumental commitment is prevalent, the selfish interests of each party dominates. This results in lower performance for the channel as a whole as well as for each firm in the channel. Thus, channels with more instrumentally committed members will experience lower levels of performance. Accordingly, our fifth hypothesis states:

**H5a**: A high level of normative commitment of R to S is associated with R attributing a higher level of performance to S.

**H5b**: A high level of instrumental commitment of R to S is associated with R attributing a lower level of performance to S.

The Effect of Supplier Performance on Retailer Performance

Suppliers assist their dealers for two reasons. The first is to help dealers become more effective in helping suppliers to reach their own goals, such as achieving high sales volume. Second, supplier-provided assistances help dealers achieve their goals (e.g., profitability), remaining viable outlets for the supplier’s products over the long-run. The better that suppliers perform their roles (i.e., the higher the quality of their assistances), the more dealers are able to achieve higher levels of performance (Sibley and Michie, 1981). This implies a sixth hypothesis:

**H6**: A high level of performance by S is associated with a high level of performance by R.

THE EMPIRICAL MODEL

The nine hypotheses developed above suggest the structural model depicted in Figure 1. Because moderating effects are hypothesized, the usual covariance structure analysis must be adapted to test the significance of these effects. We accomplish this by estimating a stacked model (Hayduk, 1987) which compares the structural estimates of the three groups (i.e., R more powerful, balanced power, S more powerful). If the estimated parameters of the three groups are significantly different, evidence for the hypothesized moderating effects will have been found.
Figure 1. An Empirical Model of the Effects of Power Usage Upon Commitment and Marketing Channel Performance
METHOD

Sample Characteristics

The hypotheses were tested with data gathered through a mail survey of 1052 farm equipment dealers (SIC 5083) in Iowa, Nebraska and Kansas. Usable responses were obtained from 203 dealerships, yielding an overall response rate of 19.3%.

The key informant approach was used and focused on each dealership’s relationship with its major supplier (i.e., the supplier of the one brand of new farm equipment accounting for the highest dollar sales) as the frame of reference. Informants were asked to report their dealership’s assessments of several aspects of channel behavior.

Given the size of each firm (more than half of the sample had fewer than 10 full-time employees), a single informant for each dealership was used (John, 1984). Note that 81 percent of informants were owners or part-owners of the dealership, suggesting that they were knowledgeable enough to report accurately on the dealer-major supplier relationship.

A separate, random sample of 48 nonresponding dealerships was contacted through a telephone survey. They answered eight questions from the original questionnaire. Two correlation matrices, one for the responding group and another for the nonresponding group, were constructed from the eight survey items common to both groups. A test of the equality of those matrices, using LISREL 7 (Jöreskog and Sorbom, 1989) indicated that the correlation matrices were similar ($\chi^2 = 41.03$, df = 36, $p = 0.259$). Moreover, no significant differences in the organizational demographics of the two groups (e.g., sales of the primary brand, percent of new equipment sales generated by the primary brand, number of employees, proportion of owner and general manager informants) were detected at the 0.05 level. Thus, nonresponse bias is not likely to have been a problem in this research.

A final check on the sample’s representativeness compared this sample’s organizational demographics with a national sample population of farm equipment dealers. Data on the national sample were obtained from a trade association’s annual survey (NFPEDA, 1986). The results indicated that the dealerships sampled generated significantly ($p < 0.01$) higher sales of their primary brand ($1,420,000$) than did the national sample ($980,000$). These sales were achieved, however, with a significantly ($p < 0.05$) smaller average workforce (10.3 employees vs. 12.4 employees). Thus, the dealers represented in this sample are more successful than the population in terms of generating sales volume and employee productivity.

Scale Development

All of the questionnaire items were developed from a review of the academic and practitioner literatures. Pre-test interviews with farm equipment dealers were undertaken to refine the questionnaire.

Use of Power. Items reflecting the retailers’ perceptions of their major suppliers’ use of reward, coercive, legitimate, referent, expert, and information power were gathered on
seven point, Likert-type items (1: "strongly agree" and 7: "strongly disagree"). All items used appear in the Appendix and were drawn from previous marketing channel research (John, 1981; Gaski, 1986).

Each of the six power usage scales was separately examined using confirmatory factor analysis to determine construct validity. Because large residuals point to model misspecification and possible multidimensionality (Steenkamp and van Trijp, 1991), the standardized residuals were carefully examined in each case. Those items associated with large standardized residuals (i.e., those > 12.581, see Jöreskog and Sörbom, 1989) were subsequently dropped and the model was re-estimated. As shown in Table 2, acceptable goodness-of-fit and reliability coefficients were obtained for each of the scales.

**Commitment.** The components of instrumental and normative commitment (i.e., compliance, identification, and internalization) were measured with items initially developed by O'Reilly and Chatman (1986) and subsequently adapted to the present context (Appen-

### TABLE 2

**Construct Validity of the Measures**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Original Number of Items</th>
<th>Characteristics of the Final Measures</th>
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<tbody>
<tr>
<td></td>
<td>Number of Items</td>
<td>$\chi^2$</td>
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<tr>
<td><strong>Use of Power</strong></td>
<td></td>
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<tr>
<td>Referent (RF)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Expert (EX)</td>
<td>5</td>
<td>4</td>
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<tr>
<td>Information (IN)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Legitimate (LG)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Reward (RW)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Coercive (CR)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td><strong>Commitment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identification (IDENT)</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Internalization (INTER)</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Compliance (CPLY)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td><strong>Power</strong></td>
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<tr>
<td><strong>Supplier Performance</strong></td>
<td></td>
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<tr>
<td>Supplier Demand</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Stimulation (SPERF1)</td>
<td></td>
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<tr>
<td>Supplier Dealer Support (SPERF2)</td>
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<tr>
<td><strong>Retailer Performance</strong></td>
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<tr>
<td>Dlr. Financial Performance (ROIG)</td>
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<tr>
<td><strong>Control Variables</strong></td>
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<tr>
<td>Length of Channel Relationship (TENURE)</td>
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<tr>
<td>Full-vs- Short Product Line (LINE)</td>
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</tbody>
</table>

*Note*  *Assumed
Retailers’ responses to the commitment items were elicited on seven point, Likert-type items (1: “strongly agree” and 7: “strongly disagree”). The construct validity of the commitment measures was evaluated using confirmatory factor analysis. Table 2 shows that the three commitment components fit the data acceptably and that each possesses adequate reliability.

**Symmetry of Power.** The symmetry of power in the manufacturer-retailer dyad was measured as follows. First, consistent with previous channels research (Lusch, 1976; Etgar, 1977), retailer attributions of power over fourteen specific dealership operations (Appendix) were determined by responses to seven point scales ranging from “1” (Completely up to You) to “7” (Decided by the Manufacturer). Next, confirmatory factor analysis was undertaken to ensure the construct validity of the measure. The initial one factor solution did not fit the data acceptably ($\chi^2 = 165.91$, df = 77, $p = 0.00$; NFI = 0.79; TLI = 0.85). After several iterations of dropping those items with large standardized residuals, an acceptable one factor model was obtained ($\chi^2 = 41.41$, df = 35, $p = 0.21$; NFI = 0.90; TLI = 0.98). With this solution, no standardized residual exceeded 1.581 and the construct reliability (0.77) was acceptable. Thus, the ten items retained appear to be valid reflections of attributions of power within this marketing channel.

The third step in developing our measure of power symmetry was to sum responses to these items into a power symmetry scale. Next, scores on this scale were arrayed from highest to lowest. Then, these scores were divided into thirds, with the highest third reflecting more powerful retailers and the lowest, more powerful suppliers. The middle third represented channel dyads where, in relative terms, power was symmetric or balanced between the two firms.

Dwyer et al. (1987) point out the distinction between symmetric power relationships where the bilateral power is high vs. low. In channel relationships between farm equipment dealers and manufacturers, when the respective parties have equal power they both most likely have relatively high power (see Footnote 2). Differences in mean power scores across the three groups (i.e., more powerful retailers, balanced manufacturer-retailer power, more powerful manufacturers) were compared using analysis of variance. The ANOVA results ($F = 415.75$; df = 2, 200; $p < 0.01$) along with Duncan’s multiple range test (alpha = 0.05) indicated that the power scores were significantly different across all three groups in the directions expected.

**Channel Member Performance.** Two dimensions of marketing channel performance were measured in this study. The first was retailer perceptions of supplier performance with the second being retailer financial performance (Appendix).

Retailer perceptions of supplier performance were measured as their ratings of the quality of fourteen services they received from the supplier during the year, anchored by “1” (Low Quality), “4” (Average Quality), and “7” (High Quality). This anchoring implies that retailers compared the performance of their primary supplier with other suppliers in the industry. As a result, these items reflect relative supplier performance (Frazier 1983, Frazier et al., 1989, Frazier and Rody, 1991, Kumar et al., 1992).

Exploratory factor analysis indicated that the retailers’ ratings of these services were not unidimensional; two factors—the supplier’s efforts at demand stimulation and the supplier’s dealer support activities—emerged from this analysis. Subsequent confirmatory factor analysis corroborated these results (Table 2). Accordingly, items loading on the first
factor were summed to form the supplier demand stimulation performance measure while the sum of those items loading on the second factor represented the supplier dealer support facet of performance.

In this study, retailer performance was measured along two dimensions of financial performance: new equipment sales revenue and pre-tax return on investment. These are absolute measures of retailer performance. More meaningful in this study, however, is the relative performance of farm equipment dealers. To create measures of relative performance, each retailer’s new equipment sales volume and pre-tax ROI were divided by their respective industry averages (NFPEDA, 1986). The resulting ratios indicated each retailer’s performance relative to other dealers in the industry. A confirmatory factor analysis of the channel performance measures suggested that the new equipment sales volume indicator be dropped. Accordingly, retailer performance was operationalized by a single item—relative dealer pre-tax ROI (Table 2).

Control Variables. Because the dependent variables in this study may be affected by factors outside of this model, two additional variables of lesser conceptual interest were included to properly specify the structural equations. These control variables account for possible systematic but extraneous variance in the dependent variables and were termed LINE and TENURE.

Depending upon whom they identified as their major supplier, retailers were classified as either full-line dealers or short-line dealers. Full-line dealers represent suppliers that manufacture a full line of farm equipment such as self-propelled grain harvesters, tractors, plows, and hay tools. Two prominent manufacturers of a full-line of farm equipment are John Deere and Case-IH. Short-line dealers, on the other hand, represent manufacturers which specialize in the production of particular lines of equipment. For example, Kubota concentrates on small tractors while Gehl solely produces hay equipment; Bush Hog, on the other hand, focuses on mowing equipment. Thus, LINE is a dichotomous measure of the fullness of the retailer’s major supplier’s product line. A full-line dealer is expected to be more normatively and instrumentally committed to a single manufacturer than is a short-line dealer which carries a number of manufacturers’ products. To control for this possibility the LINE measure was included in the analysis.

An open-ended question tapped the TENURE variable by asking for the number of years that the retailer’s primary brand of new farm equipment was its leading seller. Because older supplier-retailer relationships are expected to be better working relationships in terms of mutual trust, liking, and understanding (Anderson and Weitz, 1989; Frazier and Rody, 1991; Ganesan, 1994), the age of the relationship was expected to have a strong impact on channel member commitment as well as channel member performance. To account for this possibility, the TENURE variable was included in this study.

Overall Construct Validity

To provide an assessment of the overall construct validity of this study’s measures, a confirmatory factor analysis of the fourteen scales was undertaken. As shown in Table 3, the measurement model’s goodness-of-fit was acceptable and the scales’ reliability coeffi-
**TABLE 3**

Confirmatory Factor Analysis of the Construct Measures

<table>
<thead>
<tr>
<th>Construct Measure</th>
<th>Standardized Loading</th>
<th>Construct Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonmediated Power Usage</strong> (NONMED)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Referent (RF)</td>
<td>0.868</td>
<td>0.889</td>
<td>0.674</td>
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<tr>
<td>Information (IN)</td>
<td>0.864</td>
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<tr>
<td>Expert (EX)</td>
<td>0.880</td>
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<tr>
<td>Legitimate (LG)</td>
<td>0.596</td>
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<tr>
<td><strong>Mediated Power Usage</strong> (MEDIAT)</td>
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<tr>
<td>Legitimate (LG)</td>
<td>0.548</td>
<td>0.860</td>
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<td>Reward (RW)</td>
<td>0.742</td>
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<tr>
<td>Coercion (CR)</td>
<td>0.963</td>
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<tr>
<td><strong>Normative Commitment</strong> (NRMATV)</td>
<td></td>
<td></td>
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<tr>
<td>Identificaiton (IDENT)</td>
<td>0.895</td>
<td>0.808</td>
<td>0.693</td>
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<tr>
<td>Internalization (INTER)</td>
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<tr>
<td><strong>Instrumental Commitment</strong> (INSTRMNT)</td>
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<tr>
<td>Compliance (CMPLY)</td>
<td>0.821</td>
<td>0.674C</td>
<td>0.674</td>
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<tr>
<td>Supplier Performance (SPERF)</td>
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<tr>
<td>Supplier Demand Stimulation (SPERF1)</td>
<td>0.830</td>
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<tr>
<td>Supplier Dealer Support (SPERF2)</td>
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<tr>
<td><strong>Dealer Performance</strong> (RPERF)</td>
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<tr>
<td>Pre-tax Return on Investment (ROI)</td>
<td>0.837</td>
<td>0.700C</td>
<td>0.700</td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
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<tr>
<td>Length of Channel Relationship (TENURE)</td>
<td>0.837</td>
<td>0.700C</td>
<td>1.000</td>
</tr>
<tr>
<td>Full- vs Short Product Line (LINE)</td>
<td>0.837</td>
<td>0.700C</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Notes
- A $\chi^2 = 190.32$, df = 65, p = 0.000, CFI = 0.89, GFI = 0.90, TLI = 0.87
- B Unstandardized parameter fixed at 1.000
- C Reliability coefficient set to value in Table 2

coefficients exceeded the usual 0.70 standard (Nunnally, 1978). Further, each of the factor loadings was generally in the .60 to .90 range and statistically significant ($p < 0.05$).

Note that the use of legitimate power loads on both the nonmediated and mediated power usage factors (Table 3). This supports the notion that legitimate power has both a mediated component (e.g., legitimacy based on legal contracts) and a nonmediated component (i.e., legitimacy based on shared norms and values) (Kasulis and Spekman, 1980).

Table 3 also shows our two dimensions of commitment: (1) instrumental commitment as indicated by the compliance scale; and (2) normative commitment as reflected by the identification and internalization scales.

Further, we undertook a number of tests to insure the discriminant validity of our symmetry of power measure. First, we compared the use of power measures (i.e., mediated and nonmediated power) across the three power groups. We found no significant differences in nonmediated power across these three groups. On the other hand, we did find mediated power to significantly ($p < 0.01$) vary across the three power groups, with mediated power increasing with greater supplier power. The amount of variance explained, however, was less than 20%, indicating that our power symmetry measure was substantially less than perfectly correlated with mediated power. Thus, our power symmetry measure is distinct from our power use measures. Next, because supplier role performance has been used as an indi-
cator of power (Frazier, 1983; Frazier et al., 1989), we compared our supplier performance measures (i.e., MPERF1, MPERF2) across the three power groups. We found no significant differences for either supplier performance measure, providing further evidence of our power symmetry measure's discriminant validity. In addition, each construct intercorrelation (not shown in Table 3) was significantly different from 1.0, providing evidence of the discriminant validity of our constructs.

Overall then, the evidence points to an acceptable degree of construct validity for the twelve measures of the six constructs studied here. The means, standard deviations, reliabilities, and intercorrelations of these twelve measures plus the control variables appear in Table 4.

The next step, then, was to test the hypotheses.

RESULTS

The conceptual model of Figure 1 was translated into four structural equation models. The first model deals with the full sample and the three subsequent models test for the moderating effects of power (a)symmetry. All models were estimated using LISREL 7 (Jöreskog and Sörbom, 1989) and the results are reported in Table 5.

The moderating effect of power (a)symmetry in this research entailed comparing the structural coefficients across the three power groupings (i.e., retailer more powerful, roughly equal power, and supplier more powerful). Significant differences in these coefficients indicated that the (a)symmetry of power within the channel moderated the relationship under study. To test for these differences, we used a four-step procedure:

1. The multiple group option in LISREL 7 was used to test the equivalence of the structural model across the three power symmetry groups. In this test, none of the model parameters were constrained to equal those in either of the other groups. The resulting goodness-of-fit statistic ($\chi^2 = 294.87$, df = 186, $p = 0.00$) was then used as the baseline for comparing alternative formulations of the model.

2. The next model tested the equivalence of the structural parameters hypothesized to be different (i.e., $\delta_{11}$, $\delta_{12}$, $\delta_{21}$, $\delta_{22}$, $\delta_{31}$, $\delta_{32}$) across the three power symmetry groups ($\chi^2 = 348.88$, df = 220, $p = 0.00$). The usual chi-square difference test (change in $\chi^2 = 54.01$, df = 34, $p < 0.01$) indicated that, as a group, these parameters were indeed different across the three power symmetry conditions.

3. Given the results in Step 2, individual parameters, taken one at a time, were compared across the three groups again using the chi-square difference test. This step revealed differences in the following parameters across the three groups: $\delta_{11}$, $\delta_{31}$, $\delta_{32}$.

4. For the three parameters found to be different in Step 3, the parameter for each group was compared pairwise with that for each other group to determine the source(s) of the overall differences for that parameter. For example, the $\delta_{11}$ for the relationships where R was more powerful (i.e., $\delta_{11} = -0.376$) was first compared with the $\delta_{11}$ for the balanced power relationships (i.e., $\delta_{11} = -0.214$); it was then
### Table 4

Construct Correlations, Means, And Standard Deviations

<table>
<thead>
<tr>
<th></th>
<th>IDENT</th>
<th>INTER</th>
<th>CMPLY</th>
<th>SPERF1</th>
<th>SPERF2</th>
<th>ROIG</th>
<th>RF</th>
<th>IN</th>
<th>EX</th>
<th>LG</th>
<th>RW</th>
<th>CR</th>
<th>LINE</th>
<th>TENURE</th>
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<tbody>
<tr>
<td>IDENT</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>INTER</td>
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<tr>
<td>CMPLY</td>
<td>-0.465</td>
<td>-0.381</td>
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<tr>
<td>SPERF1</td>
<td>0.447</td>
<td>0.437</td>
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<tr>
<td>SPERF2</td>
<td>0.446</td>
<td>0.424</td>
<td>-0.360</td>
<td>0.734</td>
<td>1.000</td>
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<td></td>
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<tr>
<td>ROIG</td>
<td>0.143</td>
<td>0.068</td>
<td>-0.029</td>
<td>0.158</td>
<td>0.074</td>
<td>1.000</td>
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<tr>
<td>RF</td>
<td>0.423</td>
<td>0.430</td>
<td>-0.138</td>
<td>0.400</td>
<td>0.398</td>
<td>0.065</td>
<td>1.000</td>
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<tr>
<td>IN</td>
<td>0.418</td>
<td>0.347</td>
<td>-0.159</td>
<td>0.361</td>
<td>0.418</td>
<td>0.034</td>
<td>0.745</td>
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<tr>
<td>EX</td>
<td>0.456</td>
<td>0.426</td>
<td>-0.220</td>
<td>0.355</td>
<td>0.417</td>
<td>-0.004</td>
<td>0.761</td>
<td>0.763</td>
<td>1.000</td>
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</tr>
<tr>
<td>LG</td>
<td>-0.014</td>
<td>0.011</td>
<td>0.066</td>
<td>0.140</td>
<td>0.062</td>
<td>0.019</td>
<td>0.442</td>
<td>0.418</td>
<td>0.334</td>
<td>1.000</td>
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<tr>
<td>RW</td>
<td>-0.245</td>
<td>-0.253</td>
<td>0.366</td>
<td>-0.216</td>
<td>-0.305</td>
<td>0.017</td>
<td>0.146</td>
<td>0.074</td>
<td>-0.035</td>
<td>0.433</td>
<td>1.000</td>
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<tr>
<td>CR</td>
<td>-0.432</td>
<td>-0.429</td>
<td>0.373</td>
<td>-0.272</td>
<td>-0.372</td>
<td>-0.061</td>
<td>-0.180</td>
<td>-0.226</td>
<td>-0.353</td>
<td>0.341</td>
<td>0.708</td>
<td>1.000</td>
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<tr>
<td>LINE</td>
<td>-0.007</td>
<td>-0.168</td>
<td>0.105</td>
<td>-0.311</td>
<td>-0.237</td>
<td>-0.000</td>
<td>-0.150</td>
<td>-0.090</td>
<td>-0.083</td>
<td>-0.186</td>
<td>-0.093</td>
<td>-0.114</td>
<td>1.000</td>
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</tr>
<tr>
<td>TENURE</td>
<td>-0.156</td>
<td>-0.105</td>
<td>-0.056</td>
<td>0.093</td>
<td>-0.004</td>
<td>0.124</td>
<td>0.009</td>
<td>-0.084</td>
<td>0.002</td>
<td>0.136</td>
<td>-0.045</td>
<td>0.058</td>
<td>-0.145</td>
<td>1.000</td>
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</table>
### Table 5

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<tbody>
<tr>
<td><strong>Construct Relationship</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>MEDIAT (\Rightarrow) NRMATVE</td>
<td>(\gamma_{11})</td>
<td>-0.276</td>
<td>-0.376 (^A)</td>
<td>-0.214 (^AB)</td>
<td>-0.017 (^B)</td>
</tr>
<tr>
<td>NONMED (\Rightarrow) NRMATVE</td>
<td>(\gamma_{12})</td>
<td>0.419</td>
<td>0.394 (^A)</td>
<td>0.359 (^A)</td>
<td>0.665 (^A)</td>
</tr>
<tr>
<td>MEDIAT (\Rightarrow) INSTRMNTL</td>
<td>(\gamma_{21})</td>
<td>0.260</td>
<td>0.286 (^A)</td>
<td>0.127 (^A)</td>
<td>0.195 (^A)</td>
</tr>
<tr>
<td>NONMED (\Rightarrow) INSTRMNTL</td>
<td>(\gamma_{22})</td>
<td>-0.076</td>
<td>-0.227 (^A)</td>
<td>-0.108 (^A)</td>
<td>0.030 (^A)</td>
</tr>
<tr>
<td>MEDIAT (\Rightarrow) SPERF</td>
<td>(\gamma_{31})</td>
<td>-0.149</td>
<td>-0.244 (^A)</td>
<td>-0.360 (^B)</td>
<td>-0.028 (^A)</td>
</tr>
<tr>
<td>NONMED (\Rightarrow) SPERF</td>
<td>(\gamma_{32})</td>
<td>0.395</td>
<td>-0.349 (^A)</td>
<td>0.764 (^AB)</td>
<td>0.672 (^B)</td>
</tr>
<tr>
<td>NRMATVE (\Rightarrow) SPERF</td>
<td>(\beta_{31})</td>
<td>0.393</td>
<td>2.462</td>
<td>-441</td>
<td>184</td>
</tr>
<tr>
<td>INSTRMNTL (\Rightarrow) SPERF</td>
<td>(\beta_{32})</td>
<td>-0.337</td>
<td>9.84</td>
<td>-507</td>
<td>-542</td>
</tr>
<tr>
<td>SPERF (\Rightarrow) RPERF</td>
<td>(\beta_{43})</td>
<td>0.009</td>
<td>0.012</td>
<td>0.022</td>
<td>0.009</td>
</tr>
<tr>
<td>MEDIAT (\Leftrightarrow) NONMED</td>
<td>(\delta_{21})</td>
<td>-0.257</td>
<td>-1.81</td>
<td>-0.347</td>
<td>-0.386</td>
</tr>
<tr>
<td>NRMATVE (\Leftrightarrow) INSTRMNTL</td>
<td>(\psi_{21})</td>
<td>-0.499</td>
<td>-0.687</td>
<td>-0.765</td>
<td>-0.034</td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>LINE (\Rightarrow) NRMATVE</td>
<td>(\gamma_{13})</td>
<td>-1.124</td>
<td>-1.655</td>
<td>-1.247</td>
<td>-1.634</td>
</tr>
<tr>
<td>TENURE (\Rightarrow) NRMATVE</td>
<td>(\gamma_{14})</td>
<td>0.032</td>
<td>0.011</td>
<td>-0.062</td>
<td>-0.013</td>
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<td>LINE (\Rightarrow) INSTRMNTL</td>
<td>(\gamma_{23})</td>
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<td>1.010</td>
<td>1.566</td>
<td>2.649</td>
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<tr>
<td>TENURE (\Rightarrow) INSTRMNTL</td>
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<td>-0.018</td>
<td>-0.019</td>
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<td>LINE (\Rightarrow) SPERF</td>
<td>(\gamma_{33})</td>
<td>-5.081</td>
<td>-2.978</td>
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<td>-4.239</td>
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<tr>
<td>TENURE (\Rightarrow) SPERF</td>
<td>(\gamma_{34})</td>
<td>0.019</td>
<td>-0.013</td>
<td>0.028</td>
<td>0.040</td>
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<tr>
<td>LINE (\Rightarrow) RPERF</td>
<td>(\gamma_{43})</td>
<td>0.075</td>
<td>0.079</td>
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<td>0.191</td>
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<td>TENURE (\Rightarrow) RPERF</td>
<td>(\gamma_{44})</td>
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<td>0.005</td>
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<td><strong>Goodness-of-Fit</strong></td>
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<td>(\chi^2)</td>
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<td>95.05</td>
<td>101.45</td>
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<td>df</td>
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<td>68</td>
<td></td>
</tr>
<tr>
<td>(p)</td>
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<td>0.004</td>
<td>0.001</td>
<td>0.002</td>
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<tr>
<td>GFI</td>
<td>0.904</td>
<td>0.855</td>
<td>0.834</td>
<td>0.847</td>
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<td>CFI</td>
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<td>0.927</td>
<td>0.903</td>
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<td>TLI</td>
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<td>0.892</td>
<td>0.858</td>
<td>0.870</td>
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</table>

Notes: *Parameter estimates in boldface are significant at \(p \leq 0.05\). Significant differences among parameter estimates \(p \leq 0.10\) across the three power groupings are denoted by dissimilar superscripts. Because no moderating effects were hypothesized, differences in \(\beta_{31}, \beta_{32}, \beta_{43}, \delta_{21}, \psi_{21}\) were not tested. For the same reason, parameter estimates for the control variables were not tested for significant differences.

Weighed against the \(\delta_{11}\) for the relationships where S was more powerful (\(\delta_{11} = -0.017\)).

Any significant differences among the structural parameters reported below were detected using this procedure.

Overall, the four structural models fit the data reasonably well (cf. Boyle et al., 1992). It should be noted, however, that problems with model identification required that measurement error for the coercion scale be set equal to the quantity (1.0 minus its reliability coefficient) times its variance (Jöreskog and Sörbom, 1982).
Power and Commitment

The full sample results examine the impact of the constructs without regard to the balance of power. As stated in H1a and H1b, the more S uses mediated power, the greater R’s instrumental commitment to the S-R relationship ($\delta_{21} = .260$) and the less R’s normative commitment to the S-R relationship ($\delta_{11} = -.276$). When S uses greater nonmediated power, R is less instrumentally committed to the S-R relationship ($\delta_{22} = -.076$) as predicted by H2a; however, this structural parameter is not statistically significant. As predicted by H2b, S’s greater use of nonmediated power increases R’s normative commitment to the S-R relationship ($\delta_{12} = .419$).

The split sample results allow us to test for moderating effects of power (a)symmetry. We found no support for Hypothesis-1c, which predicted that the relationship between mediated power and instrumental commitment would be strongest when S is more powerful. In fact, for all three sample groups, the effect was positive but it was only significant for the two asymmetric groups. In these cases there was no differential effect. On the other hand, we found support for Hypothesis-1d which predicted that the relationship between mediated power and normative commitment would be most strongly negative when S and R have equal power and when R is more powerful.

We found no support for H2c which predicted that the use of nonmediated power by S would have its strongest negative influence on R’s instrumental commitment to the S-R relationship when S is more powerful than R. In fact we found that only when R is more powerful was the effect both negative and statistically significant. At the same time the effect of nonmediated power usage by S on R’s normative commitment to the S-R relationship is most strongly positive when S is more powerful (as suggested by H2d). However, this effect is not statistically greater than when power is balanced or when R is more powerful. Consequently we also found no support for H2d.

Channel Member Performance

As predicted in H3a and H4a, S’s use of mediated power results in R attributing lower performance to S ($\delta_{31} = -.149$) and the use of nonmediated power results in R attributing higher performance to S ($\delta_{32} = .395$). We find partial support for H3b which predicted that the use of mediated power would have its strongest negative impact on R’s assessment of S’s performance when R is more powerful and when power is symmetric. The strongest significant negative effect occurred when power was symmetric. Where R is more powerful, the effect of mediated power on supplier performance was negative as predicted, but not statistically significant. Partial support for Hypothesis 4b was obtained because S’s use of nonmediated power when it is more powerful enhances R’s assessment of S’s performance. This positive effect is greater than when R is more powerful, but contrary to expectations, not when power is balanced.

As stated in H5a, the higher R’s level of normative commitment to S, the higher the level of performance R will attribute to S. We found support for this hypothesis ($\beta_{31} = .393$). H5b argues that a high level of instrumental commitment of R to S should be associated
with R attributing a lower level of performance to S. We found this relationship to be negative ($\beta_{22} = -.337$) but not statistically significant; therefore, we could not support H5b. Note that we did find a strong negative link between R’s instrumental commitment and its attributions of S’s performance when S is more powerful.

Finally, in H6, we predicted that a high level of performance by S will be associated with a high level of performance by R. This hypothesis was supported in the full sample ($\beta_{43} = .009$), as well as when R is more powerful.6

**DISCUSSION**

The hypotheses about the effects of mediated and nonmediated power and normative and instrumental commitment were largely supported for the total sample results. We found that the use of mediated power by S decreases R’s normative commitment to the S-R relationship and increases its instrumental commitment to the S-R relationship while at the same time lowering R’s assessment of S’s performance. On the other hand, S’s use of nonmediated power increases R’s normative commitment to the S-R relationship and R’s assessment of S’s performance. It has no significant effect on R’s instrumental commitment to the S-R relationship. We also found that R’s assessment of S’s performance rises as R’s normative commitment to the S-R relationship rises. At the same time, an increase in R’s instrumental commitment to the S-R relationship is not associated with a change in R’s assessment of S’s performance. Finally, we found that the higher S performs, at least in R’s view, the greater R will also perform.

The findings of this study provide partial support for the notion that the effectiveness of power usage is moderated by the balance of power in the channel relationship. When the retailer is more powerful, the supplier’s use of mediated power erodes the retailer’s normative commitment to the channel relationship to a greater degree than when either the supplier is more powerful or when power is balanced. This finding suggests that S’s use of mediated power antagonizes, annoys, or threatens R and that R reacts to this by withdrawing from (i.e., becoming less committed to) its relationship with S.

Although not hypothesized, the link between the retailer’s normative commitment to the channel relationship and its perception of supplier performance is much stronger when the retailer holds more power than in the other two power symmetry conditions. This finding implies that, to maintain cognitive consistency, an R that is more normatively committed to the S-R relationship will attribute higher levels of performance to a weaker S. Stated somewhat differently, a powerful R will be normatively committed to its relationship with a weaker S only to the extent that it views S as having superior performance. Poorly performing suppliers will likely be replaced in such situations. Where the supplier is more powerful, its use of mediated power is not significantly associated with the retailer’s normative commitment to the relationship. This is in contrast to the negative linkages found in the other two power symmetry conditions. As noted earlier, weaker channel members expect more powerful ones to use mediated power. Given these expectations, S’s use of mediated power will not enhance R’s normative commitment to the channel dyad, but it will not attenuate it significantly either. The use of nonmediated power by more powerful
S’s or equal power S’s will enhance R’s perceptions of S’s performance. In such cases, R is likely to see S as fostering a positive working environment and this, in turn, will lead R to perceive S as performing at higher levels.

With balanced power in the channel, S’s use of mediated power has a stronger (and negative) impact on R’s evaluation of S’s performance than it does when power is asymmetric. In the situation of balanced power, S’s use of mediated power will likely provoke psychological reactance in R. One manifestation of this reactance is R depreciating S’s performance.

Regardless of the symmetry of power within the channel, S’s use of nonmediated power builds R’s normative commitment to the relationship. This suggests that S’s use of nonmediated power is not bound by the channel context (at least with respect to power symmetry) and that it is effective in enhancing channel climate. Surprisingly, however, we find that S’s use of nonmediated power is bound by channel context when it comes to its influence on instrumental commitment. Only when R is more powerful does the use of nonmediated power by S significantly lower R’s instrumental commitment to the S-R relationship.

While not hypothesized, we found that the retailer’s perception of its supplier’s performance does not differentially impact its performance across the three power symmetry conditions and, except where R is more powerful, is not significantly related to R’s performance. Surprisingly, this implies that supplier role performance may have little bearing on retailer financial performance, except where retailers are more powerful.

Overall, the results indicate that the effects of mediated and nonmediated power must be examined in light of the symmetry of power in the channel relationship. For example, the negative effects of S’s mediated power are magnified when used inappropriately (i.e., when R has as much or more power than S). In addition, the positive impact of S’s nonmediated power upon R’s attributions of S’s performance are heightened when S is more powerful than R. Thus, a more powerful S can reinforce its power position through nonmediated power.

These moderating effects show that S’s use of nonmediated power have positive consequences, at best, and benign outcomes, at worst. They also show that S must use its mediated power with care because its negative effects can worsen if used in an inappropriate power condition.

Research Implications

This study provides a number of unique contributions to the literature on marketing channel relationships. First, we attempt to integrate traditional behavioral constructs of power usage and power symmetry with the more contemporary relational construct of channel member commitment. We then examine the effectiveness of these behavioral constructs by linking them to marketing channel performance. In this study, marketing channel performance is examined in terms of both supplier and retailer performance. Indeed, our operationalization of retailer performance is a “bottom line” measure of return on investment. Finally, our most important contribution is that we explicitly recognize and test the moderating effects of power symmetry upon the central construct linkages. As our findings dem-
onstrate, these linkages can and do vary across power symmetry conditions. Thus, future research must account for the possibility of varying nomological effects across different channel contexts such as the extent of power symmetry, the degree of relational exchange, or the economic structure of the channel (i.e., market vs. hierarchical vs. hybrid exchange).

The implications of this research must be tempered by an understanding of its limitations. First, the generalizability of the findings are constrained by the nature of the sample. The sample was drawn from a restricted geographic area and represents retailers who are more productive and efficient than the national population of farm equipment retailers. Moreover, farm equipment is distributed through contractual marketing systems. All of these factors lead us to believe that the overall level of commitment studied in this sample might be higher than in other samples, especially those more representative of the national population of farm equipment retailers and those whose channels are characterized by less formal ties among channel members. Thus, additional investigations of these constructs should employ samples from different industries, types of channels, and geographic areas. Second, by splitting the sample to derive our power symmetry measure, we could only gauge retailer power relative to supplier power in this sample only. Thus, a strong retailer in our sample may indeed be weak when compared to retailers in other samples. This is not a serious limitation here, as our investigation is set in a single industry. It may be more problematic in studies which make cross-industry comparisons. Next, we studied attitudinal commitment rather than behavioral commitment. A challenge for future research is to examine the impact of behavioral commitment upon channel performance as well as to examine the link between attitudinal and behavioral commitment in marketing channels. Employing richer measures of channel performance, such as those developed by Kumar et al. (1992), is an extension to this research. Further, as with most channels research, we used a cross-sectional design. While existing theory was used to develop the causal directions specified in Figure 1, a truer test of those linkages requires longitudinal designs, as opposed to cross-sectional ones. Finally, additional constructs might be added to the model depicted in Figure 1. Included might be trust and satisfaction as well as other dimensions of relational exchange such as flexibility, information exchange, and solidarity (Heide and John, 1992) and various aspects of justice or fairness such as distributive or procedural fairness (Kumar, Scheer and Steenkamp, 1995). By more fully specifying this model, for example by making it nonrecursive where supported by theory, additional insight into the nature of marketing channel relationships might be possible.

CONCLUSION

Much has been learned about power and its use in marketing channels over the past two decades. Perhaps the greatest contribution of the current research is that much continues to be learned. This study demonstrates that power and its usage can have a pivotal impact on the working relationships in marketing channels. It also shows that, under certain conditions, the use of power in the channel can enhance performance for all channel members. Thus, for at least one aspect of relational exchange (viz., commitment), power use plays an important role. Much more still needs to be learned about the antecedents, consequences,
and methods of power usage in relational exchange. For this reason, we believe that it is much too premature to close the book on power research in marketing channels.

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**APPENDIX**

**CONSTRUCT MEASUREMENT**

**Supplier's Use of Information Power**

- The information the manufacturer provided us made sense.
- The manufacturer often had more information than we did.
- The manufacturer convinced us that it made sense to follow their suggestions.
- The manufacturer knew more than we did about what needed to be done.
- We went along with what the manufacturer wanted last year because the information they provided was very convincing.*

**Supplier’s Use of Expert Power**

- We trusted the manufacturer's judgment.*
- The manufacturer's business expertise made them likely to suggest the proper thing to do.
- The people in the manufacturer's organization knew what they were doing.
- We usually got good advice from the manufacturer.
- The manufacturer had specially trained people who really knew what had to be done.

**Supplier’s Use of Referent Power**

- We really admire the way the manufacturer runs their business, so we tried to follow their lead.
- We generally wanted to operate our dealership very similar to the way we thought the manufacturer would.
- We went along with the manufacturer's requests because we wanted to earn the respect of the manufacturer's personnel.*
- Our dealership did what the manufacturer wanted because we have very similar feelings about the way a business should be run.
- Because our dealership is proud to be affiliated with the manufacturer, we often did what they asked last year.
Supplier’s Use of Legitimate Power

- The manufacturer often pointed out a contract clause that made us feel obligated to do as asked.*
- It was our duty to do as the manufacturer requested.
- We had an obligation to do what the manufacturer wanted, even though it wasn’t a part of the contract.
- Since they were the manufacturer, we accepted their recommendations.
- The manufacturer had a right to expect us to go along with their requests.

Supplier’s Use of Reward Power

- We believed that we could get some needed help from the manufacturer by agreeing to their requests.*
- If we didn’t do as the manufacturer asked, we wouldn’t have received very good treatment from them.
- We felt that by going along with the manufacturer, we would have been favored on some other occasions.
- By going along with the manufacturer’s requests, we avoided some of the problems other dealers face.
- The manufacturer often rewarded us last year to get our dealership to go along with their wishes.

Supplier’s Use of Coercive Power

- The manufacturer’s personnel would somehow get back at us if we didn’t do as they asked and they would’ve found out.
- The manufacturer often hinted that they would take certain actions that would reduce our profits if we didn’t go along with their requests.
- The manufacturer might have withdrawn certain needed services from us if we didn’t go along with them.
- If we didn’t agree to their suggestions, the manufacturer could have made things difficult for us.
- The manufacturer threatened to cancel, or refused to renew, our contract.*

Dealer’s Identification with Supplier

- We talk up the manufacturer, to our friends and acquaintances, as a great supplier to be connected with.*
- We feel that the manufacturer views us as being an important “team member,” rather than our being just another dealer.
- We are proud to tell others that we are a dealer for this manufacturer.

Dealer’s Internalization of Supplier Norms and Values

- Our attachment to this manufacturer is primarily based on the similarity of our values and those of the manufacturer.
- The reason we prefer this manufacturer to others is because of what it stands for, its values.
- During the past year, our dealership’s values and those of the manufacturer have become more similar.
- What this manufacturer stands for is important to our dealership.
- If the values of this manufacturer were different, our dealership would not be as attached to this manufacturer.

**Dealer’s Compliance with Supplier’s Wishes**

- Our private views about the manufacturer are different than those we express publicly.*
- Unless we are rewarded for it in some way, we see no reason to expend extra effort on behalf of this manufacturer.
- How hard we work for the manufacturer is directly linked to how much we are rewarded.
- Bargaining is necessary in order to obtain favorable terms of trade in dealing with this manufacturer.
- In order for our dealership to get rewarded by the manufacturer, it is necessary for us to express the right attitude.*

**Balance of Dealer-Supplier Power**

- Your dealership’s physical layout.
- Your dealership’s local media advertising.
- The amount of training your employees got.
- Number of employees in your dealership.
- Your dealership’s parts inventory levels.
- Your dealership’s policies for financing used equipment sales.
- Your dealership’s office record keeping system, including computers.
- Employee relations within your dealership.
- Your dealership’s used equipment inventory levels.*
- Your dealership’s parts and service credit policies.
- The extent to which your dealership carried competing brands.*
- Your dealership’s new equipment inventory levels.
- Your dealership’s personal selling activities.*
- Your dealership’s pricing policies.*

**Dealer Perceptions of Supplier Performance: Demand Stimulation**

- Product availability.
- New equipment inventory financing programs for dealers.*
- National Advertising.
- Dealer incentive programs, such as bonuses, contests, trips, and so forth.
- Sales promotion materials and point-of-sale displays.
- Customer financing programs for new equipment purchases.
- Local and cooperative advertising.
- Product quality.
Dealer Perceptions of Supplier Performance: Dealer Support

- Dealer training.*
- Service representatives.
- Office record keeping systems.
- Order processing.*
- Service training.*
- Parts availability.*
- Prompt payment for warranty work.
- Sales representatives.

Dealer Performance

- Dealer New Equipment Sales Volume Relative to the Industry.*
- Dealer Pre-Tax Return on Investment Relative to the Industry.

Note: Items deleted from final construct measurement

NOTES

1. Because the individual power sources—reward, coercion, expertise, legitimacy, referent, and information—have been well-detailed in the channels literature (Stern and El-Ansary, 1992, pp. 273-83), they will not be described here.

2. In addition to asymmetry, Gundlach and Cadotte (1994) identify magnitude as a second dimension of dependence (i.e., “the obverse of power”). Both Buchanan (1992) and Gundlach and Cadotte (1994) examined these two dimensions separately. However, we focus our investigation on the power asymmetry dimension only.

We assume, in our study, the magnitude of interdependence to be high where power is symmetric. The sampled retailers in the symmetric power condition reported that, on average, 77% of their total sales (range: 30-100%) were generated by their major suppliers’ brands. These retailers also told us that their major suppliers were their leading suppliers for an average of 28.3 years (range: 1-99 years). Third, channels for farm equipment are typically contractual channels where suppliers grant exclusive territories to retailers which, in turn, carry no directly competing brands. Clearly, these characteristics of our sample indicate that the magnitude of dependence is relatively high within symmetric power channel relationships.

3. These three power groupings represent the relative asymmetry of power within this sample only. A common method for splitting samples into groups is to use the scale anchors for partitioning the sample. For example, an average scale response of “1.0” – “2.3” would result in manufacturer-retailer dyad as being classified as “retailer more powerful,” “2.4” – “4.7” — “balanced power,” and “4.8” – “7.0” — “supplier more powerful.” This approach was not used as respondents clearly did not use the entire scale in making their power attributions. This suggests that the natural balance of power in farm equipment channels may be somewhat less than a “4” on our scale.

Instead, we attempted to create roughly equal sample sizes for the three power groups. This produced a different set of scale ranges than if the respondents had used the entire scale. The ranges we used were “1.0” – “1.7” — “retailer more powerful,” “1.8” – “2.5” — “balanced power,” and “2.6” – “5.4” — “supplier more powerful.”
4. The symmetric power conditions can be obtained in three ways. One, the manufacturer and retailer can jointly decide each issue, with each party having equal say on each issue. Two, the set of issues may be divided equally with each channel member having unilateral authority for its set of issues. Third, some issues may be decided jointly and some may be decided unilaterally, with the overall result being symmetric power.

How channel members arrive at symmetric power is beyond the scope of our study. We focus solely on the symmetry of overall power within the manufacturer-retailer relationship, not the degree to which individual decisions are arrived at bilaterally or unilaterally.

5. The NFPEDA classifies farm equipment dealers according to their size (i.e., overall net sales volume, which includes new and used equipment sales as well as leasing revenues). This organization computes industry averages for both new equipment sales revenue and pre-tax returns on investment for each size classification. It was these disaggregated industry averages that were used in computing dealer performance ratios. A more appropriate denominator in computing the performance ratios would be the industry average for each primary brand. Unfortunately, these data were not available.

6. Note that we had no a priori hypotheses about how the control variables might vary across the power (as)ymmetry conditions. For this reason, we did not test the control variables for significant differences. Of course, post hoc testing for significant differences could be undertaken; however, doing that is beyond the scope of this research.

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