An examination of multi-dimensional channel conflict: a proposed experimental approach

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ABSTRACT

One of the most effective ways to achieve a sustainable competitive advantage is through implementing an effective marketing channel strategy. However, focusing a firm's resources on achieving a superior distribution strategy has a downside. It is perhaps the most complex and demanding of all marketing mix alternatives. When new channels are added to a firm's distribution strategy, conflict is inevitable as channel members compete for sales, resources and channel power. The purpose of this paper is to investigate several important issues that face both marketing channels researchers as well as channel managers. First, does functional conflict (so-called positive conflict) actually result in better performance? Second, is there a different effect on organizational outcomes (various measures of performance) depending upon when conflict is manifested? Third, what effect does the construct of trust play in channel conflict? Does conflict have less of an impact on performance when parties trust one another more? Finally, the design of the study allows the evaluation of conflict from both sides of the exchange relationship---buyer and seller---simultaneously. These research questions are considered in a proposed experimental design. The experimental scenarios that represent the manipulated variables are developed. A theoretical model describing the relationships among the variables is developed through testable hypotheses.

Keywords: channel conflict, distribution, channel of distribution, marketing channels, experiment

INTRODUCTION

One of the most effective ways to achieve a sustainable competitive advantage is through implementing an effective marketing channel strategy. Many companies have successfully used this strategy, including Federal Express, Walmart, UPS and McDonalds, to establish an unbeatable foothold in their markets. The distribution networks of these firms are sophisticated and difficult to duplicate. Even in today's quickly evolving business landscape, these fundamental competitive tools remain one of the best ways to achieve long-term growth. However, focusing a firm's resources on achieving a superior distribution strategy has a downside. It is perhaps the most complex and demanding of all marketing mix alternatives. Especially with the influx of new and hybrid distribution channels, such as the internet (both sales and delivery channels) and wireless devices (cell phones as sales channels), the role of the channel captain and the decisions that must be made are becoming even more difficult. Long standing relationships among suppliers, retailers and technology partners become disrupted when the producer accesses new channels. When new channels are added to a firm's distribution strategy, conflict is inevitable as channel members compete for sales, resources and channel power.

These challenges are not new to channel managers. Channel strategies are inherently problematic and/or challenging. First, producers and distributors have diametrically opposed objectives, in general. Both groups are attempting optimize return on investment or profit for their own, independent companies. This opportunistic behavior results in conflict because neither party can optimize their own outcomes. Although this adversarial posturing has moderated recently with the recent focus on partnerships and alliances, it still exists to a great degree. Second, marketing channel managers must contend with elaborate problems surrounding distribution intensity, channel motivation, governance, power and many other critical issues. Again, conflict is bound to result following decisions of this nature. It is virtually impossible to make a decision to increase distribution intensity by adding a new, direct internet channel, for instance, without ruffling some feathers. The producer wants to increase sales of its offerings and increase its profit margins. The distributors view this as an attempt by the producer to bypass them, thereby, setting the stage for conflict.

The purpose of this paper is to investigate several important issues that face both marketing channels researchers as well as channel managers. First, does functional conflict (so-called positive conflict) actually result in better performance? Many authors have posited that this is the case, however, it has not been thoroughly investigated empirically. Beyond functional conflict, other types of conflict have been identified, namely, process and affective conflict. What effects do these different forms of conflict have on performance and do they affect performance? Second, is there a different effect on organizational outcomes (various measures of performance) depending upon when conflict is manifested? Actual conflict (manifest conflict) is only one of a series of stages in a conflict building process. Perhaps when functional conflict is introduced early, for instance, the result is that better performance is achieved or performance is achieved quicker. Third, what effect does the construct of trust play in channel conflict? Does conflict have less of an impact on performance when parties trust one another more? The present study examines each of these issues from the perspective of the relationship between the boundary personnel of the manufacturer and the distributor. The relationship between these two key individuals sets the stage for the potential for conflict between the two organizational units whom they represent. The dynamics of

these important questions will be investigated in an experimental design. This design allows the examination of an entire conflict situation from potential through aftermath. It will also provide a level of control in manipulating the variables that is unique to experiments. Finally, the design allows the evaluation of conflict from both sides of the exchange relationship---buyer and seller---simultaneously. This is also a unique contribution to this research stream. An analysis of the results will be presented, along with suggestions for how they may be directly applied to problems faced by channel managers.

DISCUSSION

Marketing researchers have acknowledged the crucial role that effective conflict management plays in channel strategy. Channel conflict has been examined quite heavily for over 30 years (Stern and Gorman, 1969; Rosenbloom, 1973; Dant and Schul, 1992; Frazier 1999). Researchers have examined the topic from several perspectives, two of which we will make note of herein. Organizational behavior theory provides much of the foundation for channel conflict research (Stern and El-Ansary 1996). The sociological approach examines conflict between groups, departments, divisions or entire organizations. Conflict is considered inevitable due to conflicting goals and other incompatibilities between organizational members. Underlying causes of conflict include competition for scarce resources, drives for autonomy and differences between subunit goals (Webb 2002). In marketing channels, conflict arises due to the interdependence between channel members. Channel members typically specialize in one or a few traditional channel functions, resulting in dependence upon other channel members to facilitate transactions. When individual firms attempt to exert power in the channel, this interdependency creates conflict as they upset the equilibrium. The underlying causes of this conflict among channel members are goal incompatibility, domain disputes and differing perceptions of reality (Reve and Stern 1979). Goal incompatibility between different channel members arises from different issues including profit margins, attraction to other channels and product supply access. Conflict related to domain definition arises over the population served, territory covered, functions performed or technology employed (Webb 2002). Communication problems are typically the underlying symptom of conflict derived from differences in perceptions of reality. As these three causes of conflict become more prominent in a particular channel, the probability of manifest conflict becomes higher. Once manifested, conflict can be classified by its frequency, intensity and importance (Webb 2002).

Theoretically, social exchange theory has been one of the more dominant paradigms (Anderson and Narus 1984). The theory postulates that outcomes are evaluated against two standards ---comparison level and comparison level for alternatives. A current channel member will evaluate alternatives to the current relationship based upon a comparison level. The comparison level will be higher if past experiences with the channel partner have been positive, thereby, making alternatives seem less attractive. Comparison level for alternatives are perceptions of the alternatives offered by channel opportunities outside of the current relationship. Of course, if a channel member is experiencing conflict in its current channel, different channel partners become more attractive. The process framework of conflict has been another recurring theoretical model used by researchers (Pondy, 1967). The following statement summarizes this perspective, "it seems preferable to view channel conflict as a process which progresses from a latent state of incompatibility to perceived conflict to

affective conflict to manifest conflict to conflict outcomes or aftermath" (Brown and Day, 1981; pp. 284). Similarly, the "Vortex of Transformation in Small Groups" (Gemmill and Wynkoop, 1991) depicts conflict much in the same, escalating manner.

Interest in the conflict research stream has slowed recently. Perhaps the focus on relationship marketing, collaboration and reciprocity explains this lack of focus on the conflict construct (Webb, 2002; Frazier, 1999). However, this paradigm shift to collaboration has occurred in tandem with some very fundamental changes in marketing channels. The advent of electronic channels, the globalization of markets and technology shifts including the dependence on supply chain integration certainly have forced channel managers to reevaluate their conflict control plans. As marketers are confronted by these new challenges, new forms of conflict will surface. For instance, in a survey of 50 manufacturers, 66% indicated that channel conflict was the most significant challenge to their online sales strategy (Webb, 2002). Hence, the impetus and justification for the continued investigation of conflict in this research paper.

Even though channel conflict research has this rich theoretical history, significant voids remain uninvestigated. First, a preponderance of the conflict research has focused on dysfunctional conflict or the dysfunctional effect conflict has on the marketing channel (Hunt, 1995; Anderson and Narus, 1990; Brown and Day, 1981; Brown, Lusch and Muehling, 1983: Lusch, 1976; Reve and Stern, 1979; Robbins, Speh and Mayer, 1982; Ross and Lusch, 1982; Schul, Pride, and Little, 1983; Walters, 1974; Frazier, 1983). Almost exclusively, conflict has been viewed as disruptive and confrontational. Studies that have examined conflict in a positive and functional light are limited and the proposed hypotheses in these studies have not been tested empirically (Hunt, 1995; Pondy, 1967; Brown and Day, 1981). As noted by Robbins, Speh and Mayer, "although some conflict can be functional and enhance a channel's performance, much of the channel literature indicates that conflict is injurious to the …channel" (pp. 48). The effect of both functional (cognitive or task conflict) and dysfunctional (affective or emotional) conflict on performance will be examined herein. An additional type of conflict, process conflict (how task is accomplished), is added to the framework (Jehn and Mannix, 2001). Moreover, there have only been a few instances where authors have examined multiple dimensions of conflict within one study (Etgar, 1979; Frazier and Rody, 1991; Stern, Sternthal and Craig, 1973). By examining these three types of conflict in one research setting, a unique contribution to the channel conflict research stream will be achieved. Summarizing, "it is necessary that the investigation of functional and dysfunctional conflict be pursued with equal vigor" to advance channel conflict research (Hunt, 1995; pp. 418).

Second, manifest conflict in marketing channels does not normally just materialize or result from a single incident. It is the result of a process of increasing tension. An analogy is the conflict experienced in personal relationships. When one experiences relationship conflict, it is usually a manifestation of a series of incremental, unrelated precursors. One may be in a bad mood from having a rough day at the office or perhaps have had a disagreement with someone else. These precursors set the stage for a propensity for manifest conflict with someone else (known as conflict potential). The progressive stages of the channel conflict process include latent incompatibility, perceived conflict, affective conflict, manifest conflict and conflict aftermath (Brown and Day, 1981; pp. 264). Although it is rather clear that actual manifest conflict is the result of a process of escalating tension, this researcher has been unable to find any study examining conflict as a process. Researchers

typically measure a level or degree of conflict at a discrete point in time, in a cross-sectional study. Moreover, other researchers have also noted this disparity. Frazier's (1999) observation concerning this oversight is simply that "conflict has never been examined as a process." By examining conflict as a process---rather than a static, discrete construct---the present research study strives to make another distinct contribution to conflict research.

Third, the focus is on the conflict that develops between the two boundary personnel in a channel dyad. When researchers refer to a "channel member," it is not always clear to whom they are referring. A channel member can be an organization (the manufacturer or any of the various channel intermediaries), an employee of the organization (various non-boundary personnel who impact channel decisions) or specific boundary personnel (channel managers/captains or purchasing agents) (Hunt, 1995). It is clear that a channel member is not a clear, monolithic entity. Lazarsfeld and Menzel (1961) call for precise definitions when one is referring to "collectives" (organizations) or their "members." They substantiate their position with the following statement, "…one can speak of 'collectives' only when their 'members' are also being referred to, and of 'members' only when their 'collectives' are also being involved (pp. 424)." The unit of analysis is a specific boundary person (channel manager, purchasing agent, sales manager, etc.). The boundary personnel are responsible for negotiation, information dissemination and governance within the channel (on both sides of the dyad). The channel personnel are employees (usually) of the organizations within a channel of distribution, referred to herein as the channel member. Bear in mind that one cannot refer to an organization (channel member) without referring to the members of that organization (Hunt 1995). This is important because the focus of the study is the individual conflict experiences of the boundary personnel. Their impressions of conflict will be embedded in their organizations (channel member), as a whole. Not only will the role of the boundary personnel in channel conflict be examined but also the perspective from both sides of the dyad---the manufacturer and the distributor. This is a relatively novel approach to channel conflict research. An overwhelming proportion of conflict studies take the perspective of the manufacturer or the retailer. Researchers have noted the paucity of channel research addressing the needs and concerns of the distributors (Frazier, 1999). Therefore, the present research will address another gap in the research stream by examining conflict from the perspective of the boundary personnel, both the manufacturer and the distributor.

Finally, trust has become an important construct in a variety of marketing research settings. As firms depend on more collaborative relationships, these relational forms of exchange depend heavily upon trust between the parties involved (Morgan and Hunt, 1994). Interorganizational trust operates as a governance mechanism to moderate potential opportunistic behavior (Heide 1994; Doney and Cannon, 1997). Trust in a supplier also leads to a reduction in conflict and enhances channel satisfaction (Anderson and Narus, 1990). Trust plays an important role in intragroup conflict and performance, as well (Simons and Peterson, 2000; Porter and Lilly, 1996). Researchers have often found a strong correlation between task and affective conflict (see Simons and Randall for a complete review of the literature). The effect of trust as a moderator in the relationship between task and affective conflict will be considered.

BOUNDARY PERSONNEL

Channel management is a complex study. The channel must be managed, on both sides of the dyad. The responsible parties must have strategies in place for dealing with both the intra- as well as the inter-organizational issues. The boundary personnel (BP) serve as the conduit or interface to these two disparate constituencies. One of their primary duties is to serve as chief negotiator for their firm in its channel dealings. In this capacity, they have the responsibility to explain and justify internal decisions that affect their partners, including such issues as channel structure changes (introducing new channels like web sites), internal policy changes (distributor adding competitor's product line) and unilateral, self-serving disputes (manufacturers selling direct and bypassing the channel). The BP can mitigate the potential result of these decisions by using effective personal communication skills. From the perspective of channel conflict, BP are the "face" of the organization or channel member. They are the embodiment of the monolithic, faceless entity known as the "manufacturer," "supplier" or "distributor." If channel conflict is broken down into its ingredients, one may argue that it is the aggregate result of many, interdependent tensions within a group or organization. For instance, Compaq angered many of its very faithful distributors when it announced it was going to start selling direct from its corporate website several years ago. This caused significant conflict in the channel. However, one cannot look at this as conflict between two monolithic entities---the "supplier" and the "distributors." It is conflict that is felt, and dealt with, on a very personal level. Compaq had to deploy envoys from its company (boundary personnel…real people) to meet with its distributor's boundary personnel. Therefore, it only seems natural that conflict in the channel should be examined through the filter of group dynamics. By examining the effect of conflict among group members, one can begin to understand how this conflict is reflected back upon the organization. Since boundary personnel are the "lightning rods" of the conflict within the channel, the dyad formed by the two boundary personnel form the unit of analysis. If negotiation between these individuals is riddled with emotional acrimony (affective conflict), it is unlikely the outcome will be constructive. The framework will also borrow from organizational conflict (Pondy, 1967; Robbins, 1991) and apply it to the dynamics experienced by boundary personnel.

STAGES OF CONFLICT

Conflict does not just materialize…it is a process and follows distinct stages. Based on the research of Pondy (1967) and Dyck, Brunning, and Driedger (1996), conflict is conceptualized as a process that moves through four stages. The first stage is conflict potential. There is always some level of conflict potential in any organizational setting. In an intragroup setting, conflict potential typically arises from personality differences, differences of opinions, differing values and inter-departmental differences. In a channel setting, potential conflict is present due to independent motives of partners, inherent interdependence within a channel and incompatible goals (Webb, 2002). Conflict stimulus becomes much more likely, if the channel managers ignore these issues.

If conflict potential is high, it is much more likely that an incident or decision will lead to conflict stimulus. The channel manager may even introduce conflict stimulus into the channel system unintentionally. For instance, a distributor may decide to add a new product

line to his companies' offerings. From his perspective, this is allows his firm to offer a wider product mix and penetrate a market more fully. However, from the original supplier's perspective, this translates into a reduction in focus on its product line and lower sales volumes by the distributor. This decision by the supplier sets the stage for manifest conflict. In this case, it will most likely have a negative impact on the system. However, positive outcomes can also be generated. For instance, organizational or inter-organization norms that motivate debate can generate conflict stimulus. Manufacturers that hold annual distributor conferences increase the potential for conflict---positive, hopefully! An example of this might be the annual Microsoft Pocket PC Summit. At the Summit, developers, channel members and the manufacturer actively discuss concerns, critiques and complaints about the new operating system. Contentious debate will hopefully lead to enhanced channel outcomes.

The third stage of the conflict process is actual conflict, usually referred to as manifest conflict. This stage represents the organizational or interpersonal reaction to a decision that has been made or an action that has been taken. A corollary might be a fistfight. When the shouting and pushing (stimulus) actually escalates to fisticuffs, manifest conflict has been reached. A static perspective of conflict would view this as stage as representing the entire construct. The final stage of conflict is conflict aftermath or outcome on the organization. This stage represents the impact of conflict on the organization or the group. The outcome may be either positive or negative. If the impact is negative, it can have a detrimental effect on performance within the channel, causing channel partners to leave the channel or reduce motivation to comply with channel policies. If the impact is positive, the effects may be the polar opposite of those just noted.

This progressive perspective of conflict is adopted in this study and is called the Four Stage Conflict model (Dyck, et al 1996). This model will be tested via an experimental design by exposing each subject to a scenario in which they experience each of the four stages of conflict during a single session. This is an improvement over field studies in which respondents to survey instruments may have only been involved in a limited number of stages in a conflict episode. For instance, a respondent may have only been involved with the aftermath of a conflict episode and used information garnered from third parties concerning the fact leading up to the aftermath. He/she may not have been involved directly with the reseller, for example, a year prior when the potential for conflict was surging. In the experiment, each responded will be given information about each and every stage of conflict---from potential to aftermath.

CONFLICT

The construct of conflict has been defined in a variety of ways and settings. Some of the more often cited definitions are:

- "an awareness on the part of the parties involved in discrepancies, incompatible wishes or irreconcilable desires" (Jehn and Maddox, 2001).
- "a situation in which one channel member perceives another channel members (s) to be engaged in behavior that prevents or impedes it from achieving its goals" (Webb, 2002).
- "the interaction of interdependent people who perceive opposition of goals, aims and values, and who see the other party as potentially interfering with the realization of these goals" (Putnam and Pool, 1987).

- "a situation in which one member of the channel perceives another member as engaging in behavior designed to injure, thwart or gain resources at its expense" (Bowersox, et al, 1996).

It is beyond the scope of this paper to develop a competing definition of the conflict construct. Much of marketing channel research defines conflict along the lines of the second bulleted item above. Conflict is not always confrontational and dysfunctional. The construct of conflict, even in channels research, should revolve more around terms such as "incompatibility" or "interference." Therefore, if for nothing else other than a setting theoretical footing, this study relies on the Putnam and Poole (1987) definition of conflict (above). Beyond this global characterization, conflict has been shown to be multidimensional (Pondy, 1967; Brown and Day, 1981; Amazon, 1996; Pinkley 1990). Using multidimensional scaling, Pinkley uncovered a task-versus-relationship dimension of conflict. Using the same multivariate technique, Jehn (1992) found that group members distinguished task-focused and relationship-focused conflicts and that these two forms of conflict impacted outcomes differently. Without teasing apart the various dimensions of conflict, one would conclude that conflict produces inconsistent outcomes. By examining its components, it becomes clearer why one form of conflict can simultaneous enhance outcomes while another form suppresses the same outcome.

Cognitive Conflict

Cognitive conflict has been examined or discussed by authors in divergent fields such as marketing channels, organizational behavior and group dynamics (Amason, 1996; Jehn and Mannix, 2001; Hunt, 1995; Menon, Bharadwaj, and Howell, 1996). In general, when other authors have referred to functional conflict, they are referring to it as a more global concept. Herein, functional conflict is referred to as cognitive conflict. Cognitive conflict is constructive and results in positive outcomes to all parties involved (or both sides of the channel dyad). Under normal conditions, this form of conflict typically is task-oriented, where the parties involved debate the underlying assumptions of a reseller agreement, credit terms issued to a reseller, or the like. It is usually produced during a healthy and vigorous challenge of ideas, beliefs and assumptions (Menon, Bharadwaj and Howell; 1996). An example of cognitive conflict in an intraorganizational setting might be, "we constantly fight about accounts and which numbers to use and how to interpret them…we really only fight about this work stuff" (Jehn, 1997). Some of the positive outcomes of cognitive conflict that researchers have identified include: a critical analysis of organizational policies, enhanced communication procedures, formalized conflict resolution procedures, a more equitable balance of power and resource allocation, a sense of unity (Stern and Gorman, 1969), higher financial performance and enhanced decision quality (Amason, 1996) (Hunt, 1995).

For this study, one of the important outcomes of higher levels of cognitive conflict is enhanced decision quality (Amason, 1996). Frequently, two boundary personnel (representing each side of the distribution dyad) find themselves negotiating over a channel issue. These boundary personnel discuss the issues related to their particular cause with the other decision makers in their respective companies. The boundary personnel act like team leaders, in this context. It is expected that the result of a free, open and challenging environment, not only between the two boundary personnel but also within each of their organizations, will be higher quality channel decisions. For instance, assume that the

manufacturer's company has very strict channel policies in place. These policies affect territories, price discounts and credit terms. The channel manager sees an opportunity to build a relationship with a new distributor. However, the relatively new firm cannot meet the credit requirements. If the channel manager refuses to negotiate with the other internal decision makers to change the terms, the avoidance of conflict (which in all likelihood may be cognitive) may result in a sub-optimal decision. The firm will lose the opportunity to establish a reseller relationship with this emerging distributor and it may begin to work with a competitor. This lack of cognitive conflict might also manifest itself in the negotiations between the two boundary personnel. If the two companies' representatives are too polite and not genuine, they may not negotiate a very appealing reseller agreement for either side. Again, the final decision will be sub-optimal. These are just a few of many potential examples where low levels of cognitive conflict might result in low quality decisions.

Hypothesis 1a: There is a positive relationship between cognitive conflict and decision quality.

Satisfaction has been defined in a variety of ways, depending upon the context. In a channel setting, it has been described as "an overall positive affect and reflects the focal organization's overall contentment regarding its relationship with another party" (Andaleeb, 1996). Relationship satisfaction (either with the channel or between the boundary personnel) has been identified as a determinant of both commitment and trust (Andaleeb, 1996). Therefore, achieving satisfaction delivers significant, lasting returns to the channel. Moreover, researchers have determined that voice and/or level of participation plays a significant role in achieving relationship satisfaction (Easterbrook et al, 1993). A high level of cognitive conflict is an indication that constructive communication is taking place within the channel. High cognitive conflict indicates tension precipitated from challenging, unrestrictive input. High levels of participation should lead to high levels of relationship satisfaction.

Hypothesis 1b: There is a positive relationship between cognitive conflict and relationship satisfaction.

A preponderance of the studies concerning channel conflict find that conflict adversely affects performance. It is argued that this is simply not the case. This is known as the traditionalist approach to conflict (Dyck, Brunning and Driedger, 1996). If the conflict is overwhelmingly affective, in nature, this may be the case. However, the negative effect of conflict on the organization can be counterbalanced or overridden by enhancing cognitive conflict. If the contribution of high quality decisions and relationship satisfaction exceed the damaging effects of the inevitable, personality-related affective conflict, the channel should experience improved performance. This is termed the interactionist approach.

Hypothesis 1c: There is a positive relationship between cognitive conflict and overall performance.

Affective Conflict

In general, conflict is viewed as disruptive and having a negative impact on relationships and performance. This destructive nature of conflict is frequently a result of the affective dimension of conflict---also known as relationship conflict. This is referred to as affective conflict (Jehn, 1997). In marketing channel literature, this type of dysfunctional conflict results in a distortion or withholding of information, hostility or distrust (Menon, Bharadwaj and Howell 1996). Affective conflict is a result of tensions from emotional responses and is generally focused on personal incompatibilities or disputes (Amason, 1996). It frequently arises when normally functional, cognitive-based disagreements are perceived to be personal criticisms. It also interferes in task completion because members are preoccupied with reducing threats, increasing power and attempting to build cohesion (Jehn, 1997). The focus on these relationship dynamics reduces the time and energy available to accomplish tasks. So not only does affective conflict have a detrimental effect on performance, in general, but it also impedes the potentially positive effect of cognitive conflict. An example of this in action, taken from a qualitative study of such behavior, is, "like any situation, there are some of us that don't get along, and so we don't talk at all" (Jehn, 1997). There is evidence that affective conflict impairs performance. However, most of this work is in the domain of group or organizational dynamics. Empirical evidence indicates that there is a negative relationship between affective conflict, productivity and satisfaction in groups (Jehn, 1997). Jehn (1995) demonstrated that coworkers experiencing affective conflict are less satisfied with the group in which they are working. Affective conflict has also been found to negatively impact performance (Evans 1965). From these findings, the following hypotheses apply to a marketing channel domain:

Hypothesis 2a: There is a negative relationship between affective conflict and decision quality.

Hypothesis 2b: There is a negative relationship between affective conflict and relationship satisfaction.

Hypothesis 2c: There is a negative relationship between affective conflict and overall performance.

Process Conflict

Recently, researchers have identified a third form of conflict, process conflict (Jehn, 1997; Jehn, Northcraft, and Neale 1999). This form of conflict is defined as "an awareness of controversies about aspects of how task accomplishment will proceed (Jehn and Mannix, 2001)." In more general terms, process conflict arises when there is tension created concerning who should do what and the level of responsibility afforded to each individual. For instance, when there is disagreement concerning who is responsible for a particular task's completion, process conflict will develop. This is quite distinct from the relationship-based conflict associated with affective conflict and the tension derived from cognitive conflict. However, little research has been conducted to learn about process conflict as a distinct form of conflict. In one study, process conflict resulted in a reduced level of group morale and an

associated reduction in productivity (Jehn, 1992). It is proposed that by not knowing clearly who is responsible for what, group members develop uncertainty and lack confidence that the group can achieve its goals. It was also found that process conflict reduces task content quality and interferes with group focus due to the need to hammer out unresolved process issues. In another study, process conflict was found to be negatively correlated with satisfaction, intent to remain, perceived group performance and actual group performance (Jehn, Northcraft and Neale 1999). From this sparse empirical evidence, it can be asserted that when examined for its main effect on performance outcomes, process conflict will have a negative relationship. Bear in mind, the effect of process conflict has not been investigated in a channel context and, therefore, the propositions below are exploratory in this setting.

> Hypothesis 3a: There is a negative relationship between process conflict and decision quality.

> Hypothesis 3b: There is a negative relationship between process conflict and relationship satisfaction.

> Hypothesis 3c: There is a negative relationship between process conflict and overall performance.

Conflict Order Factors

Researchers have found that even examining conflict from a multidimensional approach does not fully capture its impact on performance. There exists a temporal component that must be taken into account in order to understand this complex relationship (Jehn and Mannix, 2001). The order of the introduction of affective, cognitive and process conflict is critical to optimizing results. For instance, some empirical evidence exists that indicates in order for cognitive conflict to have an optimal impact on performance it should arise after process conflict has had a chance to work itself out (Jehn 1992; Jehn and Mannix, 2001). This is referred to as the "midpoint" of the process. This provides an opportunity for a "paradigmatic shift" in the group's life (Jehn and Mannix, 2001). By viewing the various forms of conflict in this sequential, temporal nature, it becomes possible to explain an apparent paradox that occurs in a conflict episode. The paradox is that teams need cognitive conflict to reach high-quality decisions, however, they also need to reach consensus (Amason, 1994). It is difficult to accomplish both goals, simultaneously, as they appear to be in conflict with one another. In order to reach consensus, the decision makers must satisfice, thereby, reaching a suboptimal result. By introducing process conflict prior to cognitive conflict, the group has defined a way to get to consensus prior to debating the outcomes. An example of this in a marketing channel setting might be negotiations over a reseller contract. If the boundary personnel ignore determining a mutually agreeable format for negotiation, it is unlikely that they will ever experience conflict over the objective of the contract (cognitive conflict). If a group focuses on task-related issues, at the expense of process-related issues, it is unlikely that it will ever reach a satisfying conclusion.

Temporal support for process conflict has also been found. Jehn and Mannix (2001) found support for their hypotheses concerning the timing of process conflict. They found that high performing groups experience process conflict at either the beginning or the end of

group activities. One of the determinants of successful task forces is a clear and engaging direction (Jehn and Mannix, 2001). In groups that are performing well, early process conflict results in work norms that are agreed upon, accepted and understood and a clear delineation of responsibilities is determined (Tuckman, 1965). Process conflict is key to developing successful win-win agreements between channel members, if encountered at the right time. Distributors have historically had their hands tied when dealing with their suppliers. The channel responsibilities and mechanics of interaction have been one-sided. This is beginning to change as manufacturers and suppliers become more dependent upon strong, powerful distributors. These distributors are increasingly the result of consolidation in certain vertical industries. Now that suppliers and distributors have become equally powerful in the channel (in many cases), it is quite probable that process conflict will become more apparent. The more professional distributors will require that the mechanics of the channel practices be justified and clarified. If process conflict does not occur early on (as it did not earlier when distributors simply accepted the channel policies forced upon them), the distributors will be left wondering who is responsible for what, for instance. This will result in dissatisfaction and low performance. In contrast, the result of introducing process conflict early on in reseller contract negotiations, for example, will be enhanced decision quality, satisfaction and performance.

Based on these findings, conflict should precede cognitive conflict:

Hypothesis 4a: There will be a positive relationship between process conflict and decision quality when process conflict is experienced prior to cognitive conflict.

Hypothesis 4b: There will be a negative relationship between process conflict and decision quality when process conflict is experienced after cognitive conflict.

Hypothesis 4c: There will be a positive relationship between process conflict and relationship satisfaction when process conflict is experienced prior to cognitive conflict.

Hypothesis 4d: There will be a negative relationship between process conflict and relationship satisfaction when process conflict is experienced after cognitive conflict.

Hypothesis 4e: There will be a positive relationship between process conflict and overall performance when process conflict is experienced prior to cognitive conflict.

Hypothesis 4f: There will be a negative relationship between process conflict and overall performance when process conflict is experienced after cognitive conflict.

TRUST

The role of trust has been examined in the context of a number of important marketing phenomena including relationship marketing (Morgan and Hunt 1994), customer loyalty (Chow and Holden, 1997), relationship commitment (Ganesa, 1994) and satisfaction (Singh and Sirdeshmukh, 2000). Researchers have defined trust in a variety of ways, depending upon the context:

- "the willingness to rely on an exchange partner in whom one has confidence" (Ganesan, 1994, pp. 3).
- "confidence in an exchange partner's reliability and integrity" (Morgan and Hunt, 1994).
- "a generalized expectancy held by an individual that the word, promise or statement of another individual can be relied upon" (Bowen and Shoemaker, 1998; pp.16).
- "trust is a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behaviors of another" (Singh and Sirdeshmukh, 2000; pp. 154).
- "the belief held by dyad members that an exchange partner's word or promise is reliable and that the partner will fulfill its obligations" (dyadic trust) (Kim 2000; pp. 390).

For the purposes of this research, the definition of trust offered by Kim is most appropriate (2000). Kim specifically termed this "dyadic trust" and the research was embedded in a supplier-distributor context. Other marketing studies have found support for this critical role that trust plays in forming a productive climate in a marketing channel relationship (Anderson et al, 1987). Researchers have also found that the recent focus on collaborative relationships between the firm and its suppliers, distributors and customers rely on relational forms of exchange that depend on superior levels of trust (Morgan and Hunt, 1994). The high levels of trust that characterize relational exchanges enable the parties to focus on the long run benefits of the relationship rather than short-run partisan, opportunities (Ganesan, 1994). Furthermore, dyadic trust has been determined to be a contextual factor in the interfirm power-influence process. A high level of trust between dyad partners reduces the concern that the other exchange partner will act opportunistically (Gundlach and Achrol, 1993). Exchange partnerships that are characterized by high levels of trust increase each partner's confidence that the one side of the dyad is reliable and has integrity (Morgan and Hunt, 1994).

Researchers have consistently found that cognitive and affective conflict are positively correlated (Simons and Peterson, 2000). This is why researchers do not advocate simply eliminating affective conflict and maximizing cognitive conflict. In a review of studies that included both forms of conflict, Simons and Peterson found bivariate correlations ranging from .39 to .88 (with an outlier at -.17). Attempts at stimulating beneficial cognitive conflict run the risk of simultaneously raising damaging affective conflict. One explanation for this correlation is that cognitive conflict leads to affective conflict through a process of misattribution (Simons and Peterson, 2000). Group members interpret the behavior of others. When actions are interpreted as personal attacks (Jehn, 1997) or hidden agendas (Amason, 1996), cognitive conflict triggers affective conflict through a process of biased information processing and self-fulfilling prophecy (Fiske & Taylor, 1991). Behavior that is ambiguous is evaluated based on a predefined schema one has about the expectations of the individual in question. This results in a self-fulfilling prophecy as the individual interprets the actions based on the expectations. For example, if someone mistrusts someone else, ambiguous conflict behavior is interpreted as having an underlying deceitful motive. The target of the mistrust, perceiving that he or she is mistrusted, tends to reciprocate the distrust (Simons and Peterson, 2000). If cognitive conflict activates relationship conflict through this misattribution of cognitive conflict behavior, then the context of the relationship (trusting or not) should moderate this correlation. If two boundary personnel have a relationship that is

built on trust, then it is more likely that they will take disagreements at face value and not attribute them to some sort of hidden agenda. Therefore, trust between the two boundary personnel will moderate the relationship between cognitive and affective conflict.

     Hypothesis 5: Trust will negatively moderate the relationship between cognitive conflict and affective conflict.

MODEL

   Based on these hypotheses, a model of channel conflict can be empirically tested (see Figure 1; Appendix A). Two forms of conflict---affective and cognitive---are hypothesized to have main effect relationships on channel performance. Affective conflict is predicted to have a negative relationship with performance. The relationship between cognitive conflict and performance will be moderated by the order in which process conflict enters the system. If process conflict precedes cognitive conflict, it is posited that there will be a positive relationship with performance. Conversely, if process conflict is encountered after cognitive conflict, it is hypothesized that there will be a negative relationship with performance. Finally, trust will be tested as a moderator of the relationship between cognitive and affective conflict. If trust is low, there is a greater chance that cognitive conflict will lead to affective conflict and lower performance.

METHOD

   To test these propositions, a laboratory experiment can be conducted. Based on the extent of this inquiry, this appeared to be the best methodological choice. The goal was to follow an example of conflict, as it unfolded through the four stages of conflict. It would be highly unlikely that a researcher would have access to an actual conflict situation, just as it was emerging. Even if one had access to such an episode, this type of longitudinal study would have been extremely time consuming and subject to high subject defection rates. Experimental research is especially helpful in cases where field data are difficult to gather (Olk and Elvira, 2001). Classically, the form of the proposed experiment is classified as a laboratory game or behavioral simulation. This provides an effective tool to "create interdependent organizational units and study dyadic relationships under controlled conditions" (Gundlach and Cadotte, 1994, pp. 520). This type of controlled scenario technique has been used successfully to investigate channel structure, bargaining and other channel conflict issues (Gundlach and Cadotte, 1994; Dwyer and Walker, 1981; Roering, 1977; Stern, Sternthal, and Craig, 1973). Moreover, Tedeschi, Schlender, and Benoma (1973) indicate that games are useful for testing predictions derived from theories of conflict, power and bargaining.

   The experimenter would read instructions to each experimental group, emphasizing that the study was part of an actual consulting engagement. Additionally, they would be told that the names of the companies (manufacturer and distributor) and individuals (VP of Sales and VP of Channel Sales) were changed to ensure confidentiality. To increase involvement with the study, the subjects would be told that their responses would be compared to those of other subjects, who had no managerial experience whatsoever. These techniques to increase realism have been used successfully in other studies (Andaleeb, 1996). Each of the subjects will be given a scenario to read and reflect upon. Each of the scenarios contain a different

manipulation of the variables, depending upon the particular cell assigned, holding all other variables constant (See Exhibit 1, Appendix B). Subjects were randomly assigned to one of thirty-two treatment groups. A 2 X 5 between groups factorial experimental design was used. Each of the subjects would receive the same background information describing the general scenario.

The experimental scenario setting was the mobile computer industry. The simulation depicted a manufacturer and distributor relationship in a channel setting. The manufacturer was considering introducing a direct electronic sales channel into its channel structure. Presently, nearly all of the manufacturer's sales come through sales to its resellers (90%). The reseller scenario was identical to that of the manufacturer's, with the exception of inserting a single modification indicating that 90% of the reseller's sales were derived from this particular manufacturer's products. The introduction of the new channel is expected to create significant channel conflict. The announcement will be made at a meeting headed by the VP of Channel Sales. The participants of the meeting will consist of all of the major resellers. The conflict treatments (affective, cognitive, process; high and low of each) will be manipulated first in the scenarios. The treatment manipulations for the other two variables of interest---trust and the order of the introduction of process conflict---will also be revealed to the subjects during the reading of the scenarios. Each complete scenario carries the subject through the entire spectrum of a conflict episode---from potential, to stimulus, to manifest conflict, to aftermath. A written survey instrument was immediately administered to the subjects following a five-minute reading period.

SAMPLE

The sample will be comprised of master of business administration (MBA) students enrolled at a major university in the northeast. In experimental research, subjects do not necessarily need to have direct exposure to a specific scenario or situation. It is more critical to ensure that the sample from which the subjects are drawn includes knowledgeable and experienced individuals who can utilize their experience in applying it to the experimental scenario (Olk and Elvira 2001). It is believed that the sample has the aptitude necessary to evaluate the scenario successfully.

After drafting several versions of the scenarios, based on critiques from colleagues familiar with both experimental design and channel conflict, a pilot experiment will be conducted using MBA students from the same sample. However, these pilot subjects will not be used in the actual study. Pilot subjects provide further feedback concerning the experiment and its administration.

The unit of analysis in this study is the exchange dyad. The goal is to collect organizational perspectives concerning conflict, from both sides of this dyad. Once the data is collected, the results will be controlled for the channel side---distributor or supplier. This will provide the researcher with a unique opportunity to examine differences between the two sides of the dyad, thereby, furthering the understanding of the dyad itself.

OPERATIONAL MEASURES

The dependent variable is a global measure of expected performance. This will be measured in three ways: performance, relationship satisfaction and relationship quality. A

nine-item scale was developed to measure performance. The items were garnered from other studies concerning channel conflict (primarily Gundlach and Cadotte 1994). All items are measured on a 7-point Likert scale. Examples of these items include "I believe the breakout group will perform well" and "If the manufacturer continues to deal with its resellers in the same way it has during this meeting, the manufacturer will be able to make good financial decisions." A second measure of performance is relationship satisfaction. This three-item, 7-point Likert scale was adapted from Andaleeb (1996). It has been found to be both reliable and has been used successfully in this channel setting. The final measure of performance has also been adapted from Amason (1996). This three-item, 7-point Likert scale measures relationship quality. Once the data has been collected, the reliability of each of the scales will be validated. Additionally, they will be factor analyzed to determine if they are measuring different underlying dimensions of performance. A priori, it is believed that performance is a multi-dimensional construct and that these three scales represent different dimensions. If this is the case, the three scales will be combined and an index will be created indicating the global level of performance expected from the particular dyad. This variable will be measured at the interval level.

Independent Variables

Process conflict. This variable is measured with a three-item, 7-point Likert scale adapted from Jehn, Northcraft and Neale (1999). It has been used successfully in several conflict studies and found to be reliable and valid.

Affective conflict. The affective conflict variable is measured with a four-item, 7-point Likert scale adapted from Jehn, Northcraft and Neale (1999). It has been used successfully in several conflict studies and found to be reliable and valid.

Cognitive conflict. The cognitive conflict variable is measured with a four-item, 7-point Likert scale adapted from Jehn (1995). It has been used successfully in several conflict studies and found to be reliable and valid.

Trust. Trust is measured with a four-item, 7-point Likert scale adapted from Kim (2000). This scale was successfully used in a channel setting. One of the items is reverse coded to minimize response bias.

Control Variables.

Involvement. This variable will be operationalized using a scaled-down version of the product involvement scale (Zaichowsky 1993) to measure involvement with the experiment. The scale is a four-item, 7-point Likert scale. It includes items such as "I thought deeply about the scenario." This variable will be used only as a manipulation check to evaluate how seriously the subjects evaluated the scenario.

> Channel Side. A dummy variable (0 for manufacturer; 1 for supplier), indicating which side of the channel dyad the respondent resided, will be created. This will allow the examination of the differences between the two groups.
> Order. A dummy variable (0 for early, 1 for late) will be created for the order in which process and cognitive conflict are experienced.

Analysis

Initially, the data will be analyzed using standard univariate tests to determine if there are any mistakes in the coding or if any unexpected results are apparent immediately. The results of these tests will indicate the suitability of the data for further analysis (normality, etc.). The data would be plotted and the graphs would be evaluated for outliers and other findings. The manipulations will also be checked for validity. This would be tested using simple ANOVA to evaluate the differences between the groups. For instance, a check will need to be made to ensure that the high cognitive conflict group rates the level of cognitive conflict (items questioning that construct) significantly higher than the lower conflict group. The involvement scale will also provide information concerning the strength of the design and might explain results that do not fit the a priori expectations. The next step would be to run a factor analysis on the three dependent variables to determine if they are measuring three different forms of performance. If they are, then three different regression models will need to be established, each with a different dependent variable (performance, relationship satisfaction, relationship quality). Alternatively, the three different scales can be collapsed into a global performance variable. The factor loadings would be used as the dependent variable data.

The primary tool for analysis will be regression analysis, which is appropriate since the dependent measures will be collected at the interval level. Once the data is collected, it will be tested to determine if it meets the assumptions required for regression (normality, linearity, no multicollinearity, etc.). Stepwise (hierarchical) regression will be used for the data analysis, since the focus of the study is a series of events (order of process/cognitive conflict entry). Concerning causal modeling, it is posited that there are a number of latent variables that add to explaining the variance in channel performance that are not included in the model. Therefore, it would not be surprising if the model captures only a small percentage of variation of channel performance in the study. However, it is expected that there will be a one-way, causal direction leading to channel performance.

The results of the regression analysis will provide enough information for testing hypotheses 1 through 3. The significance of the beta coefficients will indicate whether there is a true relationship between the independent and dependent variables. The sign of the coefficients will indicate whether the relationship is positive or inverse. Hypotheses 4 will be tested using stepwise regression (path analysis). The variables will be entered into the regression formula based on the order of the hypotheses.

Conclusions and Directions for Further Research

The present research will address several gaps in the channel conflict literature. A new form of conflict, referred to as process conflict, has been identified. By further refining the dimensions of conflict by added new forms, the ability to make stable predictions becomes more powerful. In addition, conflict will be examined as a dynamic, evolving construct. The order of various conflict forms is an important determinant on performance. Importantly, an entire conflict episode will be examined from beginning to end. The best way to accomplish this was by conducting an experiment. Finally, the study borrows from both intra-organizational as well as the group dynamic literature. This allows a view of channel

conflict from the perspective of the two boundary personnel commonly involved in the dyad---the channel manager and the distributor sales manager.

The drawbacks of this study include the use of MBA students as subjects and an experimental design. The justification for utilizing the student sample is discussed earlier in the paper. If the results are productive, the scope of this work can be expanded and draw data from another sampling frame. The selection of an experimental design has been justified earlier. It may not have very strong external validity but it did allow optimal control over the manipulation of the variable of interest. Both of these drawbacks can be addressed by expanding the study into other samples or other research designs.

Managers will be able to directly apply the results of this study to their firms. By understanding conflict from a "person-to-person" perspective, managers can facilitate change in their channel structures without introducing turmoil. Trust plays an important role as a moderator in the conflict-performance relationship. Managers must always be on guard to not violate trust with their trading partners. This work sheds some light onto where trust fits into the conflict process.

This study adds to the already solid foundation of research on marketing channel conflict. The present study fuses research from several disparate research streams and tested a hybrid model. The setting in which the study was placed---internet channels---will remain a fertile area for research. As new channels are introduced into previously stable channel structures, conflict will become increasingly possible. Other questions that need to be addressed include: How does impersonal communications such as email, affect channel conflict? What are the best ways to introduce functional conflict without opening the door for affective conflict? Are their industry-specific characteristics that moderate the types of conflict discussed herein? How can resellers become more powerful without causing major conflict? These are but a few of the many questions that still need to be addressed in channel conflict research.

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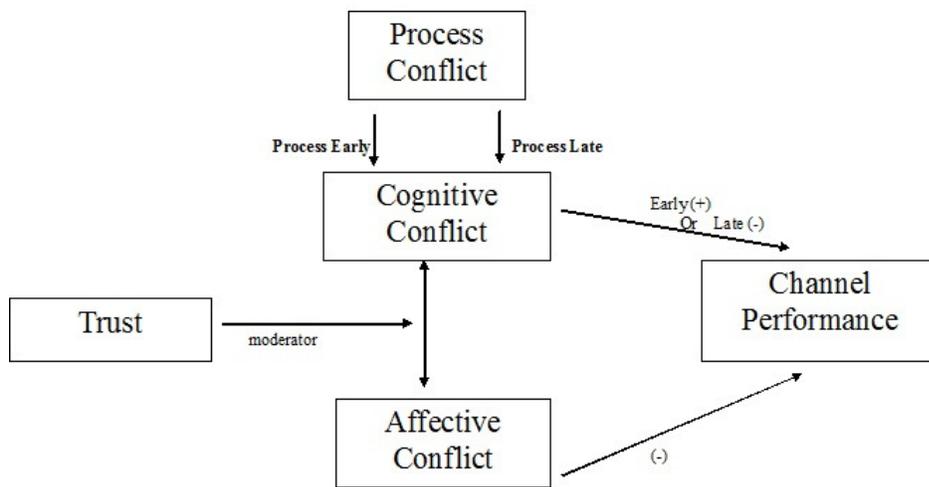
Appendix A

Model of Channel Conflict

Figure 1

Appendix B

Exhibit 1

Conflict Experimental Scenario Manipulations

I. Opening common preamble, communicated to all subjects in their instructions
(common preamble given to all subjects; paragraph 1)

   In order to assist a client of ours who has contracted us for a consulting engagement, we wish to collect your views on a particular problem the client is experiencing. Since this is an actual consulting engagement, we have concealed the names of any of the companies involved, as well as the identities of any named individuals. The contract that we have with the firm does not permit us to divulge this information.

        Your individual responses will be held in the strictest of confidence and the raw data will remain with us. The information we gather from this study will only be used in its aggregated form to assist us in formulating a solution to our customer's business problem. With that in mind, your individual responses during this session are critical to us. It is important that you use your accumulated business acumen to answer the questions as if you were actually in the position described. That is the only way this study will be useful to our client. Furthermore, your responses will be matched with those of another sample comprised on other students with no business experience whatsoever. We will be using the results from this study to evaluate the effectiveness of our business program. It is imperative that you take this exercise very seriously.
(end of common preamble)
II. Distinct Manufacturer and Distributor Backgrounds
(The following two passages are the experimental scenarios for the supplier and distributor treatment groups. They contain the conflict potential, conflict stimulus, manifest conflict and conflict aftermath information. The hyperlinks indicate where the other variable

manipulations will be inserted (trust, timing of process conflict and high/low conflict types). These treatments will be inserted based on the particular subject's treatment cell.)
(supplier scenario, given to all subjects in the "supplier" cells; Paragraph 2)

       A publicly traded, manufacturer of mobile computer products (scanners and PDA computers), located in a major metropolitan market on the east coast, is experiencing an unprecedented reduction in sales growth. The firm's gross sales exceeded $2.0 billion for the fiscal year ending December 31, 2012, has over 25,000 employees and has a global presence. Recently, the firm's Vice President of Channel Sales contacted us for our advice concerning an impending business issue. He has decided to introduce an electronic direct sales channel to increase profit margins. This new web site will allow end users to purchase directly from the manufacturer, thereby, bypassing the resellers (in some cases). As things stand now, approximately 90% of the companies' products are sold through these value-added resellers. These resellers purchase the equipment from the manufacturer and stock it for their local customers. The resellers generate profit by reselling the devices with a markup, selling their own proprietary software along with the devices and through installation and consulting fees. After a year of development, the channel manager is unveiling the new web site. We attended the national reseller meeting where the VP of Channel Sales made his announcement. (insert one conflict type, either high or low: cognitive conflict or affective conflict or process conflict) (insert one level of trust, high or low: trust high) (insert one order of process conflict, early or late: order). Following the announcement and a question and answer period, the resellers separated into breakout groups. They discussed their thoughts and concerns about the new internet channel.
(distributor scenario, given to all subjects in the "distributor" cells; paragraph 2)

       A publicly traded, major value-added reseller (distributor) of mobile computer products (scanners and PDA computers), located in a major metropolitan market on the east coast, is experiencing an unprecedented reduction in sales growth. The firm's gross sales exceeded $2.0 billion for the fiscal year ending December 31, 2012, has over 25,000 employees and has a global presence. Recently, the firm's Vice President of Sales contacted us for our advice concerning an impending business issue. He has been learned that their supplier, from whom they purchase the computer devices they resell, has decided to investigate the possibility of introducing an electronic direct sales channel to increase profit margins. As things stand now, the reseller purchases approximately 90% of its inventory from this particular manufacturer. Inventory is purchased from the manufacturer and stocked for the reseller's local customers. The reseller generates profit by reselling the devices with a markup, selling its own proprietary software along with the devices and through installation and consulting fees. The VP of Sales wants us to predict what effect this new web site sales tool might have on the relationship it has with this manufacturer. We attended the national reseller meeting where the VP of Channel Sales made his announcement. (insert one conflict type, either high or low: cognitive conflict or affective conflict or process conflict) (insert one level of trust, high or low: trust high) (insert one order of process conflict, early or late: order). Following the announcement and a question and answer period, the resellers separated into breakout groups. They discussed their thoughts and concerns about the new internet channel.

III. Treatment Manipulations

Trust

High: Trust among the entire group has always been very high. Each and every member within the group and between the group and the manufacturer trust one another.

Low: Trust among the entire group has always been very low. Each and every member within the group and between the group and the manufacturer mistrust one another. Process Conflict Order

Early (prior to Cognitive Conflict): A review of the break out group findings indicated that the very first items that each groups hammered out was who was responsible for what and the best way to get the assigned tasks completed. There were brisk and constructive debates surrounding these issues and everyone seemed content with the outcomes. These process issues were addressed even before the groups addressed the task at hand.

Late (after Cognitive Conflict): A review of the breakout group findings indicated that the very first items that each groups hammered out were problems that the group members had with the tasks assigned. They debated the assumptions underlying the tasks they were assigned. For instance, one of the breakout groups was assigned the task of reporting on their thoughts about the impact of the manufacturer selling direct to end users. Most of the group's conversations revolved around why such a question is important and what is the real agenda of the manufacturer.

Cognitive Conflict

High: He made the announcement only after a rather lengthy statement concerning how much he values the input from the resellers and that the announcement he is about to make is not "set in stone." He wanted the input from the resellers, before he made a decision, because they are important contributors to the manufacturer's success. In comparable situations in the past, the channel manager and resellers had always been able to systematically work any differences in underlying assumptions about the task at hand. When certain members disagreed with the validity of tasks assigned through committee breakout groups, they freely voiced their concerns. Their concerns were considered, debated and, if the group agreed, were acted upon. They have often worked as a very cohesive, productive group on similar critical issues. Their debates have always been very heated and open but never confrontational. There is no reason to believe that this situation will be any different.

Low: He made the announcement only after a rather lengthy statement concerning how much he values the input from the resellers and that the announcement he is about to make is not "set in stone." He wanted the input from the resellers, prior to making a decision, because they are important contributors to the manufacturer's success. In similar situations in the past, there had been little debate over the underlying assumptions about the task at hand. Even though certain members disagreed with the validity of tasks assigned through committee breakout groups, they did not voice their concerns. There is no reason to believe that this situation will be any different.

Affective Conflict

High: He made the announcement only after a rather lengthy statement concerning how important this new channel was to the manufacturer and that the announcement he is about to make is not "set in stone." He did not mention any issues that might be germane from the perspective of the distributor. As a matter of fact, he began to personally attack several of his largest distributors. He attributed their lack of sales output directly to personality faults ("lack of killer instinct" to close sales). In comparable situations in the past, the channel manager

and resellers have always had heated arguments and several nearly led to physical assaults. There is no reason to believe that this situation will be any different.

Low: He made the announcement only after a rather lengthy statement concerning how important this new channel is to the manufacturer and that the announcement he is about to make is not "set in stone." He mentioned, only in passing, several key issues that might be germane from the perspective of the distributor. Several distributors felt uncomfortable with the direction of the speech. The distributors did not feel that they were being personally attached, immediately, but increasingly felt uncomfortable. They were not angry but certainly did feel awkward. In comparable situations in the past, the channel manager and resellers have always had brisk debates and the distributors usually walked away feeling a bit annoyed. There is no reason to believe that this situation will be any different.

Process Conflict

High: He made the announcement only after a rather lengthy statement concerning how much he values the input from the resellers. He also added that the announcement he is about to make is not "set in stone." He asked for input from the resellers and many of them raised their hands to speak. The debate was very animated but cordial. A vast majority of the debate concerned issues such as, "who is going to be responsible for making decisions concerning issues sales in individual territories?", "how much responsibility will the resellers have for web-based sales?" and "what exactly will be the responsibilities of the resellers?" Virtually no other discussions were held beyond these questions. It seemed like every single reseller had a comment to make about procedural issues. By the end of the meeting, all of the procedural issues had been addressed and everyone appeared content. The debate went on for approximately two-hours. The debate was vibrant and it appeared everyone was quite happy with the outcome. He had always considered the input from the resellers, before he made decisions, because they are important contributors to the manufacturer's success. There is no reason to believe that this situation will be any different.

Low: He made the announcement only after a rather lengthy statement concerning how much he values the input from the resellers. He also added that the announcement he is about to make is not "set in stone." He asked for input from the resellers and some of them raised their hands to speak. A vast majority of the debate concerned issues such as, "who is going to be responsible for making decisions concerning issues sales in individual territories?", "how much responsibility will the resellers have for web-based sales?" and "what exactly will be the responsibilities of the resellers?" This was a short discussion, lasting no more than seven minutes. Afterwards, the meeting ended with no one appearing disgruntled. The VP of Channel Sales had always considered the input from the resellers, before he made decisions, because they are important contributors to the manufacturer's success. There is no reason to believe that this situation will be any different.