On the Measurement of Interfirm Power in Channels of Distribution
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GARY L. FRAZIER*

Based in part on previous research reported in the marketing channels literature, an approach for measuring interfirm power is developed which centers on power's hypothesized sources. Within a dyadic channel relationship, the role performance of a firm in its primary channel responsibilities is seen to drive the level of the other firm's dependence in their relationship. This dependence, in turn, determines the former firm's level of power over the latter firm. Empirical results from a study in a franchise channel system are used to evaluate the reliability and construct validity of the proposed measures.

On the Measurement of Interfirm Power in Channels of Distribution

The study of interfirm power relationships has been the major focus of empirical research in the marketing channels literature. Though our understanding of the role of power in shaping interfirm interactions has been increased substantially by this research stream, the measurement of power remains problematic. Reve and Stern (1979) note that little attention has been paid to measure validation in previous empirical research on power in distribution channels and contend that some of the weak relationships found in these studies may be due, in part, to insufficient operational measures. Further progress in understanding the role of power within interfirm interactions will be limited unless reliable and valid measures of power are developed.

The general goal of this article is to aid channel researchers in developing and utilizing adequate measures of power. Toward this end, it has three specific objectives: (1) to clarify the current conceptual framework on power, and develop an extended power measurement approach based on dependence theory, (2) to review previous power measurement approaches, and (3) to evaluate the reliability and construct validity of the proposed measures on the basis of a study in the automobile distribution channel.

CONCEPTUAL FRAMEWORK

Power has been defined consistently in the marketing channels literature as the ability of one channel member to influence decision variables of another channel member, a potential for influence on another firm's beliefs and behavior (cf. El-Ansary and Stern 1972). This definition implies the need to distinguish the possession of power from (1) means or methods of applying it and (2) levels of achieved influence (cf. Bacharach and Lawler 1980). A firm can have power without using it. Moreover, a decision to apply power does not mean that the firm will be successful in reaching its influence objectives. Finally, situational factors (e.g., the economic climate) can interfere with the translation of a firm's power into a corresponding change in the beliefs and/or behavior of an associated firm (Pollard and Mitchell 1972).

Emerson (1962), who similarly viewed power as a potential for influence, proposed that the basis for one party's possession of power in a dyadic relationship lies in the other party's dependence therein, its need to maintain the relationship in order to achieve desired goals (also see Beier and Stern 1969). If a target firm is highly de-

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1French and Raven's (1959) bases of power approach has been used as an alternative method for measuring a firm's power. It was not utilized in this study because each base of power appears better conceptualized as a means of applying power rather than as a source of power. See Bacharach and Lawler (1980) for a critical review.
DEPENDENCE IN A DYADIC CHANNEL RELATIONSHIP

The concept of role performance appears to be extremely important in explaining the level of a target’s dependence in an exchange relationship. Organizations are not able to generate internally all the resources and functions required to sustain themselves and, therefore, managers must enter into transactions with other organizations supplying such requirements (Aldrich 1979). When two firms decide to initiate an exchange relationship, each will agree to perform certain tasks and hold certain responsibilities to facilitate exchanges of products, services, and information between them and ultimate consumers. “The allocation and exchange of resources in commercial channels first require a specification of role relationships for each of the channel members who will or do already act within a given interorganizational system” (Stern and El-Ansary 1977, p. 278). Each firm may also assume the other will carry out certain responsibilities based on their respective channel positions (Gill and Stern 1969).

When actual exchanges of products, services, and information begin, the role performance of each firm (how well a channel role is actually carried out) will determine, in large part, the outcomes, both actual and perceived, achieved in the relationship (e.g., sales, profits). For example, the generation of consumer demand through the marketing mix, the provision of customer service, and the offering of interfirm assistances and boundary personnel advice are among the major elements of a manufacturing firm’s role in most distribution channels. A manufacturer’s performance on each of these role elements as perceived by associated wholesalers and retailers should be seen to have an important influence on their goal attainment. When the level of a source firm’s role performance is perceived as being high, the target should be highly motivated to maintain the exchange relationship. Furthermore, the higher the perceived role performance of a source, the fewer the alternatives that should be available to the target to replace it sufficiently.

Figure 1
THE DEVELOPMENT AND MAINTENANCE OF DEPENDENCE IN A DYADIC CHANNEL RELATIONSHIP

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*After implementation of the relationship and/or after receipt of outcomes from the relationship in terms of such variables as sales and profits, a respecification of the channel role of each party can take place (Stern and El-Ansary 1977).*

By specifying the primary elements of a source firm’s channel role, one can identify the domain of elements needed to represent a target firm’s dependence in the relationship. Figure 1 summarizes the main points of the preceding discussion.

**PREVIOUS POWER MEASUREMENT APPROACHES**

Though power has been consistently defined conceptually in the marketing channels literature, the manner in which it has been operationalized has varied considerably in field studies. Two approaches have used measures of a firm’s achieved influence to reflect power. El-Ansary and Stern (1972), Hunt and Nevin (1974), Wilkinson (1974), Etgar (1977, 1978), and Lusch and Brown

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Within this article, the “source” is a firm which seeks to influence another firm’s behavior and/or decision making. The “target” is the recipient of this influence attempt. It is recognized that each firm within any dyadic channel relationship may attempt to attain influence on the other’s behavior and/or decision making over time (Beier and Stern 1969; Etgar 1976).

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3The “role performance” rationale and its connection with dependence are supported, in part, by Stern (1977, p. 18) when he states, “Because every channel member is responsible for some phase of channel task accomplishment, each member is dependent to some extent on the other members within the network.” The level of the target firm’s dependence should vary on the basis of how well the source firm performs these tasks. Hunt and Nevin (1974) and Lusch (1976, 1977) indicate that the “quality” of a firm’s assistances to other business firms (e.g., training programs, operation manuals) will be an important source of the firm’s power. The role performance rationale broadens this notion and predicts that a firm’s performance on all primary intrachannel responsibilities, including the development of interfirm assistances, will affect the other firm’s dependence within the channel relationship.
(1982) used attributed influence measures. Targets evaluated the degree to which a source firm had achieved influence or control over certain elements of their behavior and/or decision making. In contrast, Etgar (1976) devised an index of influence to reflect power based on whether or not insurance agents had to consult with their current insurers as to the choice of additional insurers, commit a minimum annual premium volume to their insurers, and maintain a given risk mix of customers.4

Power and achieved influence may not be that highly correlated in many instances. Furthermore, an analysis of (1) power acquisition, (2) the effective use of power, and (3) the manner in which power is related to levels of target belief change as well as behavior change in exchange relationships is not possible when power is measured this way. Finally, it is not clear that these measures adequately reflect a firm’s achieved influence, for their reliability and validity have not been established.5

A more promising power measurement approach centers on developing measures of power’s hypothesized sources. El-Ansary and Stern (1972) also devised measures of dependence and a firm’s bases of power. Dependence was considered to be a function of the importance of: (1) the percentage of the channel member’s business contracted with the other firm, (2) the size of the contribution that business makes to the firm’s profits, (3) the commitment of a channel member to another member in terms of the contribution of the latter’s marketing policies to its business, and (4) the difficulty in effort and cost faced by a channel member in attempting to replace the other as a source of supply or as a customer. In measuring a firm’s bases of power, El-Ansary and Stern (1972) identified 17 characteristics, assistance, and customer service issues where a firm can provide another firm (e.g., selective distribution, financial and business advice). Each was measured in terms of its perceived importance to the target firm. El-Ansary (1975) used the same data base, but cast it only in the dependence framework. Etgar (1976) utilized similar measures of dependence and a firm’s bases of power.

Though Hunt and Nevin (1974), like El-Ansary and Stern (1972), measured power directly through an attributed influence measure, they also developed measures of a firm’s noncoercive and coercive bases of power. In terms of the former, they identified a number of franchisee assistance programs designed to aid franchisees in running their businesses. Franchisees rated the quality of each assistance; the higher the overall quality, the higher the franchisee’s noncoercive bases of power. They identified six coercive bases of a franchisee’s power: (1) control of the building, (2) control of the land, (3) restricting the franchisee’s right to sell the franchise, (4) the fairness of the agreement, (5) perceived need for legislation, and (6) threatening to revoke the franchise. Lusch (1976, 1977) followed the same basic approach except he identified a slightly different set of coercive bases of power: (1) slow delivery of vehicles, (2) slow payment on warranty work, (3) unfair distribution of vehicles, (4) turnarounds on warranty work, (5) bureaucratic red tape, and (6) threat of termination. The greater the perceived likelihood of a franchisor using each of these sources if the franchisee does not comply with its desires, the greater the “coercive” bases of power predicted for the franchisee.

Several points must be discussed about these attempts to measure a firm’s sources of power.

1. The reliability and validity of these measures have not been established. Indeed, only Lusch (1976, 1977) explicitly considered such issues, specifically the reliability and the content and discriminant validity of his measures.

2. Rather than using only importance ratings or performance ratings on the role elements of a source firm, one could use them jointly in specifying a target’s dependence in a channel relationship.

3. General performance data such as the importance of a firm’s contribution to another firm’s sales volume or profits have less applicability in channel relationships where all of a firm’s sales and profits are based on one supplier’s products and services—a common situation in franchise channel relationships. In such cases, the sources of a firm’s power can still vary considerably across alternative channel relationships.

4. El-Ansary’s (1975) empirical results suggest that the two dimensions Emerson (1962) proposed to drive a target’s dependence (i.e., goal mediation and availability of alternatives) are not independent. When a source firm is seen to make significant contributions to a target’s goal attainment, there should be a relatively small number of alternatives available to replace it sufficiently (also see Bacharach and Lawler 1980).

5. The coercive bases of power utilized by Hunt and Nevin (1974) center on either (a) achieved influence based on the franchise agreement or (b) use of a firm’s power in a coercive fashion. Lusch’s (1976, 1977) measures of coercion center only on the latter dimension. Use of coercion can generate levels of achieved influence in the short run but can decrease the target’s dependence on the source and therefore decrease the source’s power in the future (Bacharach and Lawler 1980). As such, these measures were not considered for inclusion in this study.

6. It appears extremely difficult to distinguish between “elements of dependence” and “bases of power” (noncoercive in nature) as sources of a firm’s power. The bases of power El-Ansary and Stern (1972) identify and

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4El-Ansary and Stern (1972) and Wilkinson (1974) asked the respondents to assess not only the influence other firms had over their firm, but also the influence that their firm had achieved with the other firms.

5The attributed influence approach may have considerable response bias associated with it (March 1955). Because of the multitude of possible influences on any decision or behavior, the complexity of making attributions of influence is evident (Kaplowitz 1978). A target may not be completely aware of being influenced because of certain attribution and cognitive selection processes (e.g., selective perception and retention).

Etgar’s (1976) index is composed of variables reflecting a firm’s formalized influence in a relationship, normally established within interfirm agreements when channel relationships are initiated. Therefore this approach samples only a subset of the total domain of behaviors or issues on which a firm can attain influence in an ongoing relationship.
the noncoercive bases of power of Hunt and Nevin (1974) and Lusch (1976, 1977) can be incorporated easily into the dependency framework. Each of these bases represents an important element of a firm’s channel role where its performance is very important in determining the dependence of the other firm in its dyadic channel relationships. These bases were evaluated and, in certain cases, adopted as role elements in this study.

METHOD

Research Setting and Activity System

A franchise system, the automobile distribution channel, was selected as the setting for the empirical study. Because manufacturers have a power advantage in relation to their dealers (Lusch 1976), questions of whether power exists as a construct or which member has the greatest power within each interfirm dyad in this channel are largely alleviated.

Prestudy interviews identified two aspects of the manufacturer’s organization, the corporate strategic center and the boundary personnel tactical center, where the role performance of the manufacturer and/or its representatives was considered critical by the dealers in determining their dependence levels. The corporate strategic center is that segment of the organization where operational plans and strategies for the organization and its personnel originate. At this dimension, dealers indicated that the manufacturer’s ability to (1) generate consumer demand for its products based on primary marketing strategy variables and (2) develop high quality assistance to aid dealership operations were important elements of its channel role. The boundary personnel tactical center is where strategic concepts and operational policies of the corporate body are translated into action and carried forward. Dealers indicated that the primary elements of the manufacturer’s boundary personnel’s role in the relationship involved (1) coordinating car allocation and delivery, (2) coordinating reimbursement for warranty claims and vehicle preparation, (3) advising the dealer on business-related issues, and (4) cooperating with the dealer on matters of concern to each party in the channel relationship. Previous research on power reported in the channels literature has also recognized the importance of these variables (cf. El-Ansary and Stern 1972; Hunt and Nevin 1974; Lusch 1976).

Role performance at each center is expected to interact to a degree. Boundary personnel may be constrained in coordinating product and information flows in the channel if the corporate body does not have adequate production, inventory, order processing, and delivery functions and adequate customer service policies. Additionally, the corporate body’s ability to hire, train, and then retain quality people will certainly affect role performance at the boundary personnel center. By working closely with the dealer in explaining and implementing certain interfirm assistances, boundary personnel can enhance the dealer’s evaluation of their quality.

The Sample and Data Collection

Because of limited time and resources, and because manufacturer personnel were reluctant to talk candidly about relationships with dealers, data were collected only from automobile dealers. A mail survey of new car dealers in Indiana, Illinois, and Ohio by means of a structured, self-administered questionnaire was used to gather the data. Prestudy interviews indicated that one individual in each dealership, the “dealer principal” (either an owner, co-owner, or general manager) has primary responsibility for interactions with the manufacturer and for making decisions based on these interactions; the manufacturer’s ability to influence the dealership’s behavior is based on the dealer principal’s perceptions of the manufacturer’s role performance. Therefore, he appeared to be the only individual in each dealership “qualified” to participate in the study and provide the required information.

Initially, a letter introducing the project was sent to each of 944 dealers. A few days later the first wave of questionnaires was sent with a cover letter. A followup questionnaire was sent two weeks later to those who had not responded to the original questionnaire. For the majority of the dealerships in the sample frame, the personal name of the dealer principal was available and used in the mailing process. These individuals were instructed to answer the questionnaire on the basis of interactions related to their primary make of vehicle (i.e., the make of which the dealership sold the most units in 1978).

The final response rate was 46.1% which compares very favorably with the rates reported for previous empirical studies on interfirm relationships in distribution channels. Only 12 of the returned questionnaires were unusable because of incomplete information. Of the 423 usable questionnaires, 92 were produced on the second wave. The dealers in the achieved sample parallel the nationwide distribution of dealers on the variables very closely. Several experts in the industry concurred that the role performance data appeared to be representative and not biased. Finally, dealers from the two waves were compared on certain dealer demographic characteristics and attitudes as well as the primary constructs in the study (Armstrong and Overton 1977). Hotelling’s $T^2$ statistic computed for each variable set indicates no significant differences (i.e., $p < .1$) between first and second wave respondents. Nonresponse bias therefore does not appear to be a serious problem.

Operational Measures of Power Based on Dependence

Prestudy interviews indicated that dealers had well-formed perceptions of industry average performance on major role elements of manufacturers in the automobile industry, and that relative performance ratings were more

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*Phillips' (1981) discussion of potential problems with sampling only one individual from each organization appears most applicable for studies of medium to large organizations.*
appropriate than absolute performance ratings in reflecting levels of their dependence on their manufacturer. Dealers indicated how well their manufacturer or its boundary personnel perform in comparison with industry average performance on each of the following role elements: (1) manufacturer-generated demand for the make, (2) cooperativeness of the manufacturer reps on interfirm issues, (3) car allocation and delivery, (4) interfirm assistance, (5) quality of advice from the manufacturer reps, and (6) reimbursement for warranty claims and vehicle preparation. Eleven-point scales ranging from −5, "very poor," through 0, "average performance," to 5, "very good," were used. Each dealer also indicated the relative importance of each manufacturer role element to his firm's goal attainment on an 11-point scale ranging from 0, "not important at all," to 10, "extremely important." Theoretically at least, good performance by a source on an issue of relatively low importance to a target should not have the same impact on dependence as good performance on an important issue.

Evaluating the Dependence Measures of Power

Reliability

Coefficient alpha was calculated to be .81 for the weighted measure of role performance at the boundary personnel center and .83 for the unweighted measure. In terms of the two items used to reflect role performance at the corporate center, the split-half reliability coefficient after full scale adjustment was .66 for the weighted measure and .70 for the unweighted one. In early stages of research, modest reliability in the range of .5 to .6 will suffice (Nunnally 1978). Thus, these results are interpreted to indicate reasonable levels of internal consistency among the items designed to reflect role performance at each interfirm business center.9

Construct Validity

Content and face validity. The final questionnaire was rigorously constructed on the basis of a review of previous research on power in the marketing channels literature and unstructured personal interviews with approximately 40 new car dealers. These dealers confirmed that the role performance of their manufacturer at both the corporate and boundary personnel centers, in comparison with industry average performance, was central to determining the level of their dependence on their manufacturer in the channel relationship. They also helped to identify the specific elements of manufacturer role performance used in the questionnaire. Finally, a series of pretests of the questionnaire with dealers were conducted to ensure that the items were appropriate and worded properly. The measures' content validity appears strong.

To assess the face validity of the measures, the means on the performance and importance ratings are reported in Table 1. There are significant differences in means on the performance measures across manufacturer makes. The ranking of the mean ratings across manufacturers on generated demand directly reflects the order of relative market shares in 1978. Ford and Chrysler had relatively poor records of allocating and delivering cars in 1978 (Automotive News 1978b, 1978c, 1978d) and had the lowest mean performance ratings on this variable. Chrysler's poor standing on providing assistance and being cooperative may be due to its cutting of dealer discounts and poor coordination between marketing efforts and vehicle availability in 1978 (Automotive News 1978a, 1978d).10

The means of the importance ratings are given in the right column of Table 1. The relative importance of the role elements varies significantly as suggested in prestudy interviews. Generation of demand and the "coordination" issues have significantly higher mean importance ratings than the other role elements (p < .001). Additionally, the mean importance of cooperation is significantly higher (p < .001) than that of assistance and advice. The relative importance of the performance dimensions remains stable across manufacturer makes, suggesting common perceptions of the relative importance of these elements to a firm's goal attainment across the dealers as a group. The data in Table 1 are interpreted as indicating a high level of face validity for the performance and importance ratings.

Discriminant validity. Confirmatory factor analysis was used to assess the discriminant validity of the role performance elements, whether or not role performance at the corporate strategic center is distinguishable from role performance at the boundary personnel tactical center. The model tested is described in Table 2, part A. To test the nature of the interaction between the corporate and boundary personnel centers, both orthogonal and non-orthogonal solutions were examined. When nonzero covariances are allowed between the factors, the hypothesized two-factor structure provides an acceptable fit to the data for the weighted measures (χ² = 11.77 with 8 d.f., p < .162). In the orthogonal solution (weighted measures), the hypothesized factor structure fails to represent the data to an acceptable degree (χ² = 60.84 with

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9The analysis results reported hereafter are stable within as well as across each manufacturer make (e.g., Ford, Chrysler Plymouth).
9 d.f., $p < .000$). Similar results were obtained when the model in Table 2 was tested for the unweighted measures.

These findings indicate, as expected, a significant degree of correlation between the role performances at each dimension. More important, on the basis of the nonorthogonal solution results, the discriminant validity of the dependence measures is established. Though these results do not prove that the two dimensions relate to the hypothesized dimensions, the corporate and boundary personnel centers, they are supportive of this conceptualization.

Table 2
TESTS OF THE MEASURES’ DISCRIMINANT VALIDITY

<table>
<thead>
<tr>
<th>A. Model tested through confirmatory factor analysis</th>
<th>Factor 1</th>
<th>Factor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer-generated demand</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Interfirm assistance</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Quality of advice</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Car allocation and delivery</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Reimbursement for warranty claims and vehicle preparation</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Results of nonorthogonal factor analyses of the role performance elements</th>
<th>Weighted performance ratings</th>
<th>Unweighted performance ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor pattern matrix</td>
<td>Factor pattern matrix</td>
</tr>
<tr>
<td></td>
<td>Factor 1</td>
<td>Factor 2</td>
</tr>
<tr>
<td>Manufacturer-generated demand</td>
<td>.93</td>
<td>-.09</td>
</tr>
<tr>
<td>Interfirm assistance</td>
<td>.75</td>
<td>.16</td>
</tr>
<tr>
<td>Quality of advice</td>
<td>.03</td>
<td>.83</td>
</tr>
<tr>
<td>Cooperativeness</td>
<td>.04</td>
<td>.83</td>
</tr>
<tr>
<td>Car allocation and delivery</td>
<td>-.06</td>
<td>.78</td>
</tr>
<tr>
<td>Reimbursement for warranty claims and vehicle preparation</td>
<td>.02</td>
<td>.73</td>
</tr>
</tbody>
</table>

Nonorthogonal factor analysis was used to obtain operational measures of role performance at each center for each dealer. Through a comparison of several nonorthogonal solutions, the best solution in terms of the clearest distinction in loadings between the two factors occurred when correlated at .49 for the weighted measures and .45 for the unweighted measures. Table 2, part B reports the factor pattern matrix with the loadings of each performance element on each factor for each measure which resulted from these solutions. The resulting factors explain 67.4% of the variance in the original six performance elements when weighted by the importance ratings and 70.8% of the variance when unweighted.

Convergent validity. Thibaut and Kelley (1959) indicate that a target’s willingness to sever a relationship is an indicator of dependency as it is presumably determined by the value of the current relationship in comparison with the value of the available alternatives (also see Cadotte and Stern 1979). Therefore the following item was included in the questionnaire: “What are the chances out of 10 that you would switch to another make if you had the opportunity?” It was expected a priori that this item would be related more highly (in a negative sense) to role performance at the corporate center because it includes the generated demand variable. Though they may not be ideal measures for establishing convergent validity because they are not maximally different, these alternative measures of dependence are substantially different approaches in measuring this concept.

The correlation coefficients between “chances of switching” and role performance at the corporate and at the boundary personnel dimensions are $-.55$ and $-.40$, respectively, for the weighted measures. For the unweighted performance measures, the correlations are slightly lower at $-.53$ and $-.39$, respectively. Each correlation is significant beyond the $p < .001$ level. In each case, the more dependent a dealer is in the relationship based on manufacturer role performance, the lower the chances of the dealer wanting to switch to another make. As expected, the strongest relationship is between “chances of switching” and role performance at the corporate center. Because the coefficients are of moderate
strength, they are interpreted to demonstrate adequate levels of convergent validity for the dependence measures. 11

Nomological validity. Five constructs are used in this study to test the nomological validity of the dependence measures. First, a target firm's dependence as a measure of power should be related positively to the target's satisfaction in the overall business relationship. If the source firm is seen to contribute greatly to the target meeting its goals by performing well on its channel role, the target should be relatively satisfied with the overall business relationship (Robicheaux and El-Ansary 1975). Empirical results of Hunt and Nevin (1974) and Lusch (1977) indicate that a target's satisfaction is related positively to the quality of a source firm's assistances. The satisfaction construct was operationalized by asking each dealer to respond to the following statement on a 7-point scale ranging from 1, "strongly disagree," to 7, "strongly agree": "I am generally satisfied with my dealership's overall relationship with the manufacturer."

The perceived interest of the source firm in the target firm's welfare should also be related positively to the target's level of dependence in the channel relationship. Targets highly dependent due to high levels of the source firm's contributions to their goal attainment may perceive a relatively high level of goal compatibility. At the very least, any goal incompatibility that exists in such cases would not have the impact that it would if the source contributed very little to the target's goal attainment (i.e., low dependence). As Stern (1977) indicates, given relatively high levels of goal compatibility, the source firm may be perceived as being interested in the target firm's welfare and profitability as a result. Dealers responded to the following item in measuring this construct: "The manufacturer is very interested in helping me make my dealership profitable." A 7-point scale ranging from 1, "strongly disagree," to 7, "strongly agree," was also used here.

Finally, the dependence construct should be related positively to levels of the firms' agreement on general business strategy. In relationships where the source firm contributes much to the target firm's goal attainment, the source's credibility should be relatively high and the target should be highly committed to maintaining the relationship (cf., Bonoma 1976). Information and/or opinions provided to the target firm by the source firm should be considered to a relatively great extent in such cases and help promote relatively congruent perceptions of decision strategy in the relationship (Pfeffer and Salancik 1978). Results of an empirical study by Hall and Clark (1975) centering on interactions between organizations dealing with problem youth indicated that the perceived level of an organization's performance on its basic tasks was related strongly in a positive fashion to the compatibility of the organizations' operating philosophies. Dealers indicated the degree to which they agreed with manufacturer or manufacturer representative positions and viewpoints on three dealership decision issues: new car inventory levels, percentage of parts purchases from the manufacturer, and warranty claims. Seven-point scales ranging from 1, "strong disagreement," to 7, "strong agreement," were used in their measurement.

A priori, dependence based on role performance at the boundary personnel center was expected to exhibit the strongest relationships with these variables. As boundary personnel are responsible for coordinating product and information flows, providing advice, handling everyday problems, and representing their firm in personal contacts in the ongoing channel relationship, their ability to carry out their role and interact with dealers may be perceived positively by them.

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11 Though the correlations are certainly not as high as one might desire, measures of complex attitudinal constructs rarely produce high correlations. Furthermore, as Nunnally (1978) suggests, one cannot expect the correlations of multiple-item scales with single-item scales to be extremely high in convergent validity tests because of the effects of limited response categories on correlation coefficients (also see Lusch 1977).
relatively important in determining levels of dealer agreement on basic decision strategy, and driving dealer perceptions of the manufacturer’s interest in their goals and their satisfaction with the overall business relationship.

Table 3 reports the partial correlation coefficients between the preceding variables and the dependence measures. Each coefficient is in the expected direction (positive), significant at the p < .001 level or beyond, and at a moderate level. As expected, dealer dependence based on role performance at the boundary personnel center has relatively strong relationships with these variables. In each case, the partial correlation coefficients for the weighted performance measures either exceed or equal those for the unweighted performance ratings, although the differences are small. Even though the consistency of these results is encouraging, no conclusive claims about the nomological validity of these measures can be made until the theoretical basis underlying these relationships becomes better established.

**DISCUSSION**

The role performance measures of dependence appear to be adequate in terms of internal consistency as well as content, face, and discriminant validity. Promising levels of convergent and nomological validity also are demonstrated for these measures, although any conclusions about validity drawn from these results should be considered tentative because of (1) shared method variance resulting from the exclusive use of self-report measures from the same subjects and (2) the absence of a well-established theoretical framework that has gained wide acceptance. Role performance at the corporate center is related more strongly to dealer “chances of switching” relationships (a second measure of dependence) whereas role performance at the boundary personnel center is related more strongly to the dealer satisfaction, manufacturer interest, and agreement on decision strategy variables, indicating that the distinction between these two dimensions of the business organization is important in this research.

The weighted role performance measures generally outperform the unweighted measures in the convergent and nomological validity tests, although the differences in correlation coefficients are small. If their inclusion does not greatly increase questionnaire length and hamper respondent involvement in the study, the use of importance ratings in future studies should be considered because of increased information and the possibility of slightly stronger variable relationships. However, the results herein are not strong enough to mandate their inclusion in future research.

On the whole, the evidence reported here on the general role performance approach is encouraging and channels researchers should seriously consider it when formulating studies on interfirm power. The main strength of the role performance approach is that it provides an underlying rationale to (1) explain how a firm’s dependence is built and maintained in a relationship and (2) help specify the domain of interfirm elements needed to represent adequately a firm’s dependence on another firm. A target’s contribution to its own goal attainment is excluded in measuring dependence based on the source firm’s role performance.

**Issues of Controversy**

Comments from several marketing scholars identified some issues of controversy in the measurement of interfirm power and the role performance approach. The following issues and accompanying questions deserve careful consideration by any channels researcher developing operational measures of power.

1. **Multiple versus single informants-respondents.** When is the collection of data from more than one individual in each organization clearly required? When is an individual acting as a “respondent” rather than an “informant?”

2. **The corporate strategic center and the boundary personnel tactical center.** Are they separable and meaningful dimensions of an organization in most distribution channels?

3. **Comparison level for performance.** Is “industry average performance” generally the appropriate standard to use in evaluating a firm’s performance? Would it be better in certain channels and certain organizations to have targets compare the performance of their current exchange partners with the performance of a “primary competitor” or the channel leader?

4. **General role elements and their components.** Is the measurement of performance and importance ratings on general role elements (e.g., interfirm assistance) sufficient or should such data also be collected on each of a general role element’s components (e.g., operating manuals, training programs)?

5. **Role performance and dependence.** To what extent does role performance adequately reflect the availability of alternatives to the target? What other factors contribute to a target’s dependence in a relationship, such as the investments a target has made therein and expected future rewards/performance?

6. **Relative versus absolute levels of power.** Can useful

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12 In relating these variables to the dependence measures, it was considered desirable to control for five variables in the analysis. First, channel policies may vary across manufacturers on the basis of such factors as market position, tradition, mores in an organizational system, and personnel policies. Thus the primary manufacturer make may have an important effect on the quality of the boundary personnel and their resulting role performance. Second, dealers who are located in multiple-point trade areas primarily in or around large metropolitan areas may be pressured by boundary personnel to a greater extent than single-point dealers because of volume considerations and intramake competitive factors. Third, if a dealer has more than one manufacturer make, each with relatively equal sales volume, he may not be very dependent on any one make and may therefore resist influence attempts to a great extent. Fourth, high sales volume dealers may have more potential influence over the boundary personnel than low volume dealers. Finally, a dealer who belongs to a 20-dealer group may be relatively progressive and have group support in his resistance to various manufacturer policies. The items used to measure these variables are available upon request.
managerial recommendations be based on knowing the absolute power of only one member of the dyad?

The methodology of any study on power must be tailored to the channel and type of organization being studied, and the particular research issues of interest. Extensive prestudy interviewing and pretesting of the measurement instrument are a necessity. Undoubtedly, measuring the role performance perceptions of both members of the dyad would afford considerable insight. Though this article raises several conceptual issues and presents measures that may prove useful in future research, hopefully its primary contribution will be to serve as the basis for future measurement studies on interfirm power.

REFERENCES


