

LEADERSHIP STYLES, CULTURE AND COOPERATION IN GLOBAL MARKETING CHANNELS

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Overview

With the intensification of international competition during the 1980s and 1990s, organizations have increasingly forged cooperative strategic alliances with their marketing channel members to meet the demands of the global marketplace. Firms have become more dependent on one another and have placed added emphasis on interfirm cooperation. However, the literature addressing how cooperation in marketing channels can be fostered is limited. This study examines the relationships between chan-

nel leadership style and cooperation in marketing channels. Additionally, the relationships among national culture, leadership style, and cooperation in international marketing channels are considered.



■ Overview

With the intensification of international competition during the 1980s and 1990s, organizations have increasingly forged cooperative strategic alliances with their suppliers and marketing channel members to meet the demands of the global marketplace. Firms have become more dependent on one another (Culpan, 1993) and have placed added emphasis on fostering interfirm cooperation (Morriss and Hergert, 1987). Given this interdependent, integrated global environment, some authors have resurrected the proposition that marketing channel relationships are based more on interorganizational cooperation than on power and conflict (Dant and Monroe, 1988; Reve, 1980, 1986; Stern and Reve, 1980).

One of the possible determinants of cooperation in marketing channels is leadership behavior (English and Arnold, 1987). Specifically, the style of leadership behavior exhibited by the channel leader may influence the degree of cooperation in global marketing channels (Mehta, Larsen, and Rosenbloom, 1996). However, due to cultural differences, management and subordinate attitudes and behavior differ from country to country (Cateora, 1995). Preferred leadership styles may differ, and the way that these leadership styles are interpreted and responded to may be influenced by culture (Hofstede, 1980, 1984a, 1984b). Thus, the purpose of this study is to examine the relationships among national culture, channel leadership style, and cooperation in marketing channels.¹

■ Cooperation

From a managerial perspective, it is useful to view marketing channels as superorganizations composed of interdependent institutions, where participants must cooperate to perform distribution tasks in the course of simultaneously pursuing independent and collective goals. Further, a manufacturer (or some other channel member) needs to administer the channel to foster channel member cooperation in achieving the firm's distribution objectives (Rosenbloom, 1995).

Channel cooperation is defined as a "state or condition characterized by members' willingness to coordinate their activities in an effort to

help all channel members achieve superordinate goals” (Robicheaux and El-Ansary, 1976). Thus, cooperation is a central construct in marketing channels because, as Alderson points out, “cooperation is required if a behavior system is to act as a unit. Marketing channels cannot function without sustained cooperation in which each party knows what to expect from his opposite number” (Alderson, 1965; p. 239). Similar sentiments are echoed by Robicheaux and El-Ansary (1976) and Stern and El-Ansary (1992). In short, functional interdependence requires a substantial level of cooperation to perform the specific tasks necessary to make products and services available to final customers. Moreover, cooperation among channel members is necessary for organizations in the channel to maintain working relationships over time. Cooperation is facilitated in those channels whose members share similar goals and have a high degree of mutual interdependency.

Pearson and Monoky (1976) have viewed cooperation and conflict as opposites that lie on the bipolar extremes of a continuum. Stern and Reve (1980), however, have discredited such a conceptualization. In their theoretical treatise on distribution channels as political economies, Stern and Reve posit that cooperation and conflict are two dominant channel sentiments and behaviors which characterize interactions among channel members. While they are highly interrelated, cooperation and conflict are separate, distinguishable processes. Conflict or opponent-centered interference and blocking behavior may impede the accomplishment of mutual goals. But the absence of conflict will not produce joint-striving (cooperation). Because of mutual interdependencies, which exist among exchange partners in marketing channels, it is likely that conflict will always be present (Stern and Gorman, 1969; Schmidt and Kochan, 1972). Therefore, cooperation and conflict can co-exist in a relationship. This clarification is necessary because in the present study, cooperation, not channel conflict, is the focus of investigation.

■ Channel Leadership

Marketing channels have long been viewed as a network of dissimilar but interdependent institutions that have banded together for trade (Rosenbloom, 1995) and mutual advantage (Kotler, 1991). Despite the differing goals of independent channel members, the global marketing channel needs to function effectively as an integrated system in order to reduce redundancy of work effort and the inefficient allocation of distribution tasks and functions among channel participants (Ridgeway, 1962). To achieve this in an increasingly intense competitive global environment, organizations often forge strategic alliances with their channel

members in which the marketing channel operates as an integrated interfirm system under the leadership of one member (English and Michie, 1985; Etgar and Valency, 1983).

Channel leadership behavior represents the activities undertaken by the marketing channel leader to influence the marketing policies and strategies of target channel members to influence various aspects of marketing channel operations (El-Ansary and Robicheaux, 1974; Price, 1991; Schul, Pride, and Little, 1983). Many authors suggest that the marketing channel's effectiveness and long-run survival is significantly influenced by channel leadership behavior (El-Ansary and Robicheaux, 1974; Little, 1970). This is accomplished by the channel leader exercising appropriate channel leadership behaviors to induce channel members to cooperate and, in the process, perform at a superior level (Rosenbloom, 1995; Stern and El-Ansary, 1992).

Although research on leadership can be broadly categorized into the trait approach, the behavioral approach, the situational approach, and the power-influence approach (Higgins, 1994; House and Baetz, 1979; Stoner and Freeman, 1995), for over two decades researchers in marketing have been preoccupied with analyzing channel leadership by relying on the power-influence approach. While representing only one among a plethora of leadership theories, the power-influence approach has occupied a central place in the channels literature. By placing emphasis only on the power-influence approach as a means of exercising leadership, researchers have limited conceptual development in the area by not taking into consideration other theories of leadership that may also be applicable to the global marketing channels setting.

One of the prominent theories of leadership, the path-goal theory (House, 1971; House and Mitchell, 1974), has sustained tremendous research interest in organizational behavior. The central tenet of the path-goal theory is that to attain results that are organizationally desirable, certain tasks need to be performed. In essence, the tasks are the paths; the results are the goals. This theory suggests that leaders can influence the level of performance of group members by employing appropriate leadership styles (Stoner and Freeman, 1995; House, 1971; House and Mitchell, 1974).

The four leadership styles that are central to the path-goal theory are participative, supportive, directive, and achievement oriented. However, Barnett and Arnold (1989), who offer compelling arguments to justify the application of the path-goal leadership theory to marketing channel leadership, maintain that only the first three types of leadership styles are germane to marketing channels.

Participative channel leadership styles may increase the cooperation of channel members. Cooperation is a desirable outcome of this

type of channel leadership style (English and Arnold, 1987). By consulting with channel members, soliciting their suggestions, and considering their views in making decisions on designing and implementing channel-wide policies, a participative channel leader engenders cooperation. Encouraging target channel members to participate in decision making would evoke the perception that participants are an integral part of the overall distribution channel. By working with and considering channel participant input, channel leaders can increase cooperation among channel members. Joint striving toward individual and system goals through the process of coalescing with channel members would promote cooperation because the possibility of successfully attaining distribution objectives and systemic goals is increased.

English and Arnold (1987) also suggest that a supportive channel leadership style is a determinant of cooperation. A supportive channel leader considers the needs of channel members, displays concern for their well-being, attempts to establish mutual interest and trust, and looks out for their welfare. Described as considerate or expressive behavior (House and Mitchell 1974), this leadership dimension would foster the social integration of channel members. Further, by providing a pleasant task environment, building a team climate by showing interest, providing support, and showing trust, the channel leader would motivate channel members to cooperate with one another.

While a directive leadership style and cooperation have been conceptually linked (English and Arnold, 1987), a recent channels study empirically examined the nature of this relationship (Mehta, Larsen, and Rosenbloom, 1996). Related channels research suggests that formalized channel relationships, indicative of a directive leadership style, are positively associated with cooperation (Reve, 1980, 1986; Brown, 1981). Although it is also recognized that excessive emphasis on rules and regulations may stifle cooperation, channel members are more likely to understand and appreciate channel policies and guidelines instituted by a directive channel leader. Directive leadership in general, and formalization in particular, would reduce the redundancy and duplication of work effort because channel members know what tasks they are expected to perform, which, in turn, increases cooperation.

It is important to note that a channel leader may exhibit varying degrees of participative, supportive, and directive leadership styles. Moreover, a channel leader may exhibit all the three behaviors simultaneously, or have a greater propensity for using one style over the other two. In sum, the discussion above suggests that participative, supportive, and directive leadership styles are conceptually distinct constructs, but because they can be exhibited concomitantly, these behaviors may be empirically related.

■ Culture and Leadership Styles

Culture has been described as “everything that people have, think, and do as members of their society” (Ferraro, 1990; p. 18), and as “the collective mental programming of the people in an environment” (Hofstede, 1980; p. 45). The international marketing channel leader must be concerned with the cultural environment because culture shapes the values, assumptions, and behavior of individuals and organizations in society (Cateora, 1995). In some cultures intense, overt competition is prized, whereas in other cultures behind-the-scenes, consensus-building is valued. In some cultures decision-making is centralized, while in others it is decentralized. Therefore, strategies for effective management across different cultures may require adaptation of management strategies and tactics.

Leadership is an aspect of marketing channel management which is affected by the cultural environment, since channel members from different cultures may not respond the same way to a particular leadership style. Marketing channel leaders should recognize that a leadership style that is effective in one culture may not be as effective in another culture. To select an effective leadership style, the channel leader must be able to identify the cultural elements which affect individual and organizational behavior, and then match those cultural elements with the appropriate leadership style.

Hofstede (1980, 1984a, 1984b) has performed extensive research on culture and an in-depth analysis of the national character of managers aimed at detecting elements of structure in various cultural systems and the implications of these elements of structure on management. He identified four underlying value dimensions: (1) individualism versus collectivism; (2) large versus small power distance; (3) strong versus weak uncertainty avoidance; and (4) masculinity versus femininity.

Hofstede and Bond (1988), in concert with a group of Chinese scientists, have more recently identified what is purported to be a fifth dimension, Confucian dynamism. However, there is some evidence that this fifth dimension and the original individualism dimension are not independent, and are, in fact, highly correlated (Yeh and Lawrence, 1995). Thus, only the original four dimensions are explored in this study.

Highly individualistic societies place an emphasis on self-interest, and expect people to take care of themselves and their immediate families. Identity resides within the individual rather than in the groups or organizations to which a person belongs, and there is an emphasis on individual achievement. As a result, in individualistic societies, people strive to achieve an active role where their contributions will be noted and valued. However, they also expect the rules for behavior and re-

wards for achievement to be clearly stated in advance, so that they may map their path to individual advancement.

Collectivist societies are more motivated by group interests, and people expect groups to which they belong to look after them. Belief is placed in group decisions and the private life is not separate from the groups to which a person belongs. Further, individual opinions are pre-determined by those groups and absolute loyalty is owed to the group or organization (Hofstede, 1980; p. 48). In these types of societies interdependence among group members to assure the success of the whole is crucial. Therefore, trusting and personal relationships should be fostered.

Societies with strong uncertainty avoidance feel more threatened by uncertain or ambiguous situations. Thus, they tend to exhibit rigid and formal rules and do not tolerate unusual behavior or ideas. There is also a strong need for consensus, and a great concern with security, as well as higher anxiety and stress. Hence, people in these types of societies feel more comfortable with explicitly stated rules and regulations such as those evident in a directive leadership style.

In weak uncertainty-avoidance countries, while there are rules, they are considered more as a matter of convenience than immutable law, and are more easily changed. There is more of an acceptance of dissent and risk-taking (Hofstede, 1980; p. 47). People feel more comfortable offering alternative methods which may or may not be ultimately implemented. Also, a comfortable, friendly environment would be valued over a rigid environment that exacerbates stress. Consequently, weak uncertainty-avoidance countries are more consistent with participative and supportive leadership styles.

Power distance refers to the extent to which a society accepts that power is distributed unequally. In large power-distance countries, more subordinate dependence is expected and paternalism is the norm. People accept the notion that a level of inequality in the world exists and everyone has a set place within that order. Others are considered threats to one's power and are rarely trusted. It would be expected that there is a leader who dictates rules and regulations—a pattern consistent with a directive leadership style.

Small power-distance societies encourage more participation in decision making from subordinates. People are considered interdependent and inequality is minimized. Latent harmony exists among those in and out of power and there is more trust in others (Hofstede, 1980; p. 46). As a result, small power-distance countries are more consistent with participative and supportive leadership styles.

Masculine societies are associated with increased emphasis on materialism, acquisition, and the lack of concern for quality of life. Perfor-

mance is of paramount importance. Men are expected to dominate society, and sex roles are clearly defined and differentiated. People live in order to work. Thus, rules and rewards are expected to be clearly defined, which is consistent with a directive leadership style.

Feminine societies, on the other hand, emphasize solidarity and concern for others. Sex roles are more flexible and interdependence is the ideal. Service is a prime motivator and people work in order to live (Hofstede, 1980; p. 49). Due to the emphasis on equity and people's welfare, these types of societies are more consistent with participative and supportive leadership styles.

■ Channel Member Performance

By using channel members to serve its markets, manufacturers are dependent upon them for the efficient and effective performance of marketing functions (Lambert and Cook, 1979; Rosenbloom, 1979). Since channel members can significantly influence a firm's success or failure in the long run, manufacturers are becoming increasingly concerned about the level of performance of the institutions that comprise their marketing channels. Moreover, the level of performance attained by channel members is pivotal if a firm is to achieve a differential advantage (Porter, 1980, 1985; Rosenbloom, 1995). However, past research has not provided an adequate understanding of this phenomenon as it applies to marketing channels. Research on marketing channel performance has been secondary in emphasis (Hunt, Ray, and Wood, 1985) and little is known about what determines channel members to perform effectively in selling the products of the firms they represent.

Channel member performance can be defined as "the degree to which the channel member engages in behavior that contributes to the fulfillment of the channel leader's objectives" (Gaski and Nevin, 1985; p. 131). Cooperation is necessary for prolonged positive performance. Functional interdependence inherent in marketing channels requires cooperation in order to accomplish channel-related tasks (Robicheaux and El-Ansary, 1976). Without cooperation the working relationship and, hence, the system will disintegrate (Michie and Sibley, 1979; Stern, 1971; Stern and El-Ansary, 1992).

Mallen (1964) and Stern and Reve (1980) postulate that the more cooperative the channel relationship, the greater the profits attainable for the channel as a whole. In previous research efforts, the thesis that cooperation is a major determinant of channel member performance has been supported (Pearson and Monoky, 1976; Brown, 1979).

■ Hypotheses

As discussed above, leadership may be critical to the enhancement of cooperation in integrated marketing channels. Each of the three identified leadership styles has the potential for influencing the degree of cooperation in marketing channels. Thus, following from the previous discussion of participative, supportive and directive leadership styles, the first three hypotheses are:

H1: *A participative leadership style exhibited by the channel leader will be associated with a higher level of cooperation, as perceived by channel members.*

H2: *A supportive leadership style exhibited by the channel leader will be associated with a higher level of cooperation, as perceived by channel members.*

H3: *A directive leadership style exhibited by the channel leaders will be associated with a higher level of cooperation, as perceived by channel members.*

Ideally the next set of hypotheses would relate Hofstede's four cultural dimensions (individualism, power distance, uncertainty avoidance, and masculinity) to leadership style and cooperation, following from the previous discussion of culture and leadership styles. However, since in this study the sample was collected only in the United States, the hypotheses to be tested can relate only to expectations for the U.S. Comparative analyses between individualistic and collective societies, large and small power-distance, strong and weak uncertainty-avoidance, and masculine and feminine societies may be performed later, only after data have been collected from other nations.

In terms of the four cultural dimensions, the U.S. is a very individualistic society, has a weak uncertainty avoidance, a small power distance, and is a relatively masculine society (see Hofstede, 1984b, p. 85, for the scores for 50 countries). For example, since rigid and formal rules are not tolerated well, there is more encouragement for participation in decision-making from subordinates. Subordinate dependence is not necessarily expected. Thus, it would be expected that a directive leadership style would engender less cooperation in the U.S. than supportive and participative styles. While there are competing expectations for the participatory and supportive leadership styles across the four cultural dimensions, it may be expected that supportive leadership styles would engender more cooperation than participative leadership styles in the U.S. because of the U.S.'s score as the most individualistic nation

measured. In individualistic societies there is much less concern with the group or organization and more emphasis on individual achievement. Thus, the next two hypotheses are:

H4: *The positive association between a supportive leadership style and channel member cooperation will be greater than the positive association between a participative leadership style and channel member cooperation.*

H5: *The positive association between a participative leadership style and channel member cooperation will be greater than the positive association between a directive leadership style and channel member cooperation.*

The final hypothesis concerns the link between cooperation in marketing channels and channel member performance. Based on the above discussion of performance in marketing channels, the last hypothesis is:

H6: *Higher levels of cooperation, as perceived by channel members, are associated with higher levels of channel member performance.*

■ Research Methods

Sample and Administration

To test the hypotheses, data were collected to assess these relationships in a distribution channel in the U.S. automobile industry. In this industry, transactions among channel members are usually enforced by legal agreements or contracts (Rosenbloom, 1995). Given such arrangements between the manufacturer and dealers, the marketing channel system is characterized by an imbalance of power in favor of the manufacturer (Lusch, 1976). Moreover, given the high degree of functional interdependence among channel members in automotive channels, the manufacturer plays a well-defined role as the channel leader (Lusch, 1976; Schul, Little, and Pride, 1985; Schul, Pride, and Little, 1983).

A questionnaire was used to elicit responses from principal key respondents. Their perceptions have been found to be valid and reliable (Campbell, 1955; Schwenk, 1985). A pretest of 15 auto dealerships indicated that the General Managers were the most qualified to provide the necessary information because they had the primary responsibility to interact with the boundary personnel of their automobile suppliers. The survey was administered to the General Managers of automobile dealers

in two stages. In the first stage, 1,000 self-administered questionnaires were mailed and 47 questionnaires were hand delivered to the key informants for a total of 1,047 questionnaires. In the second stage, a follow-up letter was mailed to the survey participant a week later as a reminder to complete and return the survey.

Response Rate

Of the 1,047 questionnaires, 32 were returned as undeliverable. A total of 188 surveys were returned within the specified time, yielding a base response rate of 18.52%. Eleven questionnaires were considered unusable because of incomplete data and were removed from further analysis. This yielded a usable response rate of 17.43%, which approximates those reported in similar studies on distribution channels (Achrol and Stern, 1988; Dwyer and Welsh, 1985; John, 1984).

Nonresponse Bias

In all likelihood, the confidential nature of financial information on channel member performance being sought depressed the overall response rate. However, steps were taken to ensure the representativeness of the sample. To assess nonresponse bias, 25 randomly selected nonrespondents were contacted by telephone and asked to respond to several questions on organizational characteristics (Churchill, 1991). T-tests were used to determine if any significant differences existed between the respondents and nonrespondents with regard to the following key organizational characteristics: annual sales revenues, number of employees, number of years in operation and number of years affiliated with the automobile supplier. No statistically significant differences were found.

Measurement Scales

Existing multi-item scales whose psychometric properties have been previously assessed with adequate reported reliability and validity were employed to operationalize the constructs (Churchill, 1979, 1991; Nunnally, 1978).

Leadership Styles. The three dimensions of channel leadership were operationalized using scales developed by Schul, Pride and Little (1983), which consist of a total of nine perceptual measures of which three items each reflect participative, supportive, and directive channel leadership styles, respectively. Consistent with their recommendations, channel leadership style was operationalized using self-reported perceptual scales. The key informant in the dealership was asked to rate the

channel leader using these nine items on a Likert scale that ranged from "strongly disagree" to "strongly agree." A principal components factor analysis using a varimax rotation was performed on the data. The measures for participative, supportive, and directive channel leadership styles were represented by their extracted factor scores, respectively (see Table 1 for scales).

Cooperation. The scales to assess cooperation were originally developed by Childers, Ruckert, and Boush (1984). These nine items were designed to reflect joint striving towards individual or mutual goals or the degree of cooperation existing between the manufacturer and dealer, as perceived by the latter. The responses for these items were anchored by a Likert scale format ranging from "definitely disagree" to "definitely agree." A principal components factor analysis using a varimax rotation was performed on the data. Prior to the final data analysis, a composite index for cooperation was developed by averaging the six individual items that loaded significantly on its corresponding latent factor (see Table 2 for scales).

Channel Member Performance. In the channels literature, performance has been operationally defined and measured in different ways. In this study, channel member performance represents short term economic objectives of channel members. Key informants were asked to provide the following data: sales per employee (an indicator of channel productivity), annual sales, return on assets and total net profits (indicators of channel profitability).

Statistical Analyses

The hypotheses were tested via simple and multiple regression analysis. Prior to statistically testing the hypotheses, the psychometric properties of the various measurement scales were analyzed for content and construct validity (Churchill, 1979; Peter, 1981).

Content validity was assessed by comparing the extent to which the operationalized scales of each of the constructs adequately represented their specified domain. Interviews with key informants in the automobile distribution channels helped ensure that the specified domain of the construct was reflected in the measurement scales.

Principal components factor analysis was used to assess the psychometric properties of convergent and discriminant validity of the multi-item scales used to operationalize participative, supportive and directive channel leadership styles. Using a varimax, orthogonal rotation, the factor analysis yielded a three factor solution, which, as reported in Table 1, cumulatively accounted for 80.6% of the variation in the channel leadership scales. Eight of nine factors loaded significantly on their

TABLE 1: FACTOR ANALYSIS FOR CHANNEL LEADERSHIP STYLES: VARIMAX ROTATED FACTOR MATRIX

Multi-item Scales	Derived Factors (Labelled)		
	Participative Leadership	Supportive Leadership	Directive Leadership ^a
1. Our dealership has major influence in the determination of policies and standards for marketing the supplier's autos.	(.8086) ^b		
2. Good ideas from our dealership often do not get passed along to the supplier's headquarters. ^c		(.6902)	
3. Our dealership is not allowed to provide input into the determination of standards and promotional allowances. ^c	(.7033)		
4. There is definite lack of coaching, and feedback from the supplier. ^c		(.8553)	
5. Once the supplier sells us its autos it forgets all about us. ^c		(.5088)	
6. The supplier is highly interested in the welfare of our dealership.		(.5974)	
7. The supplier provides us sufficient guidelines and careful instructions on how to manage our dealership.			(.6192)
8. The rights and obligations of all parties concerned are clearly spelled out in the license agreement.			(.7793)
9. We are encouraged to use uniform procedures.			(.7979)
Eigenvalues	6.06	.99	.89
Present of Total Variation	67.4	7.7	5.5

^a While the eigenvalue for directive leadership style was not overly significant (>1.00), this factor was retained in the analysis given the conceptual nature of the leadership construct and the strengths of the coefficients for items loading on the factor (Schul, Pride and Little, 1983).

^b Loadings above .50 in parentheses

^c Scales reversed before factor analysis

corresponding constructs. Thus, the channel leadership scales demonstrated a high level of convergent and discriminant validity and are consistent with those reported by Schul, Pride and Little (1983).

The results of the factor analysis on the cooperation scales provided in Table 2 show that two principal latent factors were extracted, each of which had eigenvalues greater than one. The first factor accounted for 62.5% of the total variation with six of the nine items loading significantly on its corresponding a priori factor. Items 1, 2, and 7

loaded on the second extracted factor, which accounted for only 13.1% of the variation in the scales. A cut-off factor loading score of .50 was used for item-scale selection. However, due to the low percent of variation accounted for by the second factor, items 1, 2, and 7 were removed from subsequent data analysis. Thus, these results indicate that these multi-item scales had adequate construct validity based on the convergent and discriminant validity findings (Churchill, 1979; Peter, 1981).

■ Results

To assess the internal consistency of the multi-item scales used in this study, Cronbach coefficient alpha reliability estimates (Churchill, 1979; Cronbach, 1951) were computed. Presented in Table 3, the reliability estimates ranged from .83 for directive leadership, .87 for both participa-

TABLE 2: FACTOR ANALYSIS FOR COOPERATION: VARIMAX ROTATED FACTOR MATRIX

Multi-item Scales	Derived Factors	
	Factor 1	Factor 2
1. Our future goals are best reached by working with the primary supplier rather than against the primary supplier. ^c		(.9446) ^a
2. Our future profits are dependent on maintaining a good working relationship with the primary supplier. ^c		(.6933)
3. I don't think that we can count on the primary supplier to give us the kind of support (such as local advertising) that dealers working with other auto manufacturers receive. ^b	(.8776)	
4. I think that if we contribute to improving the dealership's performance in the future, the primary supplier will take care of us.	(.8673)	
5. Overall, the future of our relationship with the primary supplier promises to be beneficial to both of us.	(.6016)	
6. I believe our primary supplier recognizes the effort we put into selling its products and supports us for it.	(.7194)	
7. I believe that if our primary supplier achieves its competitive goals, we will also be in a better position to compete with other local auto dealerships. ^c		(.7868)
8. I think our primary supplier works "around us" more than "with us" in trying to achieve the company's goals. ^b	(.7711)	
9. We could probably be as successful with several other auto suppliers as we are with our present supplier. ^b	(.7911)	
Eigenvalues	5.62	1.17
Percent of Total Variation	62.5	13.1

^a Loadings above .50 in parentheses

^b Scales reversed before factor analysis

^c This item measuring cooperation was omitted from the analysis because it failed to have a significant loading on its corresponding factor.

TABLE 3. INTERCORRELATION^d MATRIX FOR PREDICTOR AND CRITERION VARIABLES

Variables	1	2	3	4	5	6	7	8
1. Participative Leadership ^f	.87 ^c							
2. Supportive Leadership ^f	.00	.87 ^c						
3. Directive Leadership ^f	.00	.00	.83 ^c					
4. Cooperation	.55 ^a	.41	.54	.91 ^c				
5. Net Profits	.25	.55	.63	.75	1.00			
6. Sales Volume	.21	.46	.59	.66	.90	1.00		
7. Sales per Employee	.18	.43	.64	.68	.85	.90	1.00	
8. Return on Assets	.12 ^{ns}	.34	.50	.49	.78	.58	.59	1.00
Mean	3.7	3.8	3.8	4.7	1.54 ^c	21.3 ^c	498 ^b	.39
Standard Deviation	1.1	.85	.8	1.08	1.06 ^c	1.19 ^c	154 ^b	.17

^a All pairwise correlations ($r > 12$) significant beyond $p < .05$ (two-tailed)

^b In \$ thousands

^c In \$ millions

^d Correlation matrix is based on listwise deletion of cases

^e Cronbach coefficient alpha reliability estimate

^f These constructs were represented by their respective factor scores

^{ns} Not statistically significant

tive and supportive leadership, to .91 for cooperation. Since reliabilities of .60 to .80 are considered to be sufficient (Nunnally, 1978), the operationalizations used in this study can be considered highly reliable.

Multicollinearity was assessed by examining the pairwise intercorrelations among all predictor variables (see Table 3). The findings show low to moderate levels of multicollinearity, indicating some overlap among predictor variables, but not sufficiently high to violate the assumptions of multiple regression analysis (Draper and Smith, 1981).

Regression Analyses

Multiple regression analysis results with cooperation as the criterion variable are provided in Table 4. An analysis of the findings suggests that supportive, participative, and directive channel leadership styles have a statistically significant positive impact on cooperation. Thus, there is empirical support for H1, H2, and H3, which suggests that if channel leaders display supportive, participative, and directive leadership styles they are able to secure higher levels of cooperation among channel members. However, contrary to expectations, an examination of the beta values indicates that a participative leadership style exhibited a higher level of influence on cooperation than a supportive leadership style—thus, H4 is not supported. As expected, a participative leadership style exhibited a higher level of influence on cooperation than a directive leadership style—providing statistical support for H5 (see beta values in Table 4).

TABLE 4. MULTIPLE LINEAR REGRESSION RESULTS FOR COOPERATION AS THE CRITERION VARIABLE

Criterion	Predictors	b	se b	t	beta	F	p	R ²	Adj R ²
Cooperation	Participative Leadership ^b	.594	.041	14.49 ^a	.547	176.3	.000	.753	.749
	Supportive Leadership ^b	.441	.041	10.75 ^a	.405				
	Directive Leadership ^b	.585	.041	14.25 ^a	.53				
	Constant	4.73	.041	115.7					

^a $p < .001$ (two-tailed)

^b These constructs were represented by their respective factor scores

Collectively, these independent variables explained 73% of the variation (adjusted R²) in the dependent variable, cooperation. The F-value of 159.70 also indicated that the overall model was statistically significant.

Simple regression analysis results demonstrating the effects of cooperation on sales per employee, net profits, sales volume and return on assets—the four indices of channel member performance—are presented in Table 5. As hypothesized in H6, the findings provide statistical support for a positive relationship between cooperation and each measure of channel member performance.

Cooperation explained 45.2% of the variation in sales per employee, 56.2% of the variation in net profits, 42.98% of the variation in sales volume, and 23.4% of the variation in return on assets, as reflected by their adjusted R² values, respectively. Moreover, for each of the channel member performance measures of sales per employee, net profits, sales volume and return on assets, the overall model was statistically significant, as indicated by the F-values of 143.25, 220.91, 130.66 and 53.23, respectively.

■ Discussion and Conclusion

Limitations and Directions for Future Research

Although the findings of this initial empirical investigation are very encouraging, some shortcomings are evident. The most obvious drawback of this U.S. study pertains to the sample from which the data were drawn. First, the data were solicited only from U.S. distributive institutions. Next, while marketing channels are comprised of different types of

TABLE 5. SIMPLE LINEAR REGRESSION RESULTS FOR CHANNEL MEMBER PERFORMANCE AS THE CRITERION VARIABLE

Criterion	Predictor	b	se b	t	beta	F	p	Adj	
								R ²	R ²
Sales Per Employee	Cooperation	96020	8022.5	11.96 ^a	.67	143.25	.0001	.455	.452
	Constant	44807	38926	1.15					
Net Profits	Cooperation	735942	49514	14.86 ^a	.75	220.91	.0001	.565	.562
	Constant	193391	240255	-8.04					
Sales Volume	Cooperation	7228016	632313	11.43 ^a	.685	130.66	.0001	.433	.429
	Constant	1284350	306811	-4.18					
Return on Assets	Cooperation	.07619	.010443	7.29 ^a	.488	53.23	.0001	.238	.234
	Constant	.027526	.05067	.543					

^a p < .001 (two-tailed)

distributive institutions, data were only sought from U.S. automobile dealerships, which are not, of course, representative of the entire population of U.S. channel members. Consequently, these findings may not be generalizable to other kinds of U.S. retailers or to U.S. wholesalers, distributors and brokers. Furthermore, the findings of a study conducted in consumer goods distribution channels may not be generalized to industrial goods distribution channels.

Three primary directions for future research emerge from the findings in this study. First, additional comparative research should be undertaken in a variety of different cultures to further test the paradigm presented against the benchmark results obtained in this initial empirical investigation. Second, samples should be drawn from other distributive institutions. Third, future research should address whether the relationships between channel leadership style and cooperation, and ultimately channel performance, remain stable or fluctuate over time.

■ Conclusion

The results of this study indicate that supportive, participative, and directive leadership styles are effective strategies for fostering channel member cooperation. In essence, consulting, soliciting, and considering suggestions of channel members in designing channel-wide policies, displaying concern for their well-being, looking out for their welfare, building a team climate, and guiding and directing channel members all appear to be effective mechanisms for fostering cooperation among

channel members. But, contrary to expectations, in the U.S. a participative leadership style is a more effective strategy for securing the cooperation of channel members than a supportive leadership style. It was thought that a highly individualistic society would engender less cooperation with a participative leadership style than a collectivist culture would. However, it may be that rather than being perceived by channel members as a group or team effort, a participative leadership style is viewed as a means for all individuals to voice their own ideas and opinions. That is, participative management may be a vehicle or outlet by which people express their individuality. It essentially harnesses the individuality for a common goal. More research is necessary to elucidate the true underlying relationship between participative leadership styles and cooperation in individualistic societies.

Additionally, a supportive leadership style is more effective in the U.S. than a directive leadership style. That is, fostering a team approach to channel interaction and engaging channel members in the decision-making process fosters more cooperation than taking an authoritarian stance in laying down rules and regulations to be followed. While a U.S. channel leader needs to specify policies and procedures to be followed and to communicate to channel members consistent objectives, an overreliance on a directive leadership style in the U.S., at the expense of participative and supportive leadership styles, may limit cooperation in the marketing channel.

Further, higher levels of cooperation are consistently associated with higher levels of channel member performance. While it is all well and good to suggest that a participative leadership style increases cooperation in U.S. marketing channels, channel leaders are ultimately concerned with improving performance in the channel. This study found that higher levels of cooperation were associated with higher channel member performance, when performance was measured from both productivity and profitability perspectives. Thus, channel leaders who engender higher levels of cooperation in the marketing channel may expect higher levels of productivity and profitability from their channel members.

■ Notes

¹This work is an extension of the domestic U.S. empirical study conducted by Mehta, Larsen, and Rosenbloom which was published in Volume 26 (6) 1996 edition of the *International Journal of Physical Distribution and Logistics Management*, p. 32–59, and is part of an ongoing cross-cultural empirical investigation.

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