Managing International Distribution Channel Partners: A Cross-Cultural Approach

RAJIV MEHTA  
School of Management, New Jersey Institute of Technology, Newark, New Jersey, USA

ROLPH E. ANDERSON  
LeBow College of Business, Drexel University, Philadelphia, Pennsylvania, USA

ALAN J. DUBINSKY  
Sogang Business School, Sogang University, Seoul, Korea, and Center for Sales Innovation, St. Catherine University, St. Paul, Minnesota, USA

PIA POLSA  
Hanken School of Economics and Business Administration, Helsinki, Finland, and School of Management, Fudan University, Shanghai, China

JOLANTA MAZUR  
Warsaw School of Economics, Warsaw, Poland

Although the topic of conflict has been extensively studied in the distribution channels literature from a domestic perspective, there is relatively little published research examining the construct within the international distribution channels context. This is of particular concern because cross-national channel partnerships are on the rise, and divergent cultures may engender heightened conflict, which has a deleterious effect on channel performance. This article explores the extent to which different channel leadership styles, predicated on Hofstede’s dimensions of national culture, can be effective strategies to manage conflict in international distribution channels. Specifically, the article examines whether the relationship between leadership style and conflict in international distribution channels is moderated by national...
culture. Additionally, the impact of manifest conflict on international channel partner performance is investigated. A conceptual model and research propositions are developed. The use of leadership styles to manage disagreements among international channel partners is argued to be culturally specific. International channel management implications and directions for future research are suggested.

KEYWORDS channel conflict, channel leadership styles, channel management, Hofstede, partnering

INTRODUCTION

In the 1970s and 1980s, marketing scholars devoted a great deal of attention to power and conflict (Frazier, 1999), which were the dominant topics in the distribution channels literature. However, from the 1990s onward, attention in the marketing literature turned toward relationship marketing, focusing on constructs such as trust, commitment, and cooperation. This may be largely owing to organizations’ emphasis on creating new alliances and partnerships to better compete in the competitive global environment (Gaughan, 2002; Mergerstat Review, 2001), unremitting growth in formation of strategic alliances within Europe (Schoenberg, Denuelle, & Norburn, 1995), and increasing strategic reorganization in Southeast Asia (Gaughan). With this dynamism in place, marketing scholars began to investigate techniques that enable partnerships to integrate smoothly and thrive.

Given the increase in various forms of strategic alliances and the scholarly focus on cooperation in such alliances, how many firms successfully attain smooth integration and collaboration is unclear (Wittmann, Hunt, & Arnett, 2009). Studies of alliances have shown failure rates of close to 50% (Inkpen & Ross, 2001). Furthermore, Bleeke and Ernst (1995) stated that the median life span for alliances is only about 7 years and that nearly 80% of joint ventures (one form of alliance) ultimately end in a sale by one of the joint venture partners. These two studies imply that successful coalescence among inter-organizational partners is fraught with difficulty and that conflict is likely to emerge in such situations, especially when alliances cross national borders. Indeed, Schoenberg et al. (1995, p. 8) stated that in cross-national partnerships “...the potential for conflict may well be inherent.”

Despite the probability that the scope for conflict increases as the number of cross-border alliances increases (Norburn & Schoenberg, 1994), there is a paucity of research that suggests how conflict between international distribution channel partners should be managed. Further, the extant international distribution channels literature tends to be more descriptive than normative. Whereas, the research literature has examined conditions that are antecedents and consequences of conflict in international channels, it
has virtually neglected the study of proactive conflict management in distribution to reduce the deleterious effects of conflict on channel partner performance (Duarte & Davies, 2003; Vaaland & Hakansson, 2003; Nordin, 2006; Zhou, Zhuang, & Yip, 2007; Chang & Gotcher, 2010; Zhuang & Tsang, 2010), which can lead to long-term, successful collaborative relationships (Wong, Tjosvold, & Zhang, 2005; Spekman & Carraway, 2006; Ploetner & Ehret, 2006). For example, Shoham, Rose, and Kropp (1997) examined two determinants of international channel conflict. They found that the more culturally distant the target market is from the exporter and the lower the distribution system quality, the higher the level of conflict in the channel. Accordingly, they averred that conflict is an important consideration and that cultural distance should serve as a red flag to managers. In short, frequent face-to-face visits may help mitigate this situation.

Although differing manufacturer-distributor perspectives have been found to cause conflict in distribution channels in the United States, the situation may be compounded in the international arena. Different cultural perspectives influence distributor attitudes and behavior, which may cause intense disagreements—manifest conflict—beyond those found within domestic distribution channels. Indeed, research suggests that culture can significantly affect distribution channel structure, strategy, and relationships among international channel partners (e.g., Hall, Knapp, & Winsten, 1972; Shimaguchi & Rosenberg, 1979; Kaikati, 1993; Rose & Shoham, 2004; Byrne & Bradley, 2007; Nevins & Money, 2008; Lohtia, Bello, & Porter, 2008; Skarmeas, Katsikeas, Spyropoulou, & Salehi-Sangari, 2008). Based on the findings from those studies, one can infer that for international channel strategies to be successful, channel leaders should take into consideration the cultural context when seeking to proactively attenuate conflict among channel partners. This knowledge is important because developing international distribution channels requires tremendous time and capital investment and involves considerable risk. Consequently, there is much at stake if conflict manifest between international channel partners is not managed because it can inevitably result in failure of a firm’s overseas marketing program.

Unfortunately, studies advocating how channel leaders should proactively manage manifest conflict with their international distribution partners are virtually nonexistent. Furthermore, recognizing cultural differences from country to country, the international marketing literature suggests that standardized approaches may not be appropriate especially in managing the interrelationships between manufacturers and their international channel partners.

To help fill this gap in the literature, this article examines whether distribution channel leadership paradigms developed in the United States to manage conflict between a firm and its international distribution partners can be extended to other cultural settings. Admittedly, research has found that certain leadership styles (those examined here) are invariant with the
impact they have on managing distribution conflict (Schul, Pride, & Little, 1983). However, whether distribution channels research based on domestic settings (largely the United States) can be extended to the international context is unknown. Thus, one potential contribution of our work is describing a set of conditions (culture) under which leadership styles do vary in their effectiveness in managing international channel partner conflict. Specifically, this research seeks to investigate whether national culture moderates the impact of leadership style on manifest conflict, which, in turn, influences channel partner performance. In particular, it focuses on discerning which leadership styles may be appropriate to employ when managing the interrelationships between manufacturers and their channel partners in different cross-national settings.

We begin with a review of the relevant literature on the focal constructs: leadership, manifest conflict, and national culture. A conceptual model is then presented and discussed. Next research propositions vis-à-vis the foregoing key constructs are proffered. The article concludes with international channel management implications and directions for future research.

BACKGROUND LITERATURE

Distribution channels have traditionally been viewed as a network composed of interdependent institutions that have banded together for purposes of trade (Rosenbloom, 2004) and mutual advantage (Kotler & Keller, 2009). Despite the differing goals of independent channel partners, the distribution channel needs to function effectively as an integrated system so as to reduce the redundancy of work effort and the possibility of the inefficient allocation of distribution tasks and functions among channel participants (Ridgeway, 1962). To achieve this in an intensely competitive global environment, organizations have recognized the need to develop long-term relationships and forged coalitions and arrangements with their international channel partners in which the distribution channel operates as an integrated inter-firm system under the leadership of one participant (English & Michie, 1985; Etgar & Valency, 1983).

More recent evidence indicates that firms have been employing relational exchanges as a means of attaining competitive advantage (Webster, 1992; Mehta, Larsen, Rosenbloom, & Ganitsky, 2006; Hult, Ketchen, & Chabowski, 2007). This has led to the development of long-term buyer-seller relationships by forging coalitions and partnerships among channel participants (Fontenot & Wilson, 1997). Despite these arrangements, however, partner asymmetries (Harrigan, 1988) may exist that can create an unequal balance of power. Thus, a dominant partner may emerge as the de facto leader even in highly ordered, relational exchange social systems such as distribution channels. Consequently, the need for leadership in distribution
channels continues to be important despite the move from discrete to relational exchanges.

There is general acceptance that behavior in interorganizational systems such as distribution channels is comparable to behavior in intraorganizational settings (see, for example, Reve & Stern, 1979; Frazier, 1983; Frazier & Sheth, 1985; Stern & Brown, 1969). Thus, Lucas and Gresham (1985) and Schul et al. (1983) have advocated that our knowledge of the impact leadership styles have on various channel partner behaviors should be advanced by examining and applying relevant leadership theories to the distribution channels context.

Leadership Theories

Research on the schools-of-leadership theory, thought, and practice can be broadly categorized into the trait approach, behavioral approach, situational approach, and power-influence approach (Stoner, Freeman & Gilbert, 1995; Higgins, 1994; Yukl, 1981). The trait approach, though not particularly useful because it yields inconsistent results (e.g., Yukl, 1981), concentrates on such human traits as honesty, enthusiasm, intelligence, dominance, and perseverance, among others, which distinguish a leader from a non-leader and the identification of those characteristics that would make for a more effective leader.

Behavioral leadership theory focuses on describing leaders on the basis of leadership functions, behaviors, and styles such as leader consideration and initiating structure. Leadership behaviors have been further categorized into work-centered styles and people-centered styles that include autocratic, bureaucratic, and participative behaviors and styles (Stoner et al., 1995; Higgins, 1994).

The power-influence approach, which occupies a central place in channels literature, attempts to explain leader effectiveness in the source and amount of power available to leaders and the manner in which leaders exercise power over followers. Based on the seminal work of French and Raven (1959), the leader draws power from power bases, which include reward, coercive, referent, legitimate, and expert power. Other power-influence alternatives include social exchange theory, Hollander’s theory of idiosyncratic credits, and leader-member exchange theory, all of which offer alternative explanations of how the reciprocal process of influence between leaders and followers occurs over time (Stoner et al., 1995; Higgins, 1994).

Finally, the situational approach to leadership, most often referred to as the contingency approach, posits that a leader’s influence on subordinates is contingent upon particular situational moderator variables. Considerable emphasis has been devoted to the study of situational leadership, and research has identified the following factors as being determinants of effective leadership: the leader’s personality and past experience; the expectations and behavior of superiors; the characteristics, expectations, and behavior of
subordinates; and the behavior and expectations of peers. Attempts to offer alternative explanations of leadership have surfaced in such theories as Fiedler’s contingency theory of leadership, Hersey and Blanchard’s situational leadership theory, and House’s *path-goal theory of leadership* (Stoner et al., 1995; Higgins, 1994; Yukl, 1981).

Leadership theories generally explain ways in which a leader can effectively secure subordinate compliance and collaboration, which are often referred to as the *transactional* form of leadership: An exchange or “transaction” takes place between a leader and subordinate (Burns, 1978; Stoner et al., 1995; Higgins, 1994). However, in an effort to identify behaviors that prior leadership theories have not considered, the *transformational theory of leadership* has been advanced (Bass, 1985a, 1985b; Conger & Kanungo, 1995; Deluga, 1995). This leadership alternative extends the notion of transactional leadership to include four characteristics that are central for leader effectiveness: (1) charismatic and visionary leadership, (2) inspiration, (3) intellectual stimulation, and (4) individualized consideration (Bass 1985a, 1985b; Conger & Kanungo, 1995). Applicable mainly to the intraorganizational setting, a transformational leader has the ability to take an organization through a major strategic change or revitalization program. Transformational leaders use charisma to motivate subordinates to levels of performance higher than is expected of them, get subordinates to transcend their own self-interests for the sake of the team or organization, and raise subordinates need level to higher-order needs such as self-actualization (Bass 1985a, 1985b). Having sustained considerable attention by scholars in the organizational sciences and sales management, the transformational model and other related leadership theories may hold great promise for intraorganizational settings. Currently, however, their role in interorganizational distribution channels research remains unclear. Thus, they were not included in the present work.

**Leadership in Distribution Channels**

*Channel leadership* can be conceptualized as the activities performed by the channel leader to influence the marketing policies and strategies of channel partners (El-Ansary & Robicheaux, 1974; Lai, 2007). This has led marketing scholars to suggest that the distribution channel’s effectiveness and long-run survival are significantly influenced by the leader’s exercising appropriate behaviors to induce channel partners to coalesce and perform at a superior level (Coughlan, Anderson, Stern & El-Ansary, 2006; Rosenbloom, 2004).

For more than a generation, distribution channels scholars were preoccupied with studying leadership by focusing primarily on the control, power, and power bases—the *power-influence theory of leadership*. Representing only one among several competing leadership theories, the power-influence approach has occupied a prominent place in the channels literature
as is evident by the extensive research attention it has sustained. The major thrust of distribution channels research has focused on how channel leaders acquire and employ the bases of power (French & Raven, 1959) to secure the compliance, alter the behaviors, and exercise control over channel partners, and determine the factors associated with the emergence of channel leaders (Brown & Frazier, 1978; Etgar, 1976, 1977, 1978; Hunt & Nevin, 1974; Lusch & Brown, 1982). By focusing chiefly on the power-influence approach as a means of exercising leadership, however, scholars have overlooked other important theories of leadership that may also be particularly applicable to the distribution channels setting.

English and Arnold (1987), in applying concept of leadership to distribution channels, reveal the intricate nature of this construct. In their conceptual treatise on channel control, they dichotomize channel leadership. The first dimension views leadership as an inter-firm influence strategy used to alter channel partner perceptions and/or behaviors via communication, information exchange, and recommendations—the focus of most channels research (Frazier & Summers, 1984; Boyle, Dwyer, Robicheaux, & Simpson, 1992). The second dimension, leadership styles, reflects the strategies a leader employs to secure compliance of channel partners. Leadership styles, which are central to one of the competing situational theories of leadership—the path-goal theory—have been conceptually and empirically linked to channel-related phenomena such as cooperation, channel efficiency and effectiveness, role clarity, role conflict, role ambiguity, and channel member satisfaction (English & Arnold, 1987; Price, 1991a, 1991b; Schul et al., 1983; Barnett & Arnold, 1989; Schul, 1987; El-Ansary & Stern, 1972).

Path-Goal Theory of Leadership

The path-goal theory of leadership (House, 1971; House & Mitchell, 1974), which has its roots primarily in the political sciences and sociology domains, has garnered tremendous research interest in organizational behavior. Originally formulated by Evans (1970), extended by House (1971), and refined by House and Mitchell (1974), the path-goal theory, like other contingency approaches, attempts to predict leadership effectiveness in different situations. It extracts and extends the key elements of leader consideration and initiating structure around which behavioral leadership theory is centered.

Working through an exchange process that takes place between a leader and his or her subordinates, path-goal theory posits that the leader can affect the level of satisfaction, motivation, and performance of group members by using appropriate leadership styles in several ways (House, 1971; House & Mitchell, 1974; Stoner et al., 1995). First, the leader can make rewards contingent upon the achievement of organizational goals and objectives. Second, the leader can increase the rewards valued by group members by determining which rewards are important and by increasing those...
rewards that are consistent with their needs and wants. And third, the leader can aid team members to obtain rewards that are valued by clarifying their paths to those goals by removing obstacles to performance, and by providing the necessary direction and support to ensure that their goals are compatible with the overall objectives of the organization (House, 1971; House & Mitchell, 1974; Stoner et al., 1995).

As such, a leader’s behavior is effective when it is viewed by team members as an immediate or future source of satisfaction. In essence, a leader’s behavior is motivational to the degree that it makes team members’ need satisfaction contingent on effective performance and provides the guidance, coaching, support, and rewards that are necessary for effective performance.

According to House and Mitchell (1974), participative, supportive, directive, and achievement-oriented leadership styles constitute the key elements of path-goal theory.

PARTICIPATIVE LEADERSHIP STYLE

A participative leadership style is one in which subordinates are able to influence decisions about their work situation to a large degree (Teas, 1982). This leadership style is similar to participative management in which subordinates share a significant degree of decision-making power with their superiors (House & Mitchell, 1972; Robbins, 2003). In a distribution channels context, a participative leader consults with channel partners, solicits their suggestions, and considers these suggestions in making decisions in developing channel-wide policies and procedures (Schul, 1987; Schul et al., 1983; Schul, Little, & Pride, 1985).

SUPPORTIVE LEADERSHIP STYLE

A supportive leadership style is one in which a leader fosters an environment of psychological support, helpfulness, friendliness, mutual trust, and respect (Daft, 2005). A supportive leader considers other channel partners’ needs and well-being, looks out for their welfare, creates a pleasant atmosphere for interaction, accentuates other channel accomplishments, attempts to establish mutual interest, and builds a team climate (Schul, 1987; Schul et al., 1983, 1985).

DIRECTIVE LEADERSHIP STYLE

A directive leadership style is one in which a leader provides specific direction to subordinate work activity (Gibson, Ivancevich, & Donnelly, 1988; House & Mitchell, 1974). In a distribution channel setting, these activities entail the channel leader’s planning, organizing, coordinating, and maintaining overall control over channel operations. A directive leader consistently communicates to channel partners channel-wide objectives, policies, rules and regulations, and operating procedures that should be followed in
performing distribution tasks and marketing functions (Dwyer & Oh, 1987; Schul et al., 1983, 1985).

ACHIEVEMENT-ORIENTED LEADERSHIP STYLE

An achievement-oriented leadership style emphasizes the achievement of difficult tasks and the importance of excellent performance and simultaneously shows confidence that group members will perform well. It entails setting challenging goals (Higgins, 1994; House, 1971; House & Dessler, 1974; House & Mitchell, 1974; Robbins, 2003; Stoner et al., 1995).

In justifying the application of the path-goal theory to the channels context, Barnett and Arnold (1989) maintain that only participative, supportive, and directive leadership styles are germane for distribution channel management. They, however, do not explicitly specify why achievement-oriented leadership styles are irrelevant. A plausible explanation is that the Robinson-Patman Act of 1936 legally prohibits manufacturers from giving rewards or engaging in a variety of forms of price discrimination that may tend to lessen competition (Rosenbloom, 2004). Only under certain circumstances are price differentials allowed to be given to different channel members. In the majority of the circumstances, all channel participants of a particular class (e.g., full-service retailers) must be offered similar terms, conditions, and promotional allowances. Indeed, a manufacturer that gives differential rewards could possibly be breaching commercial and anti-trust laws.

The article examined only participative, supportive, and directive leadership styles for four reasons. First, as already noted, Barnett and Arnold (1989) espouse that these three styles are especially relevant in distribution channel management. Second, these three offer a range of distinctly different leadership styles; this situation allows for unique explained variance to be extracted vis-à-vis the leadership style/manifest conflict relationship. Third, each of the three is an action-oriented leadership style; given that distribution channels tend to have leaders to function as an integrated team of channel partners, including less active leadership styles seemed inappropriate. Fourth, we employed participative, supportive, and directive leadership styles to be compatible with the distribution channels literature.

Other leadership styles could also have been included in the model. For instance, the \textit{laissez faire leadership} style identified by Lewin, Lippit, and White (1939) was not included in the model because distribution channel partners cannot be “left to their own devices” (Rosenbloom, 2004). Because distribution channels are viewed as an interorganizational network of interdependent firms that coalesce for collective and individual goals, it is necessary for a channel leader to coordinate performance of distribution functions, thus reducing the possibility of the inefficient allocation of distribution tasks among channel participants (Ridgeway, 1962). Much to the contrary, distribution channels should not be left to evolve or else they will suffer the consequences of entropy (Rosenbloom, 2004). Consequently, as channel leadership is necessary for the distribution channel to operate as a highly efficient integrated network, the inclusion of laissez faire leadership style seemingly could not be justified. Democratic and autocratic leadership styles (Lewin et al., 1959), however, were implicitly included in the model, as they conceptually overlap with participative and directive leadership styles, respectively.
In sum, a channel leader may exhibit varying degrees of participative, supportive, and directive leadership styles. Moreover, a channel leader may exhibit all three behaviors simultaneously or have a greater propensity for using one style over the other two. The foregoing discussion suggests that participative, supportive, and directive leadership styles are conceptually distinct, independent constructs but, because they can be displayed concomitantly, these behaviors may possibly be empirically related.

MANIFEST CONFLICT

Conflict has traditionally been a central construct in distribution channels research because by managing the process of channel conflict, the performance of the overall distribution channel can be improved (Lusch, 1976; Reve & Stern, 1979; Zhou et al., 2007; Chang & Gotcher, 2010; Zhuang & Tsang, 2010). Conflict occurs when tension arises between actors owing to incompatibility (Pondy, 1967). A review of distribution channels literature reveals that conflict has primarily been defined and examined in terms of manifest conflict. That is, conflict in distribution channels is manifest when one channel partner behaves in a manner that impedes another channel partner from achieving its goals, thus leading to tension (Coughlan et al., 2006; Gaski, 1984; Vaaland & Hakansson, 2003; Zhuang & Tsang, 2010).

Manifest conflict is virtually inevitable in distribution channels (Pondy, 1967) and is often not a result of opportunism but rather a genuine difference in needs, preferences, and perceptions (Aulakh & Madhok, 2002; Zhou et al., 2007). It can arise from a variety of sources, such as perceptual differences, different expectations, and communication difficulties, among others (Cadotte & Stern, 1979); channel partners seek to maintain the tension arising from conflict at a constructive level. When conflict escalates, performance of the distribution channel suffers, and the conflict becomes dysfunctional (Rosenbloom, 1973; Frazier, Gill, & Kale, 1989; Cronin & Baker, 1993; Duarte & Davies, 2003; Vaaland & Hakansson, 2003; Nordin, 2006). Thus, an understanding of how to effectively manage distribution channel conflict and, in the process, minimize its negative impact on performance is critical for channel managers.

Despite its importance, there is a paucity of research on conflict in international distribution channels; moreover, in the extant studies, there have been conflicting findings. For example, Johnson, Sakano, and Onzo (1990) examined how the perceptions of influence affected control and conflict in U.S.–Japanese distribution channels. They found that Japanese distributors reacted to control similarly to Occidental channel partners. Specifically, high levels of control in Japanese distribution channels increased conflict to the point of being dysfunctional, just as it has been found to do in Western channels. However, in a later study, Johnson, Sakano, Cote, and
Onzo (1993) observed that Japanese distributors do not view power sources in the same way as western distributors. Griffith, Hu, and Ryans (2000) ascertained that within certain cultural types, the linkage between conflict and satisfaction is diminished. That is, certain cultural types may report less conflict than others, until a threshold level of conflict is reached, at which point the relationship may be terminated. Similarly, Shoham et al. (1997) reported that high cultural distance increased conflict, which, in turn, reduced satisfaction. In another study, Balabanis (1998) found that higher cooperation, flexibility, and solidarity norms among channel partners helped to alleviate conflict. Collectively, these findings indicate that international distribution channel partners may need to adapt their process of relationship management across cultures.

The contention that channel management strategies across different cultures may require adaptation has been reinforced by studies on conflict in other forms of alliances (Welch & Wilkinson, 2005). Cullen, Johnson, and Sakano (1995) found that conflict reduces commitment in international joint ventures and conflict leads to poor performance in international joint ventures (Killing, 1983; Lane & Beamish, 1990; Ding, 1997). Additionally, Lyles and Salk (1996) posited that culture-related conflicts affect knowledge acquisition in international joint ventures. Accordingly, these studies suggest that cultural differences may be an important impediment to a smooth operation of international distribution channels.

**NATIONAL CULTURE**

Reflecting a complex phenomenon, frameworks or models of culture have been developed to help us understand it better (Hall, 1977, 1983, 1987; Hall & Hall, 1990; Trompenaars & Hampden-Turner, 1998). Culture is learned and shared among a group of people. People from a given culture exhibit similar norms and values and, therefore, culture affects the values found in the workplace (e.g., Hofstede, 1991). Probably the most famous study of culture as it relates to the workplace was performed by Hofstede (2001). Although there are limitations to his study, it is a good starting point for managers to assess the impact of culture on management practices. Also, it has been replicated many times with diverse samples in different settings (Hill, 2003). Thus, the Hofstede framework was used in the present article. According to his work, societies differ on four main dimensions.3

---

3Four dimensions were initially identified in Hofstede’s original study. Later a fifth dimension was added, originally referred to as Confucian Dynamism but now often referred to as long- vs. short-term orientation. Because there is evidence that this dimension and the individualism vs. collectivism dimension are highly correlated (Yeh & Lawrence, 1995), the long- vs. short-term orientation dimension was excluded in the current work.
Individualism Versus Collectivism

This dimension focuses on the relationship among people in a society. In individualistic cultures, ties between people are loose, and people look out for their own self-interest. The emphasis in the society is on individual achievement, and individuals expect their achievements to be acknowledged. The group is expected to be better off if each individual strives for his or her own interest. Conversely, in collectivist societies, it is expected that individual rights are to be sacrificed for the good of the group. People identify with and depend on the group. Achievement of the group, rather than the individual, is recognized. It is expected that interdependence among group members and loyalty to the group will lead to the success of the group as a whole.

Strong Versus Weak Uncertainty Avoidance

This dimension focuses on the extent to which people in a society are comfortable in ambiguous situations. Cultures with strong uncertainty avoidance are very uncomfortable with ambiguity. Thus, these societies develop strong, formal rules and are not tolerant of deviation from those rules. Clear, articulated instructions are expected from a boss, for example. In weak uncertainty avoidance cultures, however, people are more willing to accept risks, and dissent is not as discouraged. Rules exist but are more easily changed than in strong uncertainty avoidance cultures, and an emphasis in the workplace is put on creating a friendly, comfortable environment.

Large Versus Small Power Distance

This dimension focuses on the degree of inequality in a society. In large power distance cultures, theory suggests that power and wealth are distributed unequally. Conversely, in small power distance cultures, all people in the society are considered equal. This has an impact on responses to management styles. There is more paternalism by management and more dependence by subordinates in large power distance countries, but there is more interdependence and trust between management and subordinates in small power distance cultures.

Masculine Versus Feminine

In masculine societies, an emphasis is placed on what Hofstede described as “male” values, that is, on achievement, power, and materialism. Gender roles in an organization are clearly delineated. In feminine societies, by contrast, an emphasis is placed on what Hofstede described as “female” values, including solidarity, equity, and concern for others. In these cultures, gender roles are more flexible.
CONCEPTUAL MODEL AND RESEARCH PROPOSITIONS

The components of the article’s conceptual model (see Figure 1) and presumed relationships among the constructs were derived from a review of the literature of the focal constructs offered in the preceding sections and a synthesis of past theoretical and empirical research.

National Culture–Leadership Styles Linkage

Drawn largely from the political sciences and sociology, the path-goal theory has obtained currency in the literature on cross-cultural management with the development of the international contingency model of leadership. This model suggests the use of different leadership styles is contingent upon cultural setting (Francesco & Gold, 1998; Hofstede & Bond, 1988; Kreitner, 2007; Rodrigues, 1990). Indeed, more recently, empirical evidence supports the contention that leadership styles are related to national culture (Byrne & Bradley, 2007).

Research in the distribution channels context has shown that it is largely through the channel leader’s boundary personnel that the channel leader exercises his or her leadership role (Schul et al., 1983; Frazier, 1983; Frazier & Summers, 1984; Anderson & Chambers, 1985; Anderson & Narus, 1991). The recipients of the channel leader’s influence attempts are the boundary personnel within the channel members’ organization. Thus, boundary

FIGURE 1 A theoretical model of leadership styles, manifest conflict, and channel partner performance: The moderating role of national culture.
personnel within a distribution channel system should understand the effects of leadership styles on channel partner behaviors.

In other words, suppliers must deal with individual managers of their international channel partners who may come from cultures that are different from the cultures in which they work. The task may become even more complicated as subcultures, which may be substantial in size, characterize each country. For example, in the United States, these subcultures may be generational (e.g., baby boomer managers vs. millennial managers) or may reflect different ethnic origins (e.g., Hispanic vs. Chinese managers). The implication is that channel leader’s boundary personnel must be judicious in selecting appropriate leadership styles for managing conflict with their international channel partners. Failure to recognize subcultural and cultural differences may exacerbate distribution channel conflict. In sum, it is imperative that suppliers be cognizant of the culture and subcultures of its channel partners so that they can tailor or match their leadership style to “fit” the boundary personnel of their international channel partners—many of whom may be from different cultures or subcultures. Based on a synthesis of theoretical and empirical research, shown in Table 1 are the proposed relationships among the cultural dimensions of individualism, uncertainty avoidance, power distance, and masculinity and the participative, supportive, and directive leadership styles.

TABLE 1 A Contingency Paradigm for Leadership Styles: Summary of Cultural Hypotheses

<table>
<thead>
<tr>
<th>Leadership styles</th>
<th>Individualism versus collectivism</th>
<th>Uncertainty avoidance</th>
<th>Power distance</th>
<th>Masculinity versus femininity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participative</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Supportive</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Directive</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Leadership Style–Manifest Conflict Linkage: Main Effect

Before we discuss the linkages among the focal constructs factoring the moderating effects of national culture, the main effect linkage between leadership style and manifest channel conflict should be posited. This is important because it explicitly shows how various leadership styles might differentially impact manifest channel conflict.\(^4\)

\(^4\)The authors thank one of the anonymous reviewers for this idea.
As a social system composed of channel partners, the distribution channel is affected by such behavioral dimensions as power, roles, conflict, and satisfaction, and all these constructs have been the focus of intensive investigation. The frequency of interaction and the nature of interdependence between channel partners—who have independent and sometimes even divergent goals—produce conflict. Though the majority of channel relationships are cooperative, some are inherently laden with conflict.

Conflict has been conceptualized as “the tension between two or more social entities (individuals, teams, or larger organizations), which arises from the incompatibility of actual or desired responses” (Raven & Kruglanski, 1970, p. 70). In the channels context, conflict can be defined as “the situation in which one channel member perceives another channel member to be engaged in behavior that is preventing or impeding him from achieving his goals” (Lusch, 1976, p. 383; Coughlan et al., 2006). Further, when channel partners become the subject of each other’s frustration, a state of conflict is said to exist.

**PARTICIPATIVE LEADERSHIP STYLE AND CHANNEL CONFLICT**

Because conflict is inevitable in distribution channels, several channel scholars have suggested that a better understanding of conflict processes in distribution channels should lead to a reduction in its dysfunctional effects and, in the process, improve the overall performance of the channel system (Lusch, 1976; Rosenbloom, 1973). Therefore, a two-pronged approach to identify factors that cause an increase in conflict and factors that attenuate conflict is required. A channel leader, by soliciting opinions, suggestions, and ideas on channel-related activities, engenders a cohesive team of channel partners. By allowing channel partners to participate in decision making, potential conflicts can be identified beforehand and resolved before they actually manifest themselves. The potential for conflict to manifest itself is higher if the channel leader allocates distribution tasks without considering input from the vantage point of channel partners. Therefore, participative behavior on the part of the channel leader can serve to attenuate manifest conflict is a plausible argument.

As noted, a participative leadership style is one in which subordinates are able to influence decisions about their work situation. This leadership style is similar to participative management in which subordinates share a significant degree of decision-making power with their superiors. Although the specific relationship between participative channel leadership behavior and manifest conflict has not been empirically assessed in the channels setting, findings reported in three studies show strong support for the contention that participative channel leadership is inversely associated with intra-channel conflict (Schul et al., 1983; Schul, 1987; Schul & Babakus, 1988). Moreover, English and Arnold (1987), in developing a conceptual
framework on channel control, maintain that participative channel leadership behaviors produce the desirable outcomes of decreased functional conflict and managed functional conflict.

On the basis of the preceding theoretical discussion and empirical work, the following proposition is posited:

Proposition 1: Participative leadership styles demonstrated by the channel leader will exhibit an inverse association with manifest conflict, as perceived by channel partners.

SUPPORTIVE LEADERSHIP STYLE AND CHANNEL CONFLICT

As noted earlier, a supportive leadership style is one in which the leader fosters an environment of psychological support, helpfulness, friendliness, mutual trust, and respect and considers other channel partners’ needs and well-being, looks out for their welfare, creates a pleasant atmosphere for interaction, accentuates other channel accomplishments, attempts to establish mutual interest, and builds a team climate. Being considerate of channel partners’ needs and responsive to their problems by offering support, engendering trust, developing close, mutually rewarding working relationships, and creating a friendly and pleasant task environment are viable strategies for a supportive channel leader to attenuate conflict. This form of socio-emotional or expressive behavior is an effective means to foster the social and normative integration of channel partners (House & Mitchell, 1974; Schul et al., 1983), which can inversely impact the level of conflict. Accordingly, it is reasonable to argue that supportive channel leadership behaviors can attenuate manifest conflict (English & Arnold, 1987). Thus, the model in Figure 1 portrays a negative association between supportive channel leadership behaviors and manifest conflict.

Findings reported in two studies corroborate the thesis that supportive leadership behaviors are negatively associated with conflict over administrative and product-service issues (Schul et al., 1983; Schul, 1987). Although its relationship to manifest conflict has not been specifically tested in distribution channels, based on the synthesis of the theoretical arguments posited above and empirical investigation, the following proposition is proposed:

Proposition 2: Supportive leadership styles demonstrated by the channel leader will exhibit an inverse association with manifest conflict, as perceived by channel partners.

DIRECTIVE LEADERSHIP STYLE AND CHANNEL CONFLICT

As discussed, a directive leadership style is one in which the leader provides specific direction to subordinate work activity. By performing the
instrumental activities of planning, organizing, coordinating, and controlling channel-related activities under the integrated leadership of one member of the distribution channel, inefficient allocation of tasks is reduced. The channel leader, by assigning the distribution tasks to be performed, codifying the rules, regulations, and guidelines to be followed, is able to reduce problems stemming from channel activities because channel partners are formally made aware of the parameters they must operate under.

However, it is also recognized that excessive formalization imposed by the channel leader can increase conflict channel partners because of constraints placed on their performance of distribution tasks. Although the accumulated empirical evidence suggests that, in general, formalization reduces conflict (Schul et al., 1983; Schul, 1987; Schul & Babakus, 1988), it has been reported that under some circumstances excessive formalization leads to the negative channel sentiments of conflict, opportunism, and dissatisfaction (Dwyer & Oh, 1987; John, 1984; Reve, 1986). Therefore, the relationship between these variables is not straightforward, as previously believed.

According to Schul et al. (1983), however, channel partners who perceive that their channel leaders are highly directive are more likely to appreciate, understand, and be more satisfied with their channel arrangements and will not be at odds with channel leaders. Furthermore, with formalized rules and regulations, duplication of effort is reduced because channel partners know what is expected of them, which reduces the frequency of disagreements and future manifestations of conflict.

Based on the synthesis of previous empirical evidence, conceptual dialectic (English & Arnold, 1987) and theoretical arguments earlier, the following proposition is advanced:

Proposition 3: Directive leadership styles demonstrated by the channel leader will exhibit an inverse association with manifest conflict, as perceived by channel partners.

Leadership Style–Manifest Conflict Linkage: The Moderating Role of National Culture

The model proposes that culture moderates the relationship between leadership style and conflict. That is, different leadership styles likely have different moderating influences on conflict depending on where the culture falls on Hofstede’s cultural dimensions. Shown in Table 1 are proposed relationships among the cultural dimensions of individualism, uncertainty avoidance, power distance, and masculinity and the participative, supportive, and directive leadership styles. Drawing from the preceding discussion of the literature, the relationships among the focal constructs are discussed in more detail.
As noted previously, marketing channel relationships are influenced by culture (Nevins & Money, 2008; Lohtia et al., 2008; Skarmeas et al., 2008; Mehta et al., 2006). For example, in *individualistic* cultures, self-interest is paramount, and there is an emphasis on individual achievement. As a result, people strive to achieve an active role wherein their contributions will be noted and valued. However, channels of distribution are a web of interconnected, interdependent entities that rely on each other. As such, this condition may attenuate channel member focus on individual achievement. Nonetheless, channel members also expect the rules for behavior and reward for achievement to be clearly stated in advance, so that they may map their path to individual advancement. This is more consistent with a directive leadership style. However, in *collectivist* cultures, people are more concerned with group interests than with individual interests. Interdependence among group members to assure the success of the whole is crucial. Therefore, trusting and personal relationships should be fostered via the use of participative and supportive leadership styles.

In *strong uncertainty avoidance* cultures, people are threatened by uncertain situations, and there is a strong need for consensus. Thus, people feel more comfortable with explicitly stated rules and regulations—consistent with a directive leadership style. However, in *weak uncertainty avoidance* cultures, there is more acceptance of dissent and risk taking—hence, more consistent with supportive leadership that provides a trusting, friendly environment for work and, perhaps to a lesser extent, a participatory leadership style that fosters involvement.

In *large power distance* cultures, more subordinate dependence and inequality are expected than in small power distance cultures. Consequently, in large power distance cultures, leaders dictate rules and regulations—a pattern consistent with a directive leadership style. In *small power distance* cultures, inequality is minimized, and people are more interdependent—more consistent with a participative leadership style whereby everyone tends to be involved in decision making and a supportive leadership style that seeks to engender trust in the work environment.

Finally, in *masculine* cultures, performance and materialism are very important. Thus, rules and rewards are expected to be clearly defined—consistent with a directive leadership style. In *feminine* cultures, quality of life, involvement, and solidarity are very important—consistent with a participative leadership style that invites the involvement of everyone in an organization and perhaps to a lesser extent, a supportive leadership style that seeks to provide the foundation from which people may succeed.

Following the arguments posited earlier, in collectivistic, strong uncertainty avoidance, low power distance and feminine societies, the use of participative and supportive leadership styles would be most effective in reducing conflict. This is likely because participative and supportive leadership qualities emphasize equality (low power distance) and importance of
relationships (feminine culture) and the use of both these leadership styles may be well suited for managing disagreements and impasses between channel leaders and their international channel partners. Therefore, based on the preceding discussion, the following research proposition is advanced:

**Proposition 4:** In collectivistic, weak uncertainty avoidance, small power distance and feminine oriented societies, participative and supportive leadership styles would be more effective in reducing manifest conflict than a directive leadership style.

Conversely, cultures that display individualistic, strong uncertainty avoidance, large power distance, and masculine orientations would result in a directive leadership style seemingly being appropriate in these types of societies for attenuating conflict. This is because a directive leadership style should assist channel members with guidance in realizing their materialistic and achievement needs, thus mitigating the frequency and intensity of disagreements and sources of tension between channel leaders and their international channel partners. Thus, based on the foregoing arguments, the following research proposition is proposed:

**Proposition 5:** In individualistic, strong uncertainty avoidance, large power distant, and masculine oriented societies, directive leadership style would be more effective in reducing manifest conflict than participative and supportive leadership styles.

Manifest Conflict–Channel Partner Performance Linkage

Channel partner performance can be defined as the “degree to which the channel partner engages in behavior that contributes to the fulfillment of the channel leader’s objectives” (Gaski & Nevin, 1985, p. 131). Because individual channel partners can significantly affect a firm’s success in the long run, organizations are increasingly concerned about the performance of their distribution channel partners. There is general consensus in the channels literature that conflict has a significant, adverse effect on channel partner performance (Gaski, 1984; Lusch, 1978; Rosenbloom, 1973; Duarte & Davies, 2003). The nature of that relationship, however, is not straightforward. For example, Rosenbloom (1973) developed a threshold model that combines functional and dysfunctional effects of conflict on channel efficiency (performance). Conflict is dysfunctional to the extent that it culminates in tension and frustration and reduces efficiency. Conflict is functional, though, when it stimulates interaction between channel partners to improve performance—but only to a point. After that point is reached, increasing conflict produces
inefficiency. In addition, conflict may have no effect on performance, because channel participants might become acclimated to the conflict to the extent that efficiency is not affected.

Although the threshold model (Rosenbloom, 1973; Duarte & Davies, 2003) is intuitively appealing, it has not met with widespread empirical support. A plausible reason is that the relationship between conflict and performance depends to a large extent on the specific stage of conflict being investigated and the measure of performance employed. Thus, varying operationalizations, according to Brown (1980), may have obscured the association between these constructs. Moreover, a two-way iterative causal association between conflict-performance is possible. For instance, channel partners who are not profitable may attribute their low performance to channel leaders, thus engendering frequent confrontations and intensive disagreements on channel operations.

Schoenberg et al. (1995, p. 8) maintain that the potential for conflict in cross-national partnerships may “well be inherent” and more acute than in domestic settings owing to cultural differences. This heightened level of conflict has the capability of being keenly intense and can escalate to the point of being dysfunctional, thus impairing the performance of the channel (Rosenbloom, 1973; Frazer et al., 1989; Duarte & Davies, 2003; Vaaland & Hakansson, 2003; Welch & Wilkinson, 2005). Consequently, manifest conflict on distribution channel performance should conceivably be invariant across nations or cultures. Hence, based on the evidence found from past studies and the arguments articulated above, the following research proposition is posited:

Proposition 6: Irrespective of a society’s degree of individualism, uncertainty avoidance, power distance, and masculine/feminine orientation, manifest conflict will exhibit an inverse association with channel partner performance.

DISCUSSION AND IMPLICATIONS

This article explored the use of alternative channel leadership influence strategies for managing manifest conflict among channel partners. To be compatible with the literature on cross-cultural management, which suggests that the use of a given leadership style is contingent upon the cultural context (Francesco & Gold, 1998; Hofstede & Bond, 1988; Kreitner, 2007; Rodrigues, 1990), the article examined whether the relationship between leadership style and manifest conflict among channel partners is moderated by national culture.

As noted earlier, interorganizational relationships today can be characterized as increasingly integrated and interdependent. Moreover, there is a
call for a more collaborative or “partnership” approach to distribution channel management. Additionally, some international scholars aver that cultures are converging and, thus, management practices can be transferred across international markets. With regard to leadership styles and international channel management practices, however, the perspectives of this study are consistent with those of other researchers who assert that cultures are seemingly resistant to change and that cultural differences require adaptation of management practices (Barkema & Vermeulen, 1997; Erez, 1986; Hofstede, 1980, 1991, 2001; Morris & Pavett, 1992; Newman & Nollen, 1996; Welsh, Luthans, & Sommer, 1993). Thus, we propose that cultural variations across nations may well require adaptation of channel leadership styles in different countries.

As pointed out earlier, in an individualistic and masculine-oriented society, channel partners are likely to emphasize their own self-interest, individual achievement, success, and power; major concern for other channel partners and the entire channel’s success is not particularly paramount. These characteristics may well induce intense disagreements and goal-impeding behavior—manifest conflict—particularly if discordance among channel partners’ goals, policies, and programs exists. Under such conditions, directive leadership style from the channel leader could clarify for channel partners what they need to do to be successful. Specifying these requirements should mitigate the impact of manifest conflict among channel partners and, in the process, increase partner performance. Through delineation of channel functions, enhanced understanding among channel partners should result in the alignment of partner objectives and values. Admittedly, supportive and participative leadership could also have salutary effects on manifest conflict. If a society exhibits weak uncertainty avoidance, a comfortable, friendly, collaborative environment (participative leadership) may seemingly afford channel partners opportunity to deal with extant or potential conflict through interpersonal, relational efforts. Such endeavors, though, may not have as great an impact on assuaging conflict as those entailing strong control over channel partners (directive leadership).

In collectivist societies, the focus generally is on group interests, group decision making, and group loyalty. There is the expectation of having the group determine what, how, and when a task is accomplished. Thus, individuals in such a culture conceivably expect that group members (channel partners in this case) work together. These characteristics are indicative of a participative leadership style. Also, when a modicum of uncertainty avoidance is present, the society is somewhat uncomfortable in ambiguous situations and, thus, likely experiences anxiety and stress; moreover, societal members may be insufferable toward behaviors or ideas that are not mainstream. These conditions conduce a need for consensus building. Participative leadership would logically flow from the foregoing situation, thus decreasing manifest conflict. Furthermore, if the society is also relatively
low in power distance, participation in decision making is likely encouraged, which is consistent with a participative leadership style. Moreover, support, caring and concern, friendliness, and respect are likely to emerge in such instances, which are redolent of supportive leadership styles. Moreover, cultures that score clearly on the feminine end place emphasis on equity and peoples’ welfare—issues compatible with both participative and supportive leadership styles. Given the preceding situation, the impact of participative and supportive leadership vis-à-vis directive leadership on manifest conflict among international channel partners is logical.

DIRECTIONS FOR FUTURE RESEARCH

Discussing one set of conditions—culture—under which leadership styles may vary vis-à-vis in their effectiveness in managing international channel partner conflict represents a potential contribution to the area. However, this article does offer several avenues that merit future research. First, subsequent work should test the research propositions proffered here using samples in different industries and representing products and services in both industrial and consumer domains. Second, data collection procedures utilized should be identical for all samples used; doing so will reduce the likelihood that findings are partly a function of variegated data collection techniques. Third, future research should address leadership style, conflict, and channel partner performance in a variety of cultures (e.g., Europe, Asia, Latin America) having wide dispersion in each of the four national culture variables. Finally, the current article examined only three variables—leadership styles, manifest conflict, and channel partner performance. Therefore, further research efforts should consider incorporating additional variables that are germane to the variables examined here, such as length of time as a channel partner, channel partner firm size, and nature of products and/or services offered in the channel.

REFERENCES

grounds of partners are detrimental for international joint ventures? *Journal of

Barnett, T. R., & Arnold, D. R. (1989). Justification and application of path-goal con-
tingency leadership theory to marketing channel leadership. *Journal of Business

Free Press.

Bass, B. M. (1985b). Leadership: Good, better, best. *Organizational Dynamic,
13*(Winter), 26–40.


gies in marketing channels: Measures and use in different relationship

Brown, J. R., & Frazier, G. (1978). The application of channel power: Its effects and
connotations. In S. C. Jain (Ed.), *Research frontiers in marketing, dialogues and


personal and national cultures affect leadership style. *Journal of Business
Research, 60*(2), 168–175.

in marketing channels. In J. Sheth (Ed.), *Research in marketing* (vol. 2, pp. 127–
158). Greenwich, CT: JAI Press.

channel relationships: The distributor view. *Industrial Marketing Management,

leadership in organizational settings. In J. L. Pierce & J. W. Newstrom (Eds.),
*Leaders and the leadership process: Readings, self-assessments and


turer influence on the distributor’s perceptions of conflict, performance, and

commitment to IJVs: Psychological consequences of outcomes and investments
in the IJV relationship. *Journal of International Business Studies, 26*(1),
91–115.


Deluga, R. J. (1995). Relationship of transformational and transactional leadership
with employee influencing strategies. In J. L. Pierce & J. W. Newstrom (Eds.),
Leaders and the leadership process: Readings, self-assessments and applications (pp. 219–222). Homewood, IL: Austen Press/Irwin.


