

AN EXAMINATION OF THE USE OF EXERCISED COERCIVE POWER WITHIN A RELATIONAL EXCHANGE: THE MODERATING ROLE OF DEALER RESISTANCE

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ABSTRACT

The authors develop a conceptual model to examine a dyadic relationship that explores the moderating effect of dealer resistance on the *use of exercised coercive power – satisfaction* relationship. The results provide a possible explanation for conflicting results within extant channel literature regarding the relationship. Within the context of the model, the authors provide a conceptualization of the endogenous construct, *conflict potential*, as a means to examine the motivation behind a channel member's decision to exercise coercive power as an influencing agent. The model also examines the mediating influence of compliance on the *use of exercised coercive power – satisfaction* relationship. The model is tested, via a two group structural equation modeling, using a sample of 324 high level executives from the office systems and furniture industry.

Method

The office systems and furniture industry was selected as the research setting to test the study's hypotheses. Although dealers in this industry have access to over 100 suppliers, the primary supplier for each dealer generally has an advantage (Little 1970; Gassenheimer and Calantone 1994). Consequently, this particular industry behavior results in a supplier-dominated channel structure. Pre-test interviews with eighteen dealers identified ten key sensitive and strategic areas that possibly could be a source of controversy between dealers and suppliers. Further details regarding the data collection are reported in Gassenheimer, Calantone, and Scully (1995).

Results

Not all hypothesized relationships were supported. Our hypotheses addressing positive relationships among conflict potential, use of exercised coercive power and compliance were significant and positive. On the other hand, the hypothesized relationships between compliance and satisfaction, as well as between use of exercised coercive power and satisfaction were not supported by the results. The relationship between compliance and satisfaction was positive, as hypothesized,

however, the path was insignificant. The impact of use of exercised coercive power on satisfaction was hypothesized to be negative, yet this path was also insignificant.

The lack of significance in the paths leading to satisfaction could be the result of the hypothesized moderating effect of resistance on the direct and indirect relationships between the use of exercised coercive power and satisfaction. A two-group structural equation modeling was conducted to test this set of hypotheses and thus the moderator effect of resistance. The hypotheses, which argue for the moderating effect of resistance on the indirect relationship between use of exercised coercive power and satisfaction mediated by compliance, could not be supported. Nonetheless, the hypothesized moderating effect of resistance on the direct relationship between use of exercised coercive power and satisfaction was supported. The findings from this test approach are intriguing. While the relationship under investigation was not significant in the overall model, the findings differ significantly when the moderating effect of resistance is incorporated in the model. Under high levels of resistance, the relationship between use of exercised coercive power and satisfaction was found negative and significant.

Conclusion

Theoretically, the study introduces a conceptual framework for the conflict potential construct as a means to further understand the motivations behind the use of exercised power. Our findings also support that resistance has a moderating role in the coercive power-satisfaction relationship and therefore provides a theoretical explanation for previous inconclusive research findings. Additionally, our results provide explanation for previous inconclusive results regarding the negative relationship between use of exercised coercive power and satisfaction. Subsequently, we believe that further examination of the specific interaction between broad attitudinal constructs (e.g., compliance and satisfaction) and channel members' responses to discrete situational events (e.g., competition for control over specific decision activities), has significant future research potential.

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