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An Analysis of the Relationship between the Sources of Conflict
and the Stages in the Conflict Process within the Marketing Channel
comprising Retail Pharmacy Managers and Medical Doctors

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An Analysis of the Relationship Between the Sources of Conflict and the Stages in the Conflict Process within the Marketing Channel Dyad comprising Retail Pharmacy Managers and Medical Doctors

Abstract

Marketing channels have traditionally been examined as commercial conduits the sole objective of which was to facilitate the flow of goods from producer to consumer. This approach emphasized functional and structural aspects of the channel and was primarily concerned with the efficiency of the distribution system. During the last two decades, marketing channels have increasingly been viewed as social systems affected by the behavioural dimensions of power, conflict, roles and communication. The rapid growth of vertical marketing systems with greater authority and interdependence between channel members, have stimulated interest in this field.

Nevertheless, research has been limited and characterized by methodological problems and conceptual differences about the definitions of behavioural variables and their relationships. Some attempts have been made to develop an integrated framework within which to conduct research into channel relationships, but the validity and reliability of these models has not been tested.

This research project examined the relationship between the sources of conflict and stages in the conflict process. The sources of conflict were subdivided into attitudinal and structural categories, the latter being concerned with goal differences, the desire for autonomy in the face of interdependence and competition for scarce resources.

The conflict process model adopted by the author assumes the existence of stages of latency, feeling, perception, manifestation and aftermath in each conflict episode. The first four were treated as separate behavioural states for which different levels of conflict intensity were measured.

In order to provide greater explanatory power to the results of the analysis, the perceptions of two respondent groups were identified, namely the leader group, consisting of channel members responsible for the overall strategic interests of the channel, and the affected group, consisting of channel members who had been adversely affected by the activities of their partners in the channel dyad. In addition, respondents were asked to identify separately, their perceptions of the macro and micro levels of conflict in the four conflict states.

The marketing channel for prescription medicines was selected for the study. The focal dyad consisted of retail pharmacy managers and doctors with single respondent perceptual measures being obtained from the retail pharmacy managers. A mail survey of all the retail pharmacy managers in South Africa, South West Africa/Namibia, and the independent homelands conducted in July 1987 resulted in a 40% response rate (1031 returns).

Tests indicated statistically significant differences between the perceptual measures representing the sources and stages of conflict, the macro and micro levels of the stages of conflict and between the leader and the non-leader groups and the affected and non-affected groups. A sequential hierarchy in the level of conflict measured in the behavioural states was indicated, with decreasing levels of conflict being identified in states of latency, perception, feeling and manifestations, respectively.

An analysis of the results revealed that attitudinal sources of conflict were more important than structural sources in measures of perceptions, feelings and manifestations of conflict behaviour. In the latent conflict state, structural sources assumed greater importance than attitudinal sources. In most of the measures, the sources of conflict were more correlated with perceptions of conflict at the macro level than the micro level. The exception was manifest conflict for which micro conflict levels were more important. The major sources of conflict were differences in perceptions, differences in goals and the lack of autonomy.

The leader group indicated a particular concern for attitudinal factors, particularly communication difficulties. The affected group, whilst identifying attitudinal factors as being the most important, was especially concerned with their lack of autonomy from the doctor, rather than the competition for scarce resources which could have been expected. An overall assessment of the level of conflict between retail pharmacy managers and doctors indicated that the channel dyad was relatively free from conflict. Relationships were characterized by a degree of satisfaction, some degree of harmony and little evidence of conflict behaviour.

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Chapter 1

THE NATURE AND SCOPE OF MARKETING

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Chapter 1

THE NATURE AND SCOPE OF MARKETING

1.1. Introduction

The challenges of change are receiving the attention of an increasing number of social scientists. The rate of change and the magnitude of its impact have been increasing at an accelerating pace (Kotler, 1984: 100; Pearce & Robinson, 1982: 127). Although technological innovations have provided the most visible changes, the changes that have occurred in the socio-economic environment have been no less dynamic (Lucas, 1983: 64).

There is growing recognition of the need for proactive management to take advantage of environmental opportunities and/or to dilute or negate the impact of environmental threats. As Kotler (1984: 194) suggests:

"The key to organizational survival is the organization's ability toward self-modification as the environment changes and calls for new behaviours. Adaptable organizations monitor the environment and make changes through anticipatory planning so as to maintain a fairly current strategic fit with the evolving environment."

The use of strategic planning systems has increased to enable firms to monitor their environments. Research has shown that business organizations that adopt a formal planning process outperform, over a wide variety of financial criteria, those not engaged in systematic long term planning (Pearce and Robinson, 1982: 16 - 18).

Those events which are external to a firm and which influence its management decisions are described as the external environment of that firm. Environmental variables can be classified into two sub-sets, depending upon the ability of the organization to influence those variables. (Pearce and Robinson, 1982: 103) The *task* or *operating* environment consists of competitors, customers, creditors, labour markets and suppliers whilst the *remote* environment is made up of political, economic, social and technological factors, the latter usually beyond the direct control of the business organization. These sub-sets have also been described respectively as the *micro* and *macro* environments by Lucas (1983: 55).

Pfeffer and Salancik (1978: 11 & Ch.2) argue that organizational effectiveness will increasingly be influenced by the ability of business planners to:

1. anticipate the impact of environmental turbulence, and,
2. identify and monitor strategies that are appropriate for selected environmental situations.

In both instances, explaining and predicting marketing phenomena play a crucial role. Theodore Levitt (1965: 93) discusses the importance of prediction in business decisions and the need for proactive strategies:

"Whilst prediction is always hazardous and seldom very accurate, it is undoubtedly far better than not trying to predict at all. In fact, every product strategy and every business decision inescapably involves making a prediction about the future, about the market, and about competitors. To be more systematically aware of the predictions one is making so that one acts on them in an offensive rather than a defensive or reactive fashion - this is the real virtue of preplanning for market stretching and product life extension."

Thus, because change is an endemic characteristic of the organizational environment, accurate prediction permits and facilitates proactive adaptation to, and control of that environment. Strategic decision-makers are concerned with understanding and evaluating environmental phenomena. In providing a basis for sound prediction, marketing research has been shown to contribute to the selection of effective business strategies (Myers, Greyser & Massy, 1979: 27).

1.2. Marketing Research

The dynamics of the free enterprise system occur through the interaction of buyers and sellers in the market place. The systematic process of unravelling the behavioural complexities of this interaction is designated as marketing research. A more comprehensive definition is offered by Lucas (1983: 89).

"Marketing research is the systematic and objective collection, analysis, and interpretation of information on all marketing problems by recognized scientific methods in order to provide information for marketing decision-making."

This definition proposes that the prime purpose of marketing research is to improve decision-making. This emphasizes the objective explanation and prediction of environmental occurrences. The need to classify and describe marketing information is a prerequisite for the systematic and scientific collection and interpretation of data.

It is concluded therefore, that marketing research performs two major functions: the explanation and interpretation of marketing information and the classification and description of that information.

1.2.1. The Purpose of Marketing Research - Explanation and Prediction

Hunt (1983a: 30) proposed that research in marketing has as its principle aim the search for knowledge which is capable of describing, explaining and predicting phenomena. He emphasizes the role of explanation and its relationship to prediction: (Hunt, 1983a: 83)

"The term *explanation* plays a prominent role in all kinds of scientific inquiry. Although the observation, description and classification of phenomena are important in science, the *explanation* of phenomena remains the *sine qua non* of science: without explanation, there is no science."

Hunt (1983a: 117) also emphasizes that:

". . . all adequate explanations must have predictive capacity."

Researchers attach considerable importance to the understanding of marketing behaviour, particularly from the point of view of marketing decisions. The role of marketing research in facilitating effective organizational decision-making is amplified by Bagozzi (1983: 140):

"First, researchers strive to gain an *understanding* of marketing behaviour. They do this through the construction and test of theories which, in turn, are designed to achieve a certain degree of explanatory and predictive power. Second, marketers attempt to gain *control* over phenomena in the marketplace, either directly through the influence of causal agents or indirectly through the manipulation of the environment."

The managerial emphasis of marketing research has attracted criticism from Hunt (1983a: 30). He firmly contends that the discipline of marketing does not exist solely to serve the needs of the marketing manager. Legislators, administrators, consumer interest groups and decision-makers interested in the the impact of marketing systems on society may, for example, use marketing research to evaluate and/or regulate marketing activities. Nevertheless, the important link between marketing research and the management of marketing phenomena, irrespective of size, nature or objectives of the organizational unit or network, is acknowledged by Hunt (1983a: 156):

"Taken together, the ability to systematically explain marketing phenomena and the ability to predict marketing phenomena lead to the *scientific understanding* and *control* of marketing phenomena. If by employing certain laws, the marketer can predict the consequences of changing certain resources under his control, then the marketer has at least some ability to *control* the system. Thus, the intellectual goal of all scientific endeavor is scientific understanding, and the pragmatic consequence of scientific endeavor is increased control over man's environment."

Marketing research therefore seeks to explain marketing phenomena and improve the predictive capabilities of market planners and the decision-making capabilities of organization managers. This creates the opportunity for an organization to influence the environment and develop proactive strategies for environmental control.

1.2.2. The Purpose of Marketing Research - Classification and Description

The development of scientific laws is an absolute requirement for explaining marketing phenomena (Hunt, 1983a: 156). However, explanation depends in turn, upon the existence of a comprehensive classification schema for recording observations of the marketing phenomena. Carman (1980: 4) points out that theory development must begin with a specification of the units of analysis, the constructs, the variables and a set of propositions.

"The unit of analysis is the item or group whose activities are studied. In marketing, we often consider as the unit of analysis individuals, families, and organizations. Constructs are fundamental concepts that one uses in thinking about and analyzing an area. It is usually multidimensional and cannot be described by only a single measure. . . Variables are the unidimensional parts of a construct that we would like to (and often can) measure. Propositions specify the relationships between constructs."

In order to proceed with marketing research, definitions of the variables being investigated must be developed to clearly reflect the attributes being measured. Kerlinger (1973: 32) places considerable emphasis on this stage of a research project.

"The importance of operational definitions cannot be over-emphasized. They are indispensable ingredients of scientific research because they enable researchers to measure variables and because they are bridges between the theory-hypothesis-construct level and the level of observation. There can be no scientific research without observation, and observations are impossible without clear and specific instructions on what and how to observe. Operational definitions are such instructions."

It has been established that prerequisites for successful marketing research are the careful classification and description of the marketing phenomena being investigated and the application of scientific methodology in the research. Therefore, in order to proceed, it is necessary to assess what is meant by the term "marketing" and identify whether acceptable classification schema exist to use as a basis for describing marketing phenomena.

1.3. The Nature and Scope of Marketing

Marketers have convincingly identified that business organizations adopting a marketing-oriented philosophy succeed, (McCarthy, 1981: 35- 36). Furthermore, business failure has been attributed to "marketing myopia" (Levitt, 1960), and the failure to adopt a marketing-oriented philosophy (Kotler, 1984: 23; Peters & Waterman, 1982; Peters & Austin, 1985). This has led many organizations, both business and non-business, to regard marketing systems and the application of marketing techniques as the panacea for survival (Carman, 1980: 1 - 2).

It is therefore necessary to clarify the conceptual domain of the construct labeled "marketing" as well as the concepts, processes, systems, and activities involved. This will provide a framework for identifying marketing problems and discussing theories of marketing to explain the phenomena being investigated.

1.3.1. The Definition of Marketing

Since the early 1900's there has been much debate over the definition of "marketing" (Hunt, 1983: 6). Initially the debate concerned the range of business activities or functions that should be classified as falling within the domain of marketing. In the mid-sixties, the emphasis moved away from the functional approach and concentrated on the social processes involved in marketing.

The following definitions have been selected to trace the evolution of marketing thought since the mid-sixties. All contain common elements but provide a different emphasis. The first definition is that proposed by the marketing staff of the Ohio State University (1965: 43 - 44).

"Marketing is a process in a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange and physical distribution of goods and services."

This view links marketing functions with society, thereby drawing attention to the fact that society provides the context and constraints in which marketing behaviour occurs. In addition, it focuses on the need to identify consumer demands and satisfy these through the development of an integrated set of functions that direct the flow of goods and services through the marketing channel to the consumer.

However, the focus was on *economic* goods and services, a perspective considered to be too narrow. Kotler and Levy (1969: 10 - 15) advocated the extension of the role of marketing beyond businesses to non-business organizations.

Furthermore, the concept of *demand* was based on the traditional economists' understanding - a consumer "want" backed by an ability and willingness to pay (Kotler, 1984: 5). Thus no attention was given to consumer or societal needs or wants that would be unfulfilled because of the inability or lack of willingness to pay.

Finally, the emphasis on *enlarging* the demand structure was questioned in that it gave no guide as to whether this was in the best interest of society. Kelly (1971: 1- 2) predicted that the deterioration of the environment was an important social issue to which business organizations would increasingly be required to give their attention.

Three other definitions are considered because of the particular perspectives they offer. The first is the definition proposed by Stanton (1967: 5) as adapted by Miller, Roome and Staude (1978: 125):

"Marketing is a total system of interacting business activities designed to plan, price, promote and distribute want-satisfying products and services to present and potential customers, at a profit."

This definition is primarily concerned with a managerial approach to marketing. The four variables of the "marketing mix" (McCarthy, 1981: 42) employed by marketing managers to satisfy customer wants are identified. The business philosophy adopted by marketing-oriented organizations is emphasized by the attention drawn to the three fundamental principles which form the basis of the marketing concept (Kotler, 1984: 20), namely, customer orientation, integration and profit orientation. A systems approach to the discipline is employed and, by emphasizing present and *potential* customers, the proactive nature of marketing is stressed.

The definition does not confine the application of marketing management principles to a single business unit, but it does require that the unit or system should be profit oriented. Furthermore, the focus is on the adoption of a marketing-oriented philosophy rather than a production-orientation or a sales-management-orientation. Foxall (1984: 27) argues convincingly that each style is situation specific; that production-orientation is a predictable response to conditions of scarcity and sales-management-orientation to conditions of affluence.

A second set of definitions are those offered by McCarthy (1981) in which he distinguishes between micromarketing and macromarketing:

"Micromarketing is the performance of activities which seek to accomplish an organization's objectives by anticipating customer or client needs and directing a flow of need-satisfying goods and services from producer to customer or client." (McCarthy, 1981: 8)

"Macromarketing is a social process which directs an economy's flow of goods and services from producers to consumers in a way which effectively matches supply with demand and accomplishes the objectives of society." (McCarthy, 1981: 10)

There are two features of the McCarthy definitions that are of particular relevance to this research project. The distinction between the macro and micro perspectives provides a broader base for the discipline of marketing. This encourages marketing researchers to seek a greater understanding of the marketing systems created by society to satisfy its needs.

In addition, the recognition given to the macro dimension emphasizes the need to treat the channel distribution as a marketing unit operating within a societal context. In other words, the marketing channel is not merely a collection of business activities for the efficient physical distribution of goods, but is a social process bounded by societal parameters and goals.

The third definition is proposed by Kotler (1984: 4):

"Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others."

The most important feature of this definition is the prominence given to the exchange relationship. In fact, Kotler (1984: 8) contends that exchange is *the* fundamental concept underlying the study of marketing.

". . . how transactions are created, stimulated, facilitated, and solved . . . is the generic concept of marketing." (Kotler, 1972: 49)

There appears to be consensus that the discipline of marketing is principally concerned with human exchange relationships (Foxall, 1984: 27; Hunt, 1976: 25). This dyadic or two-party view of marketing behaviour represents a major shift in perspective, as emphasized by Bagozzi (1978: 536):

"No longer are buyers and sellers treated solely as isolated actors emitting or responding to stimuli. Rather, marketing behaviour is now regarded as an inherently social activity where the outcomes of exchanges depend on bargaining, negotiation, power, conflict, and the shared meanings existing between buyer and seller. Significantly, complex relationships in the marketplace are modeled as sequences, networks, or systems of dyadic exchanges. The shift in perspective occurs at both the level of the subject matter and the structure of explanation."

The study of marketing is therefore, primarily concerned with dyadic exchange relationships. It seeks to explain and predict the behaviour that occurs when groups or individuals attempt to satisfy needs and wants through the process of exchange. These exchange relationships occur at both micro and macro levels and are substantially influenced by economic *and* behavioural considerations.

The definitions examined provide an extremely broad perspective of marketing phenomena. Attention has *inter alia* been drawn to the distribution process, the marketing functions, the proactive nature of marketing management, the business philosophy known as the marketing concept, and the need to identify and satisfy the needs of both the customer and society. Hunt (1976: 19) succinctly posed three questions that arise from these definitional dimensions and that are of concern to the marketing researcher:

"First, what kinds of phenomena and issues *do* the various marketing writers perceive to be included in the scope of marketing? Second, what kinds of phenomena and issues *should* be included in the scope of marketing? Third, how can marketing be defined to both systematically encompass all the phenomena and issues that should be included and, at the same time, systematically exclude all other phenomena and issues. That is, a good definition of marketing must be both properly inclusive and exclusive."

In order to address these questions, consideration is given to the existence of classification schema with which to classify or describe marketing phenomena and the existence of paradigms or general theories which underpin the study of marketing behaviour. Special attention is given to those aspects pertinent to exchange relationships in marketing channels.

1.3.2. The Scope of Marketing

Reviewing the discussion thus far, it is apparent that the development of the discipline of marketing has not been without controversy. During the 1960's and 1970's in particular, debate centered on three main issues: whether marketing should be broadened to include first, non-business and non-profit organizations; second, the societal or macro dimensions of marketing activities; and finally, whether marketing should be considered as a science?

It is considered by most authors that these issues have been resolved for the present (Hunt & Burnett, 1982: 11; Arndt, 1982: 27). Central to this resolution was the development of the "three dichotomies model" initiated by Kotler (Hunt, 1976: 20) and articulated by Hunt (1976). Acceptance of the model was not without debate:

Hunt (1983a: 355) suggests the following criteria for evaluating classification schema:

1. adequacy of the definition specifying the phenomenon to be classified;
2. adequacy of the specification of the characteristics that will be doing the classifying;
3. the mutual exclusivity of the categories;
4. the collective exhaustiveness of the categories;
5. the usefulness of the schema.

Prominent marketing academics such as Etgar (1977: 14, 16, 146), Gumucio (1977: 8), Robin (1977: 136, 138; & 1978: 6, 42), Ross (1977: 10, 146) offered critical comment which in the opinion of Arndt (1982: 27) was successfully defended by Hunt (1978: 107 - 110).

The model postulates that there are three main dimensions to the scope of marketing:

1. the *level of aggregation* - a macro/micro dichotomy distinguishing between individual units and higher levels of aggregation (groups or marketing systems);
2. the *focus of analysis* - a positive/normative dichotomy that differentiates between marketing activities, processes and phenomena that *actually* exist as opposed to those that *ought to* exist;

3. the *objectives of the organization* - a profit/non-profit dichotomy which separates profit-oriented organizations from those entities not driven by the profit-motive.

A classificatory schema combines these three dichotomies into an elegantly simple eight cell matrix (2 x 2 x 2) capable of offering a conceptual home for the marketing perspectives contained in the various definitions discussed earlier. Table 1.1. (Hunt, 1976: 21) provides an illustration of the classificatory utility of the model.

	Positive	Normative
Profit Sector	<p>(1) Problems, issues, theories, and research concerning:</p> <ul style="list-style-type: none"> a. Individual consumer buyer behavior b. How firms determine prices c. How firms determine products d. How firms determine promotion e. How firms determine channels of distribution f. Case studies of marketing practices 	<p>(2) Problems, issues, normative models, and research concerning how firms <i>should</i>:</p> <ul style="list-style-type: none"> a. Determine the marketing mix b. Make pricing decisions c. Make product decisions d. Make promotion decisions e. Make packaging decisions f. Make purchasing decisions g. Make international marketing decisions h. Organize their marketing departments i. Control their marketing efforts j. Plan their marketing strategy k. Apply systems theory to marketing problems l. Manage retail establishments m. Manage wholesale establishments n. Implement the marketing concept
Profit Sector	<p>(3) Problems, issues, theories, and research concerning:</p> <ul style="list-style-type: none"> a. Aggregate consumption patterns b. Institutional approach to marketing c. Commodity approach to marketing d. Legal aspects of marketing e. Comparative marketing f. The efficiency of marketing systems g. Whether the poor pay more h. Whether marketing spurs or retards economic development i. Power and conflict relationships in channels of distribution j. Whether marketing functions are universal k. Whether the marketing concept is consistent with consumers' interests 	<p>(4) Problems, issues, normative models, and research concerning:</p> <ul style="list-style-type: none"> a. How marketing can be made more efficient b. Whether distribution costs too much c. Whether advertising is socially desirable d. Whether consumer sovereignty is desirable e. Whether stimulating demand is desirable f. Whether the poor should pay more g. What kinds of laws regulating marketing are optimal h. Whether vertical marketing systems are socially desirable i. Whether marketing should have special social responsibilities
Nonprofit Sector	<p>(5) Problems, issues, theories, and research concerning:</p> <ul style="list-style-type: none"> a. Consumers' purchasing of public goods b. How nonprofit organizations determine prices c. How nonprofit organizations determine products d. How nonprofit organizations determine promotion e. How nonprofit organizations determine channels of distribution f. Case studies of public goods marketing 	<p>(6) Problems, issues, normative models, and research concerning how nonprofit organizations <i>should</i>:</p> <ul style="list-style-type: none"> a. Determine the marketing mix (social marketing) b. Make pricing decisions c. Make product decisions d. Make promotion decisions e. Make packaging decisions f. Make purchasing decisions g. Make international marketing decisions (e.g., CARE) h. Organize their marketing efforts i. Control their marketing efforts j. Plan their marketing strategy k. Apply systems theory to marketing problems
Nonprofit Sector	<p>(7) Problems, issues, theories, and research concerning:</p> <ul style="list-style-type: none"> a. The institutional framework for public goods b. Whether television advertising influences elections c. Whether public service advertising influences behavior (e.g., "Smokey the Bear") d. Whether existing distribution systems for public goods are efficient e. How public goods are recycled 	<p>(8) Problems, issues, normative models, and research concerning:</p> <ul style="list-style-type: none"> a. Whether society should allow politicians to be "sold" like toothpaste b. Whether the demand for public goods should be stimulated c. Whether "low informational content" political advertising is socially desirable (e.g., ten-second "spot" commercials) d. Whether the U.S. Army should be allowed to advertise for recruits

(Hunt, 1976: 21)

The increasing emphasis on management's need to identify effective marketing mix strategies led to an evolution in the study of marketing away from a profit sector/macro/positive emphasis (the functional approach - sector 3), to profit sector/micro/normative (sector 1). More recently, the importance of the societal environment and the adoption of the marketing concept by non-business organizations saw the broadening of the scope of marketing to the other six sectors in the matrix in Table 1.1.

Each of the three dichotomies will be considered to identify features relevant to the conduct of research into marketing channel phenomena. A reference to Table 1.1. indicates that marketing channels fall into both macro and micro sectors. The discussion begins with the macro/micro dichotomy.

1.3.3. The Macro/Micro Dichotomy

The comments of Dholakia and Nason (1984: 41) illustrate the importance of macromarketing to the study of marketing channel relationships:

"1. Macromarketing steps beyond the managerial focus of a specific organization. In so doing, it subjects marketing institutions and processes to new holistic perspectives - perspectives which require a new fusion of concepts from sociology, anthropology, economics, and psychology. To the extent that macromarketing advances the much-needed integration of diverse social sciences, its intellectual impact would spread beyond the realm of traditional marketing.

2. Managerial problems of macro entities (such as industries, consortia, governments, associations, etc.) have traditionally been approached by methods of the administrative sciences. Macromarketing brings refreshing new perspectives to macro-management. By developing symbiotically with administrative sciences, macromarketing could attract interest from policy makers at all levels ranging from local to international."

Three perspectives are discussed in an attempt to clarify the conceptual difficulties that have arisen regarding the mutual exclusivity and collective exhaustiveness of this dichotomy. The distinction between macro and micro marketing phenomena is considered in terms of the level of aggregation, the objectives of the researcher, the introduction of a third category, "mesomarketing" and the classification of the dyad.

1.3.3.1. The Domain of Macromarketing - Classification by Level of Aggregation

Since the article by Kotler and Levy (1969) on "broadening" the scope of marketing and the introduction of the three dichotomies model, researchers have sought to clarify the distinction between macro and micro marketing phenomena and to specify the domain of macromarketing. A survey amongst marketing academics by Hunt and Burnett (1982) revealed that a simple

"level of aggregation" criterion based on the unit of analysis was insufficient to classify marketing phenomena as either macro or micro.

The prime source of ambiguity was the classification of intermediate marketing systems which were considered to be a mixture of both macro and micro phenomena. In defining intermediate marketing systems as "marketing subsystems such as channels of distribution, retail systems, wholesale systems and industries" (Hunt and Burnett, 1982: 23), Hunt and Burnett (1982) comment as follows:

"Although the study of marketing systems is clearly macro, the results [of the survey] point out a significant unresolved issue: What is the nature of a marketing system? Are channels of distribution marketing systems? . . . The findings suggest that the study of marketing systems is conclusively macro *only* when the marketing systems involved are the *total* marketing system of an economy, not marketing systems that are *intermediate* between individual firms and the total marketing system." Hunt and Burnett (1982: 21)

In addition, problems arose with undisputed macro or micro research areas in which the *purpose* of such research was to examine the impact of the micro or macro marketing phenomena on intermediate marketing systems.

Thus, for example, research into society's total marketing system was considered to be purely macromarketing and the study of individual consumer behaviour, purely micromarketing. However, the study of the *consequences* of either the societal marketing system or individual consumer behaviour on intermediate marketing systems were considered to be mixtures of both macromarketing and micromarketing. Examining conflict in marketing channels was identified as equally macro and micro (Hunt & Burnett, 1982: 17 - 18; Arndt, 1982: 32).

1.3.3.2. The Domain of Macromarketing - Classification by Research Objectives

In their discussion on the scope of macromarketing, Dholakia and Nason (1984: 42) approach the problem of classification from the point of view of a research programme. They identified three specific macromarketing research areas:

1. the *macro effects* of micromarketing activities;
2. the behaviour, structure and societal impact of *macromarketing systems*; and
3. the development of *macromarketing policies* to control macromarketing effects.

They propose that the key task of macromarketing research would be the discovery, description and evaluation of macro effects of both micro and macro marketing activities, systems and policies. The combined knowledge of macro effects and their systemic characteristics would, in turn, provide a basis for selecting macro policies and developing macro systems to meet societal needs (Dholakia & Nason, 1984: 44).

Accordingly, the researcher's objectives provide the classificatory criterion with which to distinguish between macromarketing and micromarketing. If the research is intended to aid managerial decisions for a specific market place actor, then it is micro in focus. Research into the same marketing system or marketing policies for their inherent systemic characteristics or societal impact would be treated as macromarketing (Dholakia & Nason, 1984: 43)

Consequently, marketing channel research is classified as macromarketing if the research objective is to describe and evaluate the marketing channel system, its effects and/or policies *from the point of view of society as a whole*.

Although the managerial approach contributes towards conceptual clarity, the size of the marketing unit remains a problem for two reasons. The larger the unit, the greater its impact on society, and the closer are the similarities between management of the marketing unit and management of society. Many business organizations span national and international boundaries. A micro classification for all research which aims to assist with the management of these corporate giants seems too broad.

Similarly, marketing channel systems vary in the formality of authority structures and size. The scope of individual channel members to manage or influence the system differs widely. Classifying as micromarketing all research that aimed to assist a channel member to manage the marketing channel system, assumes a level of control that may not exist.

1.3.3.3. Mesomarketing and Dyadic relationships

Arndt (1982: 33) considers the micro/macro distinction to be a fundamental one which, in the context of a multidimensional taxonomy should be treated as a unidimensional construct relating only to the level of aggregation. However, when categorizing the micro/macro dimension, Arndt (1982: 32) suggested that the problem caused by the classification of intermediate marketing systems may be solved by introducing an intermediate level which intervened between micromarketing and macromarketing levels. He referred to this level as *mesomarketing*.

He further proposed that the micro category should be expanded to include dyadic or exchange paradigm studies using simple relational constructs.

Although these proposals provide focus to the problem area, they do not appear to have been actively explored by marketing academics.

1.3.3.4. Implications for Marketing Channel Research

It is clear that, notwithstanding classificatory difficulties, research into the secondary effects of micromarketing activities has important implications for the management of marketing channel systems. This is particularly relevant in view of the innovative forms of vertical marketing systems that have evolved over the past two decades (Kotler, 1984: 546). Research into the macro effects of individual channel member activity, both within the channel system and society as a whole, necessitates a clear identification of systems boundaries and individual and system task environments.

The emphasis on the measurement of effects is an important feature of research design. Although this will be discussed more fully in Chapter 4, attention is drawn to the point made by Dholakia and Nason (1984: 42):

"Since the effects studied are secondary (and not the intended effects), it is very important to model these effects in all their complexities and to develop creative ways of *measuring* these effects."

Marketing channels are frequently characterized by loosely aligned networks of dissimilar and relatively independent firms. Potentially important differences in perceptions of macro and micro dyadic relationships may exist between channel members. Perceptual differences between these two dimensions may assist researchers evaluating the overall effects of marketing channel systems on society. In addition, separate perceptions of micro and macro exchange relationships may provide a clearer picture of the effects of micromarketing activities on *macromarketing* systems, and improve the selection of effective policies for systems management.

1.3.4. Positive/Normative Dichotomy

This dichotomy is concerned with the objectives of the research. The focus of analysis may be classified as predominantly prescriptive or descriptive. This distinction is clearly made by Hunt (1976: 29):

"Positive marketing adopts the perspective of attempting to describe, explain, predict and understand the marketing activities, processes, and phenomena that actually exist. This perspective examines *what is*. In contrast, normative marketing adopts the perspective of attempting to prescribe what marketing organizations and individuals ought to do or what kinds of marketing systems a society ought to have. That is, this perspective examines what *ought to be* and what organizations and individuals *ought to do*."

Criticism has been levelled at the positive/normative dichotomy as being *inter alia* false, dangerous, unnecessary, meaningless and/or useless (Robin, 1977: 136 - 138; Etgar, 1977: 146). Hunt, (1978: 107 - 110; 1979: 567 - 57) in detailed responses dealt satisfactorily with these criticisms emphasizing that the prime value of the dichotomy lay in the clarity of focus it afforded marketing researchers (Arndt, 1982: 31).

Of concern however, is the criticism that, like the micro/macro dichotomy, the positive/normative dichotomy lacks mutual exclusivity. Hunt (1983a: 31) argued that most marketing studies and phenomena were either overwhelmingly positive or normative with no doubt about their classification, and that this is a sufficient condition for a viable taxonomic schema. (This differs from a definitional schemata in which some of the items to be classified may fall into neither category (Hunt, 1983a: 12).) Hunt (1983a: 31) does concede, however, that normative and positive phenomena are interrelated:

"The positive dimensions impact on the normative dimensions. The normative dimensions impact on the positive dimensions. The results are synergistic and thus useful to the discipline of marketing."

The objective of positive marketing research is to increase the understanding of marketing phenomena by providing classification schema and structures which help explain and predict marketing phenomena. This provides a comprehensive basis for the development of normative marketing prescriptions. Combining positive and normative perspectives provides managers with scientifically certifiable evidence with which to guide their marketing decisions.

1.3.5. Profit/Non-profit Dichotomy

This dichotomy is fundamentally different from the other two dichotomies. It distinguishes between the objectives of the *organization* whilst the others use the objectives of the *researcher* as the basis for classification.

At the time of the development of the model, there was controversy over the proposal by Kotler and Levy (1969) and others to broaden the scope of marketing to include the non-profit or non-business sector. By separating organizations into profit or non-profit, a useful distinction was provided to cater for both points of view. It also focused attention on the underdeveloped area of non-profit marketing (Arndt, 1982: 33).

However, the usefulness of this model has been questioned. Hunt (1977: 53) himself acknowledged that there *should be* no fundamental difference between marketing in the two sectors.

Alternative dichotomies have been suggested which may have more appeal, depending upon the objectives of the researcher (Arndt, 1982: 34). Examples include product/service (Shostack, 1977); customers/other publics (Enis, 1973); domestic/international, small organizations/large organizations, consumer goods/industrial goods.

Furthermore, classification is dependent upon whether the organisation or entity has stated objectives which included the realization of a profit. From the point of view of the study of marketing channel behaviour, it has not been conclusively established that a marketing channel may be regarded as a single organization, nor whether as an organization, the realization of a profit could be regarded as one of its objectives.

The major relevance of this dichotomy in this research project is whether the marketing channel under review maybe considered as an organization with the objective of making a profit. As with the other two dichotomies, its usefulness is not merely associated with the classification of marketing phenomena, but it acts as a powerful stimulus to clarify perspectives and generate questions.

1.3.6. Conclusions about the Nature and Scope of Marketing

Recent developments in the quest to describe, understand, explain and predict marketing phenomena have resulted in a broadening of consensus amongst marketers regarding the nature and scope of marketing. A classification schema developed by Hunt (1976: 21) has provided considerable assistance in clarifying issues and concepts that are concerned with the domain of marketing. Marketing channel systems do not yet fit comfortably into this schema. However, the model has generated several important questions:

1. Do perceptions of micro and macro relationships differ between channel dyad members?
2. Do channel members perceptions of positive and normative marketing phenomena differ?
3. Can the marketing channel be regarded as a unified organization capable of operating as a marketing unit following marketing oriented philosophies?

It has been established that marketing is primarily concerned with exchange relationships and exchange behaviour, and that a broad classification schema or frame of reference exists which describes the accepted domain, nature and scope of marketing. It is now appropriate to consider if there are any general theories that apply to marketing phenomena.

1.4. Marketing Theory

In Section 1.1., it was proposed that the principal aims of marketing research were to explain, understand, predict and control marketing phenomena. A different emphasis has been offered by Kerlinger (1973) who considers that the basic objective of scientific research is theory development and that explanation and prediction could be subsumed under this heading. Kerlinger (1973: 9) offers the following definition to illustrate this point:

"A theory is a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena by specifying relations among variables with the purpose of explaining and predicting the phenomena."

This perspective is similar to that proposed by Hunt (1983a: 228) who adopts the definition of "theory" proposed by Rudner (1966: 10):

"A theory is a systematically related set of statements, including some lawlike generalizations, that is empirically testable. The purpose of theory is to increase scientific understanding through a systematized structure capable of both explaining and predicting phenomena."

In terms of these definitions, a theory must meet three criteria:

1. It must contain a set of propositions consisting of defined and related constructs;
2. It must present a systematic view of the phenomena being described through laws or lawlike generalizations which explain the phenomena;
3. The explanation provided must be amenable to empirical validation.

1.4.1. The Distinction between Paradigms and Theories

Theories should not be confused with paradigms. A paradigm has been referred to as an accepted model or pattern that specifies what a discipline should study, what questions it should ask and what rules should be followed in interpreting the answers obtained (Bagozzi, 1976: 2). Paradigms therefore define the units and framework of analysis but make no attempt to advance propositions or explain relationships. Accordingly, paradigms form the foundations of theory (Carman, 1980: 2).

This report has already considered one paradigm for marketing, namely the "three dichotomies model" proposed by Hunt (Section 1.2.3.). Other paradigms are used by marketing scholars. Carman (1980: 3) suggests that the six most frequently used are:

1. the microeconomics paradigm;
2. the persuasion/attitude change paradigm;
3. the conflict resolution paradigm;

4. the general systems paradigm;
5. the functionalist paradigm; and,
6. the social exchange paradigm.

Additional paradigms have been proposed by Carman (1980) (systems/exchange paradigm) and Dixon and Wilkinson (1984) (functionalist/systems paradigm).

Although there is no consensus as to which paradigm should be regarded as *the* general paradigm upon which to build a general theory of marketing, there is considerable support amongst marketing theorists that:

1. the primary focus of marketing is the exchange, transaction or dyadic relationship (Bagozzi, 1975: 39; & 1978; Foxall, 1984: 27); and that,
2. all the problems, issues, theories, and research in marketing can be analyzed using the three categorical dichotomies of profit sector/nonprofit sector, micro/macro, and positive/normative. Arndt (1982: 29) states that the wide acceptance of the three dichotomies model may even justify the honorific label of a "general paradigm."

Given this progress in creating a robust foundation for theory building, it is now possible to consider the progress made in the development of a general theory of marketing.

1.4.2. A General Theory of Marketing

Earlier discussion indicated that the exchange transaction forms the core of the study of marketing and that marketing research has been primarily concerned with attempts to explain marketing phenomena that influence the transaction or exchange process. A general theory of marketing would therefore be required to explain exchange behaviour. The following dependent variables have been proposed as the fundamental features of the structural domain of marketing (Hunt, 1983b: 18):

- "1. the behaviour of buyers directed at consummating exchanges,
2. the behaviour of sellers directed at consummating exchanges,
3. the institutional framework directed at consummating and/or facilitating exchanges,
4. the consequences on society of the behaviours of buyers, the behaviour of sellers, and
5. the institutional framework directed at consummating and/or facilitating exchanges."

Some attempts have been made to develop a general theory of marketing, (Alderson (1965), Bartels (1968) and Bagozzi (1979)), whilst the major effort has been directed at developing theories of marketing *within* one of the above marketing categories. The consensus amongst marketing theorists is that:

1. Proposed general theories of marketing do not meet the requirements of a theory (El-Ansary, 1979: 407; Hunt, 1971: 68; & 1973: 70; Ferrel & Perrachione, 1980: 160). Many of these theories represent a collection of paradigms or classificational schema which provide an important base for theory development, but are not in themselves theories. In other words, they do not contain a systematically related set of statements, including some lawlike generalizations, that are empirically testable.

2. A general theory of marketing is needed to unify the diverse theories of marketing (Bartels, 1968: 29 etc). Hunt (1983b: 13) contends that although there is no immediate prospect of a general theory of marketing, progress is being made.

Therefore, marketing research requires an acceptable framework to use as a basis for developing operational definitions of marketing variables. There appears to be scope for the development of measuring techniques. Furthermore, the evaluation of existing paradigms, which, although not contributing directly to theory development may provide an improved foundation on which to build theories.

1.4. Summary and Conclusions

In order to satisfy its consumption needs, society evolves distribution systems consisting of groups and individuals who create the transactions which overcome market separations and result in exchange. The social process of exchange behaviour through the distribution system is described as marketing.

Marketing research is the application of scientific methodology to describe and explain the phenomena that occur in this process of exchange. The findings of marketing researchers provide a basis for prediction and the development of normative guidelines for marketing managers.

Research into marketing-phenomena requires a clear specification of the framework within which the research is to take place, unambiguous operational definitions to described the marketing constructs being measured, and the employment of scientific methods. This will enhance the validity of the explanatory power of the findings and their predictive capacity.

In view of the general acceptance of the three dichotomies model as a paradigm for marketing research, it was decided to use this paradigm as a framework for developing the research objectives of this project. However, as was demonstrated, marketing channel research does not fit comfortably into this model. Attempts to apply the model, raised the following questions:

1. Should the marketing channel be regarded as a single organizational unit with distinctive corporate objectives? Do members of the channel perceive the channel as a single organization (positive/normative considerations)?
2. Which is the more appropriate level of aggregation classification - macro or micro?
3. To what extent do perceptions of the macro and micro environments differ and how would these differences alter the outcome of marketing research?
4. To what extent do normative and positive perceptions of marketing phenomena differ and how would these differences contribute to the explanation of marketing phenomena?

These issues are addressed in this research project.

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CHAPTER 2

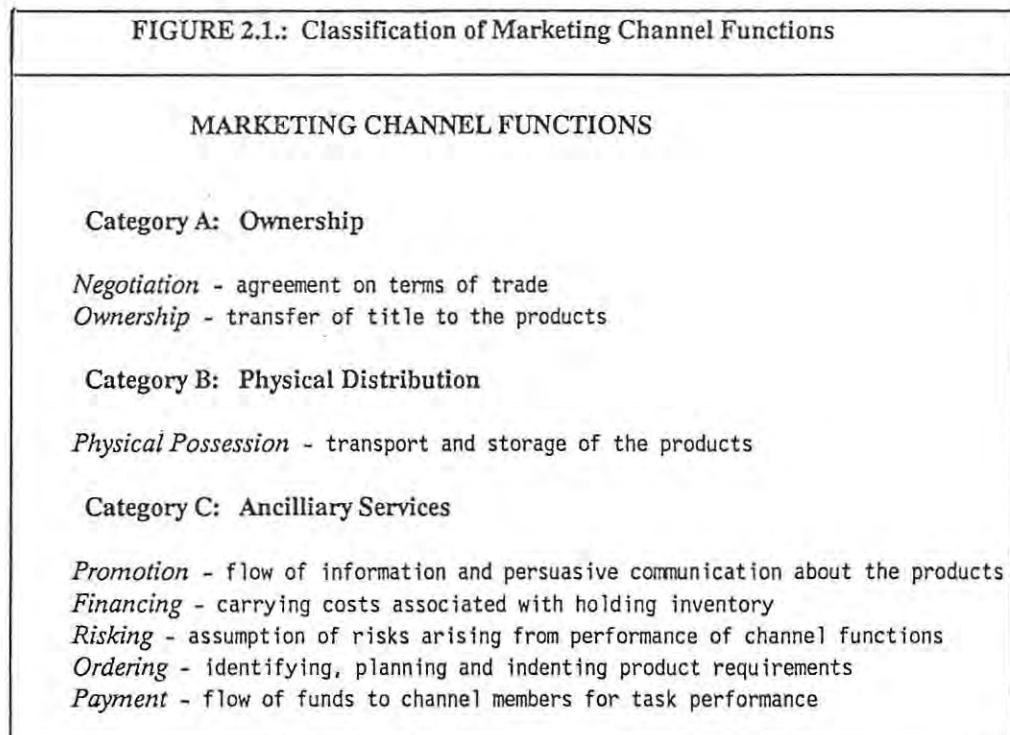
MARKETING CHANNEL CONFLICT

2.1. Introduction

The objective of this chapter is to introduce the concept of the marketing channel and discuss its role as a central feature in the study of marketing.

2.2. The Nature of the Marketing Channel

Both society at large and individual business organizations are vitally concerned with the need to place want-satisfying goods or services at a point accessible to existing and potential consumers. The marketing channel, or channel of distribution, is the marketing structure established to accomplish this objective (Mallen, 1977: 12). Apart from the physical transfer of products, several other functions must be performed before consumption can occur. A classification of these functions and flows is depicted in Figure 2.1.



(adapted from Stern and El-Ansary (1982: 13))

The literature normally refers to business organizations concerned with ownership as merchants or negotiating agents whilst those performing Category B and C activities are described as facilitating agents (Mallen, 1977: 30).

Channel members may carry out one or more of these activities. Functional specialization and the scarcity of resources influence the development of channel structures and the allocation of responsibilities for functional mixes (Kotler, 1984: 542). Changes within and between channel structures will occur as members attempt to improve their own financial performance through enhanced customer satisfaction or the pursuit of different target markets. Functional mixes will emerge that provide the greatest benefit to:

1. the consumer - in the form of lower prices or greater convenience; and
2. channel members with the most power - in the form of financial benefits (Mallen, 1977: 89).

2.2.1. The Importance of the Marketing Channel

Although it is possible to eliminate or substitute institutions within a marketing channel, the functions performed by those institutions cannot be eliminated (Stern & El-Ansary, 1982: 13). This point is emphasized by Kotler (1984: 542) when he states, "The question is not *whether* these functions need to be performed - they must be - but rather *who* is to perform them."

The marketing channel has been depicted as an elaborate economic, political and social system that usually involves many decision makers and often extends over a wide geographical area (McCammon & Little, 1965: 322). The growing recognition of the marketing concept challenged the traditional roles of marketing channel members (Mallen, 1977: 5). This marketing philosophy stressed the need to identify, monitor and satisfy the needs of intermediate and end consumers. Integrated effort throughout the channel was required to implement the philosophy. The marketing channel was no longer regarded as a disjoint collection of independent functionaries, but as a cohesive marketing unit.

The importance of the marketing channel in the study of marketing is recognized by El-Ansary (1979: 399 - 407). He regards the marketing channel as the key integrative concept of marketing. Marketing channel decisions are amongst the most critical decisions facing management. They involve long term commitments to the other firms in the channel and they directly affect all other elements of the marketing mix (Kotler, 1984: 538 - 9). This is emphasized in the micro normative McCarthy model in which distribution is one of the four legs upon which the marketing mix model rests (McCarthy, 1981: 42).

The marketing channel is therefore an important and complex component of the study of marketing.

2.2.2. Definitional Issues

Definitions of the marketing channel tend to vary because of the differences in emphasis and perspective adopted by authors. As was observed in the review of definitions of marketing, the traditional emphasis has been on the micro-normative dimension based on the microeconomic paradigm (Arndt, 1983: 46). Although there has been a broadening in the approach to marketing channels spearheaded by Stern (1969), there remains a lack of definitional clarity on fundamental issues (Stern & Reve, 1980: 53). Mallen (1977: 29) isolated three decision areas to be addressed in defining the marketing channel.

1. Typology - functional characteristics of channel members,
2. Length - the beginning and end of the channel, and
3. Numbers - the number of institutional levels.

From a research point of view, these issues are important to the extent that they contribute to the following interrelated questions:

1. What is the appropriate unit of analysis? - network or dyadic?
2. Is the study of marketing channels inter-organizational or intra-organizational?
3. How is the task environment of the marketing channel defined? (this being influenced by the length of the channel and the membership criteria.)

Three definitions of marketing channels are reviewed to illustrate the differences that have been mentioned. The first is that proposed by Bucklin (1966: 5).

"A channel of distribution shall be considered to comprise a set of institutions which performs all of the activities (functions) utilized to move a product and its title from production to consumption."

Bucklin identifies the key channel functions as the transfer of physical possession and ownership of the product to the end-consumer (refer to Categories A and B in Figure 2.1.). In terms of this definition, institutions performing ancillary services, such as banks, advertising agencies, insurance companies, are not regarded as channel members. This definition is regarded by Stern (1969: 7) as a satisfactory basis for the systems analysis of marketing channels for two reasons; it provides a broad specification of intermediary involvement with the channel, and it recognizes the need to relate structure to function and *vice versa*.

The second definition is proposed by Stern and El-Ansary (1982).

"A marketing or distribution channel is comprised of a set of interdependent institutions and agencies involved in the task of moving anything of value from its point of conception, extraction, or production to points of consumption."
(Stern & El-Ansary, 1982: 11)

"From the outset, it should be recognized that not only do marketing channels *satisfy demand* by supplying goods and services at the right place, quantity, quality, and price, but they also *stimulate demand* through the promotional activities of the units . . . comprising them. Therefore, the channel should be viewed as an orchestrated network that creates value for the user or consumer through the generation of form, possession, time, and place utilities." (Stern & El-Ansary, 1982: 4)

This definition provides a broader specification for channel membership than the Bucklin (1966) definition. It suggests that *any* firm performing activities that contribute to the provision of utilities of form, possession, time and place is a member of the marketing channel (Figure 2.1., Categories A, B and C.).

Two additional features are introduced in this definition. First, the channel is regarded as an economic *system* in which channel members have the common objective of creating value for present and potential consumers. This draws attention to the interdependence of channel members and to the need to consider the behavioural consequences of this interdependence in an analysis of marketing channels.

Second, a managerial frame of reference is adopted. The emphasis on the *orchestrated* network implies that effective utility creation requires active systemwide intervention, coordination and control.

The final definition to be considered is that proposed by Rosenbloom (1983: 4). He also adopts a management perspective when he defines the marketing channel as:

"The external contactual organization which management operates to achieve its distribution objectives."

Rosenbloom argues that only those firms involved in contactual or negotiatory functions (buying, selling and transferring title) should be classified as channel members (Category A in Figure 2.1.). The problems involved with firms performing the negotiatory functions "are often fundamentally different from those encountered when dealing with agencies which do not perform these functions" (Rosenbloom, 1983: 5).

A second important point in this definition is the reference to the marketing channel as an *external* organization. Rosenbloom considers the management of marketing channels to be an *interorganizational* rather than an intraorganizational phenomena. His micro normative approach to marketing channels therefore emphasizes the management of the task environment, rather than the internal environment.

Finally, the definition suggests that the structure and management of the marketing channel are functions of the management's distribution objectives. Accordingly, changes to objectives would necessitate management action to adapt the existing channel to suit the new objectives or to select another channel. This implies that management would pursue intervention strategies to influence or control the channel rather than let the channel organization run by itself in terms of the laws of supply and demand.

2.2.3. Conclusions about the Definition of the Marketing Channel

After reviewing these definitions, it is concluded that the marketing channel consists of a network of interacting and interdependent organizations created in order to provide need-satisfying utilities of form, time, place and possession for consumers. This group of organizations is collectively known as the marketing channel.

Membership of the channel depends upon the type of function performed by the channel intermediary. It is illuminating that in his comprehensive review of definitional issues concerning marketing channels, Mallen (1977: 29) concludes that macro and micro considerations dictate the definition of the marketing channel membership. Whilst narrow definitions are preferable when discussing micro/normative channel design decisions, broader definitions are required to evaluate certain macro concepts. He comments:

"Such a broadening change in the definition base does not ignore the implications for title-holding and title-negotiating institutions, as they always remain at the core of such concepts. In fact, the broader definitions add a richer layer of understanding to the implications for and behaviour of those institutions." (1977: 33)

In the definitions that have been reviewed, three different opinions have been offered regarding criteria for membership of the marketing channel. The question of channel membership assumes differing degrees of importance for researchers depending upon the unit of analysis to be employed. If network analysis is contemplated, then network boundaries require clear specification. On the other hand, if the unit of analysis is the dyad, all channel functionaries form part of the dyad's task environment. For the purposes of this study, it is assumed that the broad membership specification proposed by Stern and El-Ansary (1982) is appropriate.

To sum up, there is a lack of conceptual consensus regarding the definition of marketing channels. An evaluation of the definitional issues provides no consensus as to channel membership, channel boundaries and therefore, the most appropriate unit of analysis; nor whether marketing channel research is distinctly micro or macro, inter- or intra-organizational. The three dichotomies model highlighted these issues as requiring clarification but does not itself provide solutions.

In addition, the channel has been identified as both an economic and social system. Therefore, a framework is required that will clarify the definitional issues, and allow for a systems approach that incorporates both economic and behavioural phenomena.

2.3. Marketing Channels as Economic and Socio-Political Systems

The development of marketing channel theory and research evolved in order to overcome weaknesses in the traditional approaches employed to explain the rapidly changing distribution processes, structures and behavioural phenomena in the marketplace (Arndt, 1983: 46). This section introduces the systems approach to marketing channels and examines the marketing channel as an economic system and a social system.

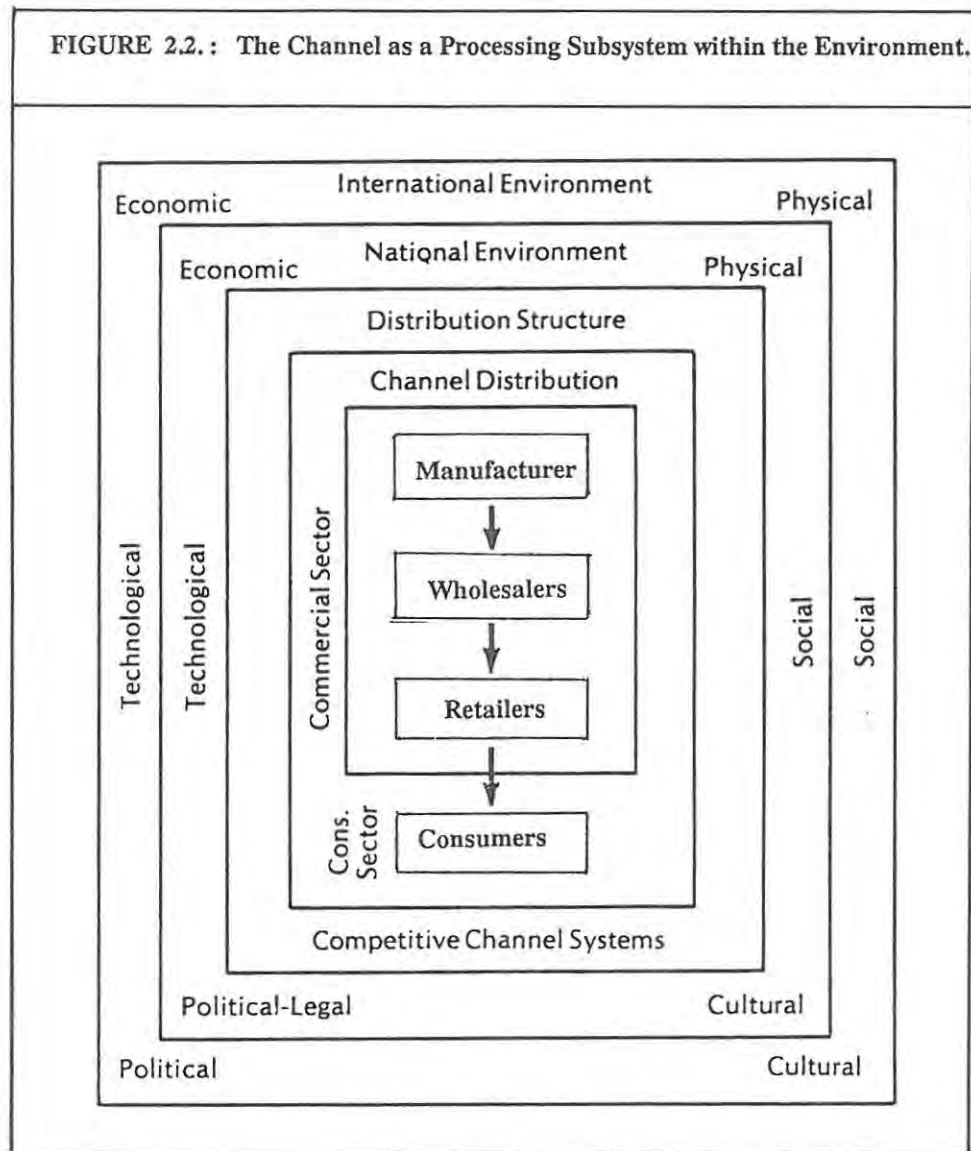
2.3.1. A Systems Approach to Marketing Channels

Traditionally, three approaches were used to examine isolated aspects of the marketing process (Stern & Brown, 1969: 6; Arndt, 1981: 36). The commodity, institutional and functional approaches *separately* identified the activities involved in marketing specific classes of products, the structure of marketing institutions, and the generic functions associated with the exchange process. However, the resultant body of knowledge was considered to be incomplete since an integrated approach was required which viewed channel member behaviour in the context of the entire marketing system (Stern and Brown 1969: 17). Adopting a systems approach provides a more comprehensive perspective since it envisages an interaction between structure and functions, whilst simultaneously requiring a study of both (Stern & Brown, 1969: 7).

A system is defined as a "set of objects with *relationships* between objects and their attributes" (Hall & Fagen, 1956: 18). It has been proposed by Stern and El-Ansary (1982: 16) that a marketing channel should be regarded as a network of systems since it consists of institutions that are *interdependent* by virtue of the tasks they perform:

"A channel can be viewed as a system because of this interdependency - it is a set of *interrelated* and *interdependent* components engaged in producing an output. A distribution channel is comprised of two major subsystems or sectors: commercial and consumer. The commercial subsystem includes a set of vertically aligned marketing institutions and agencies, such as manufacturers, wholesalers, and retailers. The consumer subsystem is incorporated in the *task environment* of the commercial channel. Each commercial channel member is dependent on other institutions for achieving its goals."

Figure 2.2. depicts a systems approach to marketing channels.



(Stern and El-Ansary, 1982: 19)

A systems approach to the analysis of marketing channel exchange behaviour emphasizes the need to identify the relationships between the channel components, to specify the channel boundaries, to identify and classify components of the environment and to clarify component and channel goals.

2.3.2. Economic Dimensions of Marketing Channels

Marketing channels have traditionally been treated as economic systems by channel researchers (Stern, 1969: 1). This approach has its roots in microeconomic theory and is essentially "efficiency" oriented, focusing on costs, functional differentiation and channel design. Arndt (1983: 46) refers to the microeconomic paradigm as "a dominant world view in contemporary social sciences." He continues:

"The mission of the microeconomic perspective is to explain relative prices, market equilibrium, and income distribution. A central tenet is the belief that competition brings about allocative efficiency. The paradigm also implies that supply and demand curves can be derived by means of marginal analysis and assumptions about utility maximization, utility and cost functions, rationality, and perfect information. Though some of the assumptions (for instance, perfect information, certainty, profit maximization etc.) have been relaxed, the core of the microeconomic paradigm remains unchanged."

The marketing channel system and its individual members have economic objectives, are governed by the profit motive, and are constrained by scarce resources. Under the circumstances, the microeconomic paradigm has an important role to play in the analysis of marketing channel exchange behaviour.

2.3.2.1. Theories of Channel Evolution based on Microeconomic factors

The rules of economic specialization provided a basis for the theory of the evolution of marketing structures developed by Bucklin (1965: 26 - 31). He argues that the performance of channel functions is necessary to provide the consumer with a range of services or "service outputs". All things being equal, the consumer will support the marketing channel that provides the highest level of service outputs. The service outputs identified by Bucklin are:

1. spatial convenience - market decentralization
2. lot size - magnitude of the purchase unit
3. waiting time - time between ordering and receipt of purchases
4. assortment breadth - product variety

Channel structures develop which balance the service outputs required by consumer segments with the investment decisions in channel infrastructure by producers and intermediaries. Under normal market conditions, a "normative" channel structure will evolve which optimizes profitability for the channel constituents on the one hand, and the level of service outputs for consumer segments on the other. Changes to the channel structure will be dependent on improved efficiency by channel intermediaries or changes in consumer attitudes towards particular service outputs.

Thus, the microeconomic paradigm views the marketing channel as the organization developed primarily to provide distributive and contactual efficiency for manufacturers. It offers an explanation for the assumption of the distributive function by channel intermediaries. Manufacturers benefit from increased turnover and reduced costs from economies of scale. From the point of view of consumers, the intermediaries have improved spatial convenience and expanded the breadth of assortment whilst reducing lot size and waiting time.

2.3.2.2. Weaknesses of the Microeconomic Paradigm for Marketing Channel Analysis

The marketing channel is not simply a rationally ordered economic system devoid of social interactions and processes. As Stern and El-Ansary (1982: 29) point out, the necessity for going beyond economic variables is made especially clear when one attempts to answer the question: why do uneconomic marketing channels persist over time? The answer, they suggest, comes from a myriad of social, cultural, political as well as economic variables.

Microeconomic theory suffers from serious deficiencies as a basis for explaining and predicting outcomes in marketing channels. It assumes rationality, harmony, equilibrium and coordination. Profit maximization is the dominant goal and a static rather than a dynamic process model is used. It assumes that organizational goals are shared, and that the exchange mode is take-it-or-leave-it with no provision for bargaining negotiation or administrative routines (Arndt, 1981: 38). There is no provision for conflict within or between organizations, nor for the structuring of external relations (Arndt, 1983: 46).

In their seminal article on the marketing channel as a social system, Stern and Brown (1969: 13) clearly identify the relationship between economic and social perspectives.

"When studied as an economic system, the channel is simultaneously studied as a social system; the former is a subset of the latter. The basic variables are social variables. So long as the economic parameters do not restrict the complete understanding of channel behaviour, there is no need to step back to the more fundamental context of a social system. However, much channel behaviour is left unexplained when examined under the limits imposed by economic assumptions."

Attempts to explain the dependency that pervades the channel system and the coordination of channel member behaviour require a broader social perspective than the laws of economics.

2.3.3. The Behavioural Dimensions of Marketing Channels

The understanding of marketing channel occurrences is enhanced if the marketing channel is viewed as an organized behaviour system (McCammon & Little, 1965). Of particular importance is the recognition that behaviour within the channel could be co-operative as well as antagonistic, and that the channel as a social organism reflects the hopes, goals and aspirations of its participants (Abratt and Linderburg, 1983: 64).

However, it is necessary to establish if the marketing channel may be classified as a *social* system and to clarify whether the channel should be regarded as a single organization or a collection of separate organizations. In addition, the structural and functional variables of social systems and the factors which influence those variables need to be identified.

2.3.3.1. The Marketing Channel as a Social System

A *social action system* exhibits the following basic characteristics (Van de Ven, 1976: 25):

1. Activities among members are aimed at attaining *collective and self-interest goals*
2. *Interdependent processes* emerge through a division of functions and tasks among members
3. *Integrated actions* take place which result in the system developing a unique identity separate from its members

Parsons and Smelser (1956: 8) define a social system as:

"...the system generated by any process of interaction, on the socio-cultural level, between two or more actors. The actor is either a concrete human individual (a person) or a collectivity of which a plurality of persons are members."

A social system therefore consists of interacting and interdependent units involved in goal directed behaviour in the interests of individual units as well as the system as a whole. Stern and Brown (1969: 14) and Stern and Reve (1979: 406) argue convincingly that the marketing channel meets these criteria.

Debate has addressed the question of whether social systems comprised of individuals should be treated differently from those made up of groups (collectivities). In other words, can the marketing channel be regarded as a single organization or should each member of the channel be regarded as a separate organization, or is there another alternative?

2.3.3.2. The Marketing Channel as an Interorganizational System

Intraorganizational and interorganizational analyses differ in two important respects (Litwak & Hylton, 1962: 396 - 399). Intraorganizational analysis assumes that conflicting values lead to a breakdown in organization structure and that a defined authority structure exists. On the other hand, interorganizational analysis assumes that a state of partial conflict exists between interdependent organizations and that behaviour occurs under conditions of unstructured authority. The analysis of interorganizational behaviour is concerned with the dimensions of power, conflict, communications and roles (Rosenbloom, 1983: 96).

Marketing channels are considered to be non-legal entities without a conventional chain of command and whose members seldom consider themselves as part of a larger system (Stern & Heskett, 1969: 290). In terms of these criteria, marketing channels cannot be considered as single organizations (Evan, 1965: 218), although Stern and Heskett (1969: 290) acknowledge that vertically integrated channels in which ownership imposes a legalistic authority framework, could be regarded as single organizations.

Reve and Stern (1979: 408) suggest that a marketing channel be considered as a *superorganization* which they believe corresponds to Alderson's (1965) description of an *organized behaviour system*. In their review article, they present a strong rationale for studying marketing channels as interorganizational systems and for applying organizational theory variables in the study of interorganizational functioning (Reve & Stern, 1979: 408). This is supported by Stern and El-Ansary (1982: 32).

2.3.3.3. Structural and Functional Variables of Social Systems

Adopting a social systems approach to marketing channels necessitates consideration of the factors that influence the structural and functional variables of the system.

Stern and Brown (1969: 16) explain that *structural* variables define the relationships between channel members and prescribe normative behaviour for their interactions. The *functional* variables arise from the notion that marketing channels must satisfy the objectives of the channel members whilst simultaneously meeting the needs of the task environment. Specific functional variables are pattern maintenance, goal attainment, adaptation, and integration.

Pattern maintenance is the tendency of the marketing channel to maintain its structure both in terms of its participants and their behavioural prescriptions. Channel needs are pursued through goal attainment, (interaction with task environment), adaptation, (attainment and allocation of resources), and integration, (adjustments of channel members relative to their contribution to the effectiveness of the channel as a whole) (Stern and Brown, 1969: 16).

Stern and Brown (1969: 17) summarize the main factors that are likely to influence the structural and functional variables:

"Role expectations, the extent of various distribution channel members' power, the level of conflict within the channel, and the effectiveness of communication among members will determine, to a significant extent, whether pattern maintenance, goal attainment, adaptation, and integration will be achieved within a given channel. Therefore, a channel system's performance will be enhanced if roles are well defined, power judiciously used, conflict resolved and/or managed, and communication networks open and operative."

Therefore, it is necessary to consider the behavioural dimensions of role, power, conflict and communication in the context of marketing channels, as well as their dimensions and importance in classifying and understanding marketing channel occurrences and outcomes.

2.3.4. Role, Power, Conflict, and Communication Concepts in Marketing Channels

These four behavioural concepts are considered to be the fundamental behavioural dimensions that influence marketing channel behaviour. Much of the empirical channel research has focused on these behavioural constructs in isolation. Nevertheless, they are inextricably interrelated and an understanding of the manner in which they affect the structural and functional variables of the marketing channel requires an integrated approach (Robicheaux & El-Ansary, 1975: 13). The following discussion reviews these constructs with the objective of demonstrating their interrelationship.

2.3.4.1. Role Concepts

Stern (1969: 21) argues that *role* is a central concept in the social system theory since:

"discrepancies between perceived roles and role expectations among distribution channel members can result in conflict, thus inhibiting pattern maintenance, and, concomitantly, adaptation, and integration within the channel."

As a social system, a marketing channel is comprised of a series of positions occupied by organizations and individuals within the channel organizations. These positions have a set of *roles* with socially defined norms that prescribe the accepted behaviour of the role occupant. Channel members choose positions in the channel based on their capacities, interests, goals, expectations, values, and frames of reference (Stern & El-Ansary, 1982: 270). The behaviour of a channel member is determined by his interpretation of what his role should be, the role prescriptions of the other channel members and their ability (power) to ensure conformance with their prescriptions (Gill & Stern, 1969: 30 - 33).

Consensus exists when channel members at different levels have the same prescriptions for a particular role, their interpretations of the role prescriptions are the same, and channel member performance is consistent with the role prescription. It is accepted that a certain amount of dissensus is a normal state, as it is unlikely that consensus will be achieved on all behaviours (Gill & Stern, 1969: 44). Role deviations arise, *inter alia*, from the uncontrollable and fluctuating situations related to channel interaction, incompatible organizational objectives of deviating channel members, miscommunication between channel members and differing expectations of individual channel members (Wittreich, 1962: 155; Rosenbloom, 1983: 124). Dissensus is a function of the discrepancy between the information available and that required for adequate role performance (Kahn, et al., 1964: 73).

Gill and Stern (1969: 29) draw attention to the fact that in role theory, many terms or referents are used to describe specific types of role-related behaviour; including *norms*, *expectations*, *perceptions*, *performance*, *conceptions*, and *consensus*. Therefore, role forms the conceptual basis for describing behaviour and for identifying various sources of conflict; for example, divergent *expectations* regarding role performance, differences in *conceptions* about role prescriptions, *perceptual* differences about normative role behaviour etc.. For these reasons, Pondy (1968: 300 - 1) excludes *role conflict* as a source of conflict in favour of the more precise specification generated by the behavioural referents as has been illustrated.

2.3.4.2. Communication Concepts

Grabner and Rosenberg (1969: 230) suggest that the communication system may be the most significant factor explaining marketing channel behaviour. Although the importance of channel communications has been emphasized in marketing literature, it has largely been ignored in marketing channel research (Gultinan, Rejab & Rodgers, 1980: 46). The interdependence of channel members and the need for coordinated effort regarding resources flows requires channel members to exchange information and communicate in different ways (Stern and El-Ansary, 1982: 428). In fact, resource dependence has been shown to be a powerful direct determinant of communication (Van de Ven & Walker, 1984: 598).

Communication occurs throughout the channel system and between channel members and the environment. Separate communication networks have been identified for conveying messages of authority, routine information, expertise, friendship and status (Guetzkow, 1965: 542). These messages may be explicit or implied (Bagozzi, 1978: 539; Gaski, 1984: 24). Use of one type of network to carry other types of messages may result in the message being submerged by others (Grabner and Rosenberg, 1969: 238). For example, authoritative, or expertise-oriented messages in a formal network may drown messages of friendship. Gultinan, Rejab and Rodgers (1980: 46) suggest that communication processes and structures may influence channel coordination since they are "the vehicle for persuasive information, for communicating and enhancing authority, and for fostering participative decision making."

Ineffective communication creates confusion, differing perceptions of reality and increases uncertainty (Frazier, 1983: 72). There is ample support in the literature that uncertainty is a key environmental dimension affecting organizations and interorganizational relations (Stern & Heskett, 1969: 296 - 7; Achrol, Reve & Stern, 1983: 62).

Grabner and Rosenberg (1969: 239) identify three problems encountered in the communication process which result in differences between the message sent and the one received, namely:

1. *Technical problems* caused by man-machine components through which the message must pass, the timing and physical form the message takes;
2. *Semantic problems* due to the loss or distortion of the meaning of the message sent;
3. *Effectiveness problems* influenced by the recipient's ability to understand and comply with the message and his willingness to do so.

Communications are subject to "noise" in the form of omission and distortion of message contents. This is influenced by the overloading of the communication system, the confidentiality of information, the time at which the message is sent or received, language and perceptual differences (Grabner & Rosenberg, 1969: 328 - 42). The gulf between the language of small retailers and their corporate suppliers was demonstrated by Wittreich (1962).

"Noise" reduction can be achieved by queuing, sequencing, bypassing, the creating of specialized languages, altering technology, instituting feedback and repetition of the message. However, noise reduction techniques designed to absorb uncertainty may, in fact, create new barriers to communication (Grabner & Rosenberg, 1969: 242 - 247).

The importance of communication and the interrelationship between communication and other behavioural variables is argued by Raven & Kruglanski (1970). They suggest that informational influence is an important power source for reducing conflict (1970: 73). The nature of communications between antagonists is influenced by the possession of a particular power base and the hostile or benevolent attitudes it confers (1970: 89).

2.3.4.3. Power Concepts

Power is regarded as a potential for influencing attitudes and behaviour. The ability to generate power is based on two factors, *dependence* and *authority* (Frazier, 1983: 71).

Emerson (1962) drew attention to the relationship between power and *dependence*. He proposed that the power of Actor O depends upon the perceptions of Actor P that Actor O will be able to satisfy his desires and the number of alternatives that Actor P believes he has. Therefore, the greater the dependence of Actor P on Actor O, and the fewer alternatives available to Actor P, the greater the power that Actor O has over Actor P. Thus power is reciprocal rather than absolute. In view of the interdependence of marketing channel members and the lack of formal authority structures, power has assumed a considerable importance amongst marketing channel researchers.

Channel analysts favour the definition of power proposed by El-Ansary and Stern (1972: 47):

". . . the power of a channel member [is] his ability to control the decision variables in the marketing strategy of another member in a given channel at a different level of distribution."

This definition refers specifically to channel members in a vertical relationship as opposed to intertype and horizontal relationships (Mallen, 1977: 226). It emphasizes the *authority* of a particular channel member to control or influence the behaviour of another channel member's marketing decisions (Rosenbloom, 1983: 114). In order for this *influence* to qualify as power, the level of control over marketing decisions variables should be greater than the original level of control (El-Ansary & Stern, 1972: 47).

Hunt and Nevin (1974: 187) dichotomised power into coercive and non-coercive sources. More specificity is provided by the French and Raven (1959: 155 -65) classification of the power bases into reward, coercive, legitimate, referent and expert categories to which Raven and Kruglanski (1970: 73) added informational influence as a sixth source of power.

Each power base is capable of inducing overt behaviour in keeping with the objective of the power applicant. In addition, a covert response may occur. The consequences of an influence attempt have been classified as compliance, identification and internalisation (Kelman, 1961).

Kasulis and Spekman (1980) proposed that the exercise of power results in varied degrees of channel cooperation in accordance with the Kelman classification. *Compliant* behaviour, which is primarily self oriented and unrelated to channel wide goals, results from the use of coercion, reward and legal legitimate power. The exercise of expert or referent power bases would result in *identification-related* behaviour, and is conducive to the establishment of higher levels of channel co-operation. Greater levels of channel co-operation over longer periods are associated with the application of traditional legitimate and informational power. In this latter instance, power resides in the ability of the influencing channel member to manipulate the value systems of channel participants so that the prescribed behaviour appears to be highly congruent with their *internal* goals and values.

The link between power and conflict in marketing channels has been recognized by some channel researchers. Power has been designated as both the independent and dependent variable in the relationship (Gaski, 1984: 12). Stern and Gorman (1969: 161 - 2) comment:

"[T]he exercise of power is a major conflict response as well as a cause of conflict. . . . The issuance of threats, . . . usually of an economic nature in the case of intra-channel friction, is generally a pathological response to conflict, because threats tend to elicit threats, thus increasing the degree of conflict. . . [W]hen one party establishes the use of coercion, the other is likely to respond in kind, intensifying conflict rather than resolving it."

Bearing in mind the relationship between power and conflict and the pervasive impact of communication and role phenomena on channel behaviour, it is now appropriate to consider the concept of conflict.

2.3.4.4. Conflict Concepts

Most authors adopt a managerial approach to marketing channel behaviour. This is illustrated by the micro normative process suggested by Stern and El-Ansary (1982: 276). Four steps are proposed:

1. Determine service output levels desired by target market.
2. Prescribe *roles* for channel members to deliver specified service output levels.
3. Use economic and social *power* to motivate channel members to perform prescribed roles.
4. Establish mechanisms for dealing with *conflicts* that occur within the channel.

There is consensus that conflict is virtually inevitable in view of the functional interdependency of channel members (Gaski, 1984: 10). In addition, conflict is a consequence of management attempts to ensure the effective performance of its channel partners in order to achieve its objectives (Robicheaux & El-Ansary, 1975: 21). It is a complex feature of behaviour closely related to the three behavioural processes already discussed.

2.3.5. Dimensions of Marketing Channel Conflict

The study of conflict is characterized by "conceptual and terminological confusion (Fink, 1968: 455). This confusion has been influenced by lack of clarity regarding related concepts such as competition, co-operation, and co-ordination; differences in intraorganization studies (interindividual and intergroup) and interorganizational studies; the functional or dysfunctional nature of conflict; and lack of consensus about the appropriateness of a general theory of conflict (Fink, 1968; Pondy, 1967; Thomas, 1976; Ephron, 1961; Deutsch, 1969; White, 1974; Schmidt & Kochan, 1972; Brown, 1983; Hasenfeld, 1983; Pearson, 1973; Litwak & Hylton, 1962; Mintzberg, 1983). In addition, analysts have placed different degrees of emphasis on underlying causes, implications, solutions, process and escalation (White, 1974: 142).

Some of these issues have been addressed in studies of marketing channel behaviour but there has been limited acceptable empirical evidence to support the range of academic speculation. In his review of the present status of the theory of power and conflict in marketing channels, Gaski (1984: 21) states:

"In view of the severe methodological shortcomings permeating channel power and conflict research to which none of the work cited, even the most central and seminal, has been immune, serious questions must be raised concerning just what can be legitimately concluded about the subject."

The following discussion examines aspects of conflict which provide a background to the specific issues considered in the research project.

2.3.5.1. Conflict Defined

The term "conflict" has been used (Pondy, 1967) to describe:

1. *Antecedent conditions* such as resource scarcity and policy differences;
2. *Affective states* of the individuals, their feelings of stress, tension, hostility, anxiety;
3. *Cognitive states* of the individuals, their perception or awareness of conflictual situations;
4. *Conflictual behaviour*, ranging from passive resistance to overt aggression.

In outlining these perspectives, Pondy (1967: 298) commented:

"Attempts to decide which of these classes - conditions, attitude, cognition, or behaviour - is really conflict is likely to result in an empty controversy. The problem is not to choose among these alternative conceptual definitions, since each may be a relevant stage in the development of a conflict episode, but to try and clarify their relationships."

Most definitions of conflict distinguish between at least two of the above classifications. Raven and Kruglanski (1970: 71) and Deutsch (1969: 10) refer to manifest conflict (overt actions) and underlying conflict (impersonal attractions, interest and desires). Thomas (1976: 894) specifies a process model based on a "frustration - conceptualization - behaviour - outcome" sequence. A similar model is suggested by Pondy (1967: 300) who classifies conflict into five stages:

1. *latent* conflict;
2. *perceived* conflict;
3. *felt* conflict;
4. *manifest* conflict;
5. *conflict aftermath*.

Marketing channel researchers have accepted the "latent - affective - manifest" framework (Lusch, 1976a: 383; Gaski, 1984: 11) and conflict process models were developed in a channel setting by Rosenberg & Stern (1970 & 1971) and Etgar (1979). Aspects of these dimensions are incorporated in the definition of marketing channel conflict proposed by Stern and El-Ansary (1982: 284):

"Channel conflict is a situation in which one channel member perceives another channel member(s) to be engaged in behaviour that is preventing or impeding him from achieving his goals. It is, in essence, a state of frustration brought about by a restriction of role performance."

Stern and Gorman (1969: 156) and Etgar (1979: 61 - 2) similarly identify a state of channel conflict to exist when:

". . . a component [channel member] perceives the behaviour of another component to be impeding the attainment of its goals or the effective performance of its instrumental behaviour patterns."

Channel conflict is the perception on the part of a channel member that its goal attainment is being impeded by another, with stress or tension the result (Gaski, 1984: 11) .

These definitions have limitations. The emphasis is predominantly on dyadic interfaces. Although both micro normative and micro positive dimensions are included, the macro or environmental link is weak and indirect. The initiating factor of the state of conflict is the *behaviour* of the dyad partner. This ignores the situation in which environmental factors, political or economic, bring about a change in power balance between the participants where no behaviour is necessary to initiate the conflict state (Gaski & Nevin, 1985).

Neither definition provides a dynamic perspective of the conflict process (Pondy, 1967: 299). Both emphasize the point in time when a *state* of conflict has been identified without reference to the latent, cognitive, affective, manifest response and outcome *stages* of the conflict process.

There is considerable debate over the issue of whether the definition of conflict should be restricted to overt or "manifest" behaviour (Mack & Snyder, 1957; Brown & Day, 1981) or "motive-centered" behaviour (Bernard, 1949). Bernard argues that in order to achieve a clear distinction between overt struggle and the underlying issues, it is necessary to recognize that the real conflict is located in the issues:

"From time to time, to be sure, conflict is precipitated into clear-cut issues. . . But sometimes actual conflict may exist in latent form for years before there is a formulation of issues of a showdown or crisis. The danger in our confusing the overt conflict - a strike, a fist fight, a riot - with the conflict itself is that in trying to avoid these crises we may forget that the true issue is much more basic than the precipitant which brings on the crisis. It is a mistake to limit our thinking about conflict to the overt phase of showdown or crisis. If we do, then the study of conflict in the community becomes merely a study of the technology of overt conflict - strikes or riots. It should be much more fundamental than that. We must accustom ourselves to thinking of latent conflict as going on day in day out in varying degrees of intensity, whether the issues are clearly formulated or not." (Fink, 1968: 435)

Overt/covert perspectives are accommodated if conflict is treated as a sequential process and if a distinction is made between the psychological and manifest factors associated with the issues.

One point on which most authors are in agreement is the perceptual basis for identifying conflict. Deutsch (1969: 9) comments that "the presence or absence of conflict is never rigidly determined by the objective state of affairs." Thomas (1974: 895 - 6) remarks that "the element of subjective reality appears to be crucial in understanding and influencing a party's conflict-handling behaviour " and Allport (1955: 84) states that "the way a man defines his situation constitutes for him its reality." These views support the perceptual approach adopted in the definitions under discussion.

Having examined the various interpretations of conflict, the author formulated the following definition of marketing channel conflict for the purposes of this research project:

"Conflict in a marketing channel is a dynamic process of changing levels of dissatisfaction, disharmony and potential for, or actual, manifest conflict responses between channel dyad partners. This altered state of behaviour results from perceptions that one member of the channel is influencing, or has the power to influence, the affected channel member's autonomy, goal attainment and/or resources allocation decisions and outcomes."

2.3.5.2. Destructive versus Productive Aspects of Conflict

Conflict has traditionally been considered to be destructive or dysfunctional and therefore to be avoided or eliminated (Thomas, 1976: 891). This viewpoint is still held in situations where social integration and stability are emphasized in which conflict is perceived as disruptive, dangerous and indicative of underlying social pathologies (Brown, 1983: 7).

There is, however, growing recognition that interpersonal and intergroup conflict has positive productive effects. Social scientists have proposed that a moderate degree of conflict prevents stagnation, stimulates interest and curiosity, and is a medium through which problems can be aired and solutions achieved (Deutsch, 1969: 19). Particularly where social diversity and progress are emphasized, conflict is seen as energizing, creative, and evidence of social dynamism (Brown, 1983: 7). The suppression of conflict would therefore be regarded as an impediment to progress and contributing to the maintenance of the status quo. Deutsch (1969: 22) does make the point, however, that acceptance of a need for a change from the status quo is most likely when there is minimal impact on the social or self-esteem of those most affected.

Pondy (1967: 308) argues that conflict is functional or dysfunctional to the extent that it facilitates or inhibits the productivity, stability or adaptability of an organization. He concludes:

". . . conflict is frequently, but not always, negatively valued by organization members. To the extent that conflict is valued negatively, minor conflicts generate pressures towards resolution without altering the relationship; and major conflict generate pressures to alter the form of the relationship or to dissolve it altogether. If inducements for participation are sufficiently high, there is the possibility of chronic conflict in the context of a stable relationship." (Pondy, 1967: 312)

Research in marketing channel conflict has produced some evidence to indicate that increasing levels of conflict tend to reduce retailer operating performance (Lusch, 1976b, Kelly & Peters, 1977), although Assael (1969), in an exploratory study, found that in the presence of special circumstances, conflict may improve dealer satisfaction and channel performance. Pearson (1973) was unable to establish any relationship between conflict and performance.

Etgar (1976a) found that an administratively coordinated channel produces superior operational efficiency to a market coordinated system. This may be interpreted to mean that there is a positive relationship between performance and the existence of power. However, investigations into the relationship between power and conflict have produced mixed findings. Power, for example, was found by Walker (1972) to be evocative of dissatisfaction.

Rosenbloom (1983: 102 - 7) produced conceptual models of the effects of conflict on channel efficiency. He proposes that there is a tolerance range over which conflict has no effect on channel efficiency. Beyond this range, conflict initially has a positive effect on efficiency until a *threshold* level is reached, after which efficiency becomes negatively related to conflict.

To sum up, there is insufficient evidence regarding the impact of conflict on channel productivity, stability or adaptability. Consequently, no general conclusions are possible regarding the functional or dysfunctional effects of conflicts within marketing channels.

2.3.5.3. The Distinction between Competition and Conflict

The relationship and distinctions between competition and conflict engage most authors on the subject of conflict. Alderson (1965) suggests that "competition and cooperation are alternative ways of organizing the use of resources to meet the needs of society" (1965: 240). Conflict is an inevitable part of this process, particularly for activities organized on a cooperative basis.

Fink (1968: 454), in a review of the perspectives held by social scientists, identified fourteen distinguishing characteristics which define the difference between competition and conflict.

1. regulated versus unregulated,
2. indirect (parallel striving) versus direct (mutual interference),
3. unconscious versus conscious,
4. impersonal versus personal,
5. continuous versus intermittent,
6. communication absent versus communication present,
7. peaceful versus violent,
8. large admixture of cooperation versus relatively pure antagonism,
9. object centered versus opponent centered,
10. third party controls goals versus opponent controls goals,
11. based on resource scarcity versus based on goal incompatibility,
12. economic goals versus noneconomic goals,
13. non-disruptive versus disruptive,
14. high communication versus low communication.

Fink concluded that excluding competition from conflict would be complex and require decisions about the relative importance of *each* of the identified variables.

In a similar way, some authors on marketing channel conflict have also distinguished between conflict and competition. Mallen (1977: 226) refers to three forms of distributive conflict:

1. horizontal competition - middlemen of the same type,
2. intertype competition - different types of middlemen in the same channel sector, and
3. vertical conflict - conflict between channel members of different levels.

Mallen suggests that traditional economic analysis caters for horizontal competition but that microeconomic discussion has neglected the latter two categories (1977: 227). Intertype competition concerns *interchannel* relations. This research project is concerned with *intrachannel* conflict and is therefore concerned with the third category, vertical conflict.

Rosenbloom (1983: 98) and Stern and Reve (1980: 57) distinguish between cooperation and conflict but make no proposals as to whether they should be treated separately in an analysis of marketing channel conflict.

The variables identified by Fink (1968) have important implications for understanding marketing channel behaviour. To the extent that the variables are included in the analysis of marketing channel behaviour, the semantic differences associated with the differences between the terms "competition" and "conflict" are not of major relevance to this project. Therefore, it is proposed to adopt the Alderson (1965) and Fink (1968) perspective that competition is a subset of conflict.

2.3.5.4. The Relationship between Cooperation, Satisfaction and Conflict

Another issue which has attracted research interest is the extent to which conflict, cooperation and satisfaction are related. Mallen (1963), Stern and Heskett (1969), and Robicheaux and El-Ansary (1976) view conflict and cooperation as separate constructs. Therefore, channel cooperation would be classified along a continuum ranging from cooperative to noncooperative behaviour, whereas channel conflict would be classified along a second continuum ranging from functional to dysfunctional conflict (Robicheaux & El-Ansary, 1975: 22-3). On the other hand, Pearson (1973) considers conflict and cooperation to be at opposite ends of a single scale.

Stern and Reve (1980: 57 - 8) argue that cooperation and conflict are highly interrelated but separate, distinguishable processes that exist simultaneously in marketing channels. In addition, they suggest that the degree of conflict or cooperation in a given channel is as a result of the the degree of power balance present, as well as the aggregate amount of power in the channel. Robicheaux and El-Ansary (1975: 30) propose that measures of channel member performance are positively correlated with member satisfaction, *functional* conflict and cooperative behaviour.

Empirical investigations have been conducted into the relationship between these constructs in marketing channel behaviour. A study by Ross & Lusch (1982) provided support for the observation that conflict and cooperation have common roots, with the outcome situationally determined. This, they contend, indicates that conflict and cooperation are antithetical rather than separate constructs (Ross & Lusch, 1982: 239).

Satisfaction has been found to be inversely related to conflict (Brown and Day, 1981). In addition, positive relationships were found between satisfaction and both coercive and non-coercive sources of power (Wilkinson, 1979: 94). Lusch (1977: 138 - 9) established that use of coercive sources of power decreased satisfaction whereas non-coercive sources were found to increase satisfaction. Furthermore, it was found that dissatisfied channel members perceive a stronger need for additional legislation to regulate channel relations. A study by Dwyer (1980: 45) produced evidence to suggest that satisfaction stems from perceived self-control over decision areas and perceived cooperativeness of channel partners.

In this project, it is assumed that satisfaction and cooperation are inversely related to conflict.

2.3.6. Sources of Conflict

Ephron (1961), writing about inter-group conflict in organizations, argued that two conditions must exist for conflict to arise; differences between the cognitive frameworks and value systems of the groups, and perceived interdependence between the groups. *Cognitions* are defined as "information that has been gathered from past experience and organized into knowledge, beliefs, assumptions and expectations about the future" (Ephron, 1961: 54) which provide a frame of reference for perception and action.

Values refer to feelings about the desirability of behaviour. Values are embodied in *goals* and conflicts of interest reflect differences in goals and values. These conflicts are more enduring than conflicting cognitions since goals, and therefore values, cannot simply be reversed by improving communication.

Finally, on the question of *interdependence*, Ephron (1961: 55) states that conflict is more likely to occur "where some of the activities of one group are perceived to have fairly direct consequences for the ability of another to pursue its goals."

Pondy (1967: 312 - 9) proposes the following three models as a basis for a general theory of conflict. Separate sources of conflict are identified as being particular to the model concerned.

1. the *bargaining* model in which conflict is associated with competition and cooperation in conditions of resource scarcity;
2. the *bureaucratic* or *political* model concerns conflict among parties to a vertical authority relationship in which autonomy is affected by the imposition of rules;
3. the *systems* or *administrative* model deals with functional interdependence and the need to coordinate role performance in the face of goal differences.

Pondy (1967: 315 - 6) argues that identifying the source of conflict is important for the selection of the appropriate conflict resolution techniques. Participative involvement in decisions and increasing dependency through the reduction of goal differences may heighten rather than reduce conflict where the lack of autonomy is the source of conflict (1967: 316).

Whilst there is consensus that conflict in marketing channels is due primarily to the functional interdependence between channel members arising out of the act of exchange (Gaski, 1980: 11 - 12), the causes of conflict have been classified in different ways by different authors (Sims, Foster & Woodside, 1977: 208; Stern & Gorman, 1969: 157; and Stern & Heskett, 1969: 293, the latter classificatory model being adopted by Rosenberg & Stern, 1970: 44; & 1971: 437, Mallen, 1977: 231 - 6; and Stern & El-Ansary, 1982: 284 - 90). The model used by Etgar (1979: 64 - 7) incorporates all the conflict sources specified in the other models. The Etgar (1979) classification, which is contained in Table 2.1. partitions sources of conflict into attitudinal and structural categories.

Attitudinal Causes	Structural Causes
1. role differences	1. goal divergence
2. differences in expectations	2. drives for autonomy and control
3. perceptual divergence	3. competition for scarce resources
4. communication difficulties	

(Etgar, 1979: 64 - 67)

This framework has been adopted for this research project.

2.3.6.1. The Distinction between Causes and Sources of Conflict

The notion of causality is troublesome and yet of considerable importance to marketers (Hunt, 1983a: 120). In marketing channel research, evidence of positive associations between sources of power and conflict has led to proposals that coercive sources of power cause conflict and *vice versa* (Lusch, 1976). In response to Etgar (1978a), Lusch (1978) acknowledged that the causal direction could well have been the opposite. Wilkinson (1981), although reporting essentially the same relationship as Lusch (1976a), suggested that much of the presumed causal sequence of channel constructs may be erroneous.

A personal observation by Hunt (1983a: 125) is considered appropriate before discussing the causes of conflict in this investigation.

"I have no objection to the use of the terms *cause* and *causation* in marketing so long as we never delude ourselves into believing that we can ever know any causal relationship with certainty. Purportedly causal relationships are always only more or less probable, and we should always diligently explore the possibility that the relationships are actually spurious. The very essence of science is that all statements are tentative, subject to change and revision on the basis of future evidence."

Few authors distinguish between *sources* and *causes* of conflict. The causes of conflict are the antecedent factors to which an effect or outcome can be confidently attributed. Sources of conflict are treated as attitudinal and structural conditions which create the potential for conflictual behaviour. The semantic difference between causes and sources is considered to be the confidence with which the temporal sequentiality and associative variation (Hunt, 1983a: 124) of a relationship can be stated. The complexity of the behavioural process and the doubts expressed about the validity of research findings into marketing channel behaviour have encouraged the author to use the term "sources" throughout this project. The term "causes" has been used when specifically described as such by an author to whom reference has been made.

2.3.6.2.. The Distinction between Attitudinal and Structural Causes

Attitudinal differences amongst channel members result from differences in the way in which they absorb and process information about the channel and its environment (Etgar, 1979: 64). *Attitudes* are defined as stable predispositions to respond consistently across response modes (affective, cognitive, and behavioural) and/or across time (Cook & Campbell, 1975: 241). The Etgar (1979) model suggests that conflictual attitudes are usually associated with disagreements about roles, expectations, perceptions and communication difficulties.

Van de Ven (1976: 28) proposes that the dimensions of an interorganizational relationship can be described in terms of the its *structure* (formalization, centralization and complexity), *process* (direction and intensity of resource and information flows) and *ends* (perceived effectiveness of the inter-agency agreement).

The *structural* dimensions (Van de Ven, 1976: 26) of an interorganizational relationship are characterized by:

1. the formality of the relationship in terms of its rules, policies and procedures;
2. the perceived centralization of authority and influence over decision variables; and
3. the functional complexity of the issues and tasks on which the relationship is based.

Process dimensions (Van de Ven, 1976: 27) are concerned with:

1. the direction, intensity and variability of resource flows, tangible or intangible; and
2. the direction and intensity of information flows.

The structural disagreements articulated by Etgar (1976) involved a clash of opposite interests as a result of goal divergence, the drive for autonomy and competition for scarce resources. This is in keeping with the Van de Ven (1976) definition.

In his investigation, Etgar (1979: 75) identified that attitudinal factors contributed more to the development of intrachannel conflict than do structural variables. He concluded that:

"Intrachannel conflicts can often be resolved by explicit channel strategies designed to clear out divergences in perceptions and knowledge, without reverting to the more complex and expensive mechanisms designed to resolve structural causes of conflict."

The structural/operating dichotomy proposed by Molnar and Rogers (1979) is a similar dichotomy to the Etgar (1979) structural/attitudinal dichotomy. The distinction is between "conflicts over matters of principle" as opposed to "conflicts over matters presupposing adherence to the same basic principle" (Molnar & Rogers, 1979: 406).

Thus, *structural* conflict is associated with the basic identities and responsibilities that define the structure of a relationship, often due to external constraints that shape organizational goals and functional prescription. On the other hand, *operating* conflict arises from the interpretation and application of rules governing relationships. "It occurs in the process of problem solving in interorganizational relationships and represents disagreements over the task expectations and role performances of a particular position" (Molnar & Rogers, 1979: 408). This resembles Etgar's *attitudinal* differences.

The distinction between attitudinal and structural-based intrachannel conflicts has important implications for channel management since, not only are they different, but different conflict resolution mechanisms and procedures may be required. Etgar (1979: 73) comments on conflict that stems from these two sources:

"Often attitudinal differences between diverse channel members reflect communicative noise, differences in the amount of information received or in information processing capacities and procedures among channel members, which results in diverse role expectations, perceptions or expectations. Consequently, use of communicative programmes designed to provide additional or more precise information about such issues as channel role expectations, goals, and future projections may substantially reduce the amount of intrachannel conflict involved."

. . . In a dyadic framework, resolution of structural intrachannel conflict will require(s) that at least one of the parties involved alters his goals, or concedes either his resources or his autonomy, whether willingly or unwillingly."

Conflicts that have arisen from structural factors require different conflict resolution mechanisms involving the internalization of new goals and business philosophies or compliance through the application of influence strategies (Kasulis & Spekman, 1980; Pondy, 1967).

The causes of conflict identified by Etgar (1979) are considered individually.

2.3.6.3. Role Differences - Attitudinal Source

The concept of *role* has been examined in some detail in Section 2.3.4.1. of this chapter. Etgar (1979: 64) regards the concept of *role* as normative behaviour which determines the obligations and rights of channel members. Intrachannel conflict is predicted when:

1. channel members deviate from their established roles and their performances do not fulfill the expectations of their dyad partners;
2. the roles of channel participants are unclear and lack definition.

2.3.6.4. Expectational Differences - Attitudinal Source

Expectations are predictions concerning future behaviour (Rosenbloom, 1983: 100). They provide the normative base used for decisions about behaviour. The difference between the predicted (perceived) situation and the actual situation is a source of potential conflict (Stern & Gorman, 1969: 159). Expectations on their own do not represent conflict but offer a *potential* for conflict. Conflict potential arises when the expectational differences are discovered.

Channel members will form expectations about their roles, their rewards and the investments necessary to achieve those rewards. Together, these make up the channel member's belief structure (Frazier, 1983: 70).

Etgar (1979: 64) identifies expectational differences arising from the potential states of nature, the probability of occurrence, and the risk/benefits associated with specific strategies. Information processing ability, availability of information and experience may generate different expectations amongst channel members. In his research project, Etgar (1979: 73) found that divergent expectations were the most important cause of conflict in manifest conflict situations.

2.3.6.5. Perceptual Differences - Attitudinal Source

Perception is defined as the process by which an individual selects and interprets environmental stimuli (Stern & Gorman, 1969: 159; Rosenbloom, 1983: 100). Luthans (1981: 83) describes perception as "a very complex cognitive process that yields a unique picture of the world that may be quite different from reality." Consequently, channel members may perceive the same stimuli but attach different interpretations to them.

A state of perceptual incongruity exists "when each party to the channel dyad views a particular event, phenomenon or aspect of the channel's internal or external environment differently" (Ross & Lusch, 1982: 243). This definition draws particular attention to the influence on channel behaviour of stimuli from the external environment. Thus, perceptual conflict may arise when channel decision makers perceive the same phenomena in exactly reversed terms because of their unique predispositions, attitudes, or values (Stern & Gorman, 1969: 159). Their resultant decisions have the potential to cause conflict.

Etgar (1979: 64 - 5) suggests that channel members may differ in their perceptions of the channel and its environment, their respective abilities and the state of intrachannel relations. In his study, he found that divergence in perceptions was the most important cause of conflict in affective conflict situations (1979: 73).

In an investigation into perceptual differences and goal incompatibility as causes of conflict, Eliashberg and Michie (1984: 77) defined perceptual differences as "discrepancies between each party's stated (actual) intentions and positions on current goals and the other party's perception and interpretations of the positions." They viewed the measures used by Etgar (1979) to measure perceptual differences as being "unfortunately simplistic and crude" (Eliashberg & Michie, 1979: 77).

Eliashberg and Michie found, *inter alia* that there was a very low level of convergence between dyad partners in their perceptions of the frequency of the prevailing disagreements, and that the multiple issues of channel conflict were member-specific. In this regard, they concluded that there was a need for "theoretical development of aggregation procedures across perceptual measures within the channel in order to obtain composite measures that correctly characterized the interrelation in the channel" (Eliashberg & Michie, 1984: 86).

2.3.6.6. Channel Communication Noise - Attitudinal Source

Communication is the vehicle for coordinating the behaviour of a marketing channel system. A breakdown in communication leads to uncoordinated behaviour which may precipitate conflict. In Section 2.3.4.2. communication was discussed as a major aspect of channel behaviour. The difficulties associated with communication noise were identified.

Stern and Gorman (1969: 160) suggest that communication difficulties may be due to selective perception, inadequate communication procedures, secrecy concerning customer needs and identification, and confidentiality of promotion plans. Rosenbloom (1983: 102) proposed that lack of advance notice of changes to marketing mix variables may cause serious conflict. In an investigation into channel coordination, Gultinan, Rejab & Rodgers (1980: 57) found that overall coordination is more likely to be achieved if, *inter alia*, personal and impersonal communication emphasizes information that is perceived as helpful and channel members are made to feel part of the decision making structure.

In his discussion on sources of communication difficulties, Etgar (1979: 65) identifies the use of unknown symbols, concepts and ideas, lack of motivation for information transmission, and standardized information processing procedures as contributory factors.

In his discussion on sources of communication difficulties, Etgar (1979: 65) identifies the use of unknown symbols, concepts and ideas, lack of motivation for information transmission, and of standardized information processing procedures as contributory factors.

2.3.6.7. Goal Divergence - Structural Source

Goals are described by Mintzberg (1983: 5) as intentions behind decisions or actions. Distinctions have been made between values (life goals) and interests, (Nunnally, 1967: 515); goals, objectives and missions (Mintzberg, 1983: 6), system and individual goals (Van de Ven, 1976: 25), and system and operating goals (Eliashberg & Michie, 1984: 75-6). Goals are influenced by the values, beliefs and norms of channel members and evidence of goal incompatibility is provided by disagreements over role performance and domain (Ephron: 1961: 57). This view is reinforced by Molnar and Rogers (1979: 409) who emphasize the direct link between organizational goals, and the domain and functions appropriate to the pursuit of those goals. Goal divergence in the context of the analysis of marketing channel conflict is therefore defined as differences in individual objectives reflected in the prescribed domain and role performance of channel members as shaped by their values, beliefs and societal norms.

Differences in goals as a source of conflict resembles the systems conflict model identified by Pondy (1967: 316). In a goal-oriented system, the functional interdependence of channel members provides the basis for the development of systems goals. If channel members have different sets of active goals or different preferred orderings for the same set of goals, the potential for conflict exists (Pondy, 1967: 318). Mallen (1977: 234) proposes that goal incompatibility is the most serious source of conflict suggesting that the fundamental forum for goal conflict is the act of exchange in which the opposing interests of buyers and sellers are reflected (1977: 235).

Wittreich (1962: 148 - 9) clearly illustrates the difference in goals between "corporate managers" and "typical retail dealers."

"The psychology of our business leaders is a growth psychology. . . Such is not the psychology of the typical retail dealer. Unlike corporate management, the individual dealer is characterized by a psychology essentially static in nature. . . While the various goals of the top corporate executive can be characterized as constantly evolving and never reaching a satisfactory terminal point, the goals of the typical retail dealer are far more circumscribed. Like the executive, the dealer's goals may also be income, status, power, security, fame, self satisfaction. . . However, regardless of the similarity of the goals, the critical difference is that in the large majority of instances there is a relatively easily defined end point to the objectives . . . Once [this] has been reached, the fact that it has been reached provides the necessary degree of satisfaction as years go on."

Identification of underlying goal conflict (and all structural causes of conflict) is complicated by the need to ensure that attitudinal sources of conflict have not created misunderstandings and false expectations. In his research project, Etgar (1979: 73) found that divergence of goals was one of the most important causes of conflict in affective conflict situations.

The results of empirical studies by Rosenberg and Stern (1971), Lusch (1976) and Brown and Day (1981) suggest that ideological agreement on business and marketing strategy is positively related to goal compatibility. Research by Hunger and Stern (1976: 604) has revealed that a superordinate goal was able to reduce the rate of development of conflict. Stern and El-Ansary (1982: 298) suggest that conflict resolution of a relatively permanent nature requires the integration of the needs of both parties involved in the dispute in order to identify a common goal, without sacrificing their basic economic and ethical principles. Hunger and Stern (1976: 604) maintain that the superordinate goal should primarily affect the emotional or affective component at the *conceptualization* stage of the conflict episode (1976: 604).

In situations where goal conflict is identified, Pondy (1967: 318) proposes that goal differentiation could be reduced by lowering functional interdependence. He specifically suggests the reduction of dependence on common resources, the introduction of buffers and the reduction of pressures for consensus.

2.3.6.8. Drive for Autonomy - Structural Source

Autonomy is the perceived ability of a channel member to control the decision variables that affect his domain. It reflects a channel member's belief that business success can be achieved with minimal assistance from other channel members (Guilitnan, Rejab & Rodgers, 1980: 47). It is closely related to the constructs of *authority* and *dependence*. Mintzberg (1983: 5) defines authority as formal power, a subset of power; the capacity to get things done by virtue of the position held. Bacharach and Lawler (1981: 38) describe authority as circumscribed power, the scope and domain of which is grounded in the formal structure of the organization.

Authority is derived from the possession of legal and traditional legitimate power as described by Kasulis and Spekman (1980: 183). The autonomy of a channel member is a function of his authority over domain decision variables relative to the authority of his dyad partner (Ephron, 1961: 66). When a channel member perceives another as possessing the authority to interfere with his goal attainment or his desired behaviour patterns, a potential for conflict exists (Robicheaux & El-Ansary, 1975: 21 - 2; Gaski, 1984: 10 - 4).

It has been pointed out by Litwak and Hylton (1962: 398) that interorganizational analysis stresses the study of social behaviour under conditions of unstructured authority. Furthermore, they argue that one of the major sociological functions of organizational independence is to promote autonomy, particularly "when there is a conflict of values and the values in conflict are both desired" (Litwak & Hylton, 1962: 396).

Pondy (1969: 300) proposes that autonomy needs form the basis of conflict in the marketing channel "when one party either seeks to exercise control over some activity that another party regards as his own province or seeks to insulate itself from such control" Etgar (1979: 67).

Van de Ven and Walker (1984: 601) maintain that organizational components prefer to preserve their autonomy and not to become involved in an interorganizational relationship unless compelled to do so because of resource dependency or scarcity, or because of their functional specialization, which requires organizations to fulfill unique obligations placed on them. In other words, the potential for a channel member to remain autonomous depends on the

availability of alternative sources of supply of the resources he seeks and the authority, legal, traditional or normative power that his dyad partner has over him.

The conflict generated by the drive for autonomy is similar to the bureaucratic or authority-structure model of vertical conflict proposed by Pondy (1967: 315 - 6), in which conflict is generated by the exercise of control through the imposition of rules to formalize procedures and routinize behaviour.

Research evidence in channel settings has shown that conflict is positively associated with coercive sources and negatively associated with noncoercive sources of power (Lusch, 1976a; Wilkinson, 1981; Brown and Frazier, 1978). In addition, conflict was shown to be negatively associated with satisfaction and/or cooperativeness (Rosenberg & Stern, 1971; Brown & Frazier, 1978). Research by Dwyer (1980: 55) provided evidence indicating *inter alia*, that channel member satisfaction is positively associated with perceived self-control over decision variables and perceived cooperativeness of channel partners.

The inverse relationship between conflict and noncoercive sources of power, satisfaction, and cooperativeness provide support for the proposition that countervailing power (*autonomy*) is a chief contributor to satisfaction (Gaski, 1984). Conversely, the positive association between conflict and coercive sources of power, seen in relation to the other findings, suggests that the lack of countervailing power, or the loss of autonomy, would be positively associated with conflict.

The resolution of conflict caused by the restrictions on channel member autonomy would be associated with reduction in dependency, and the formulation of rules and procedures that provide channel members with a greater perceived degree of self control over decision variables (Pondy, 1967: 316). Pondy suggests that leadership theorists argue for a reduction of conflict through the use of personal persuasion and group pressures to bring units more in line with superordinate goals. These strategies, he contends, increase dependency and reduce autonomy thereby increasing rather than decreasing conflict potential.

The acquisition of additional power by the aggrieved channel member, (countervailing power), will have an impact on the dyadic conflict level. Although Gaski (1984: 26) has proposed that the *existence* of countervailing power would increase channel conflict, it is suggested that this would depend upon the power base, whether it was coercive or noncoercive relative to the power base of the dominant channel member.

2.3.6.9. Competition for Scarce Resources - Structural Source

The debate concerning the difference between conflict and competition was discussed in Section 2.3.5.3. during which it was concluded that competition was treated as a subset of conflict. The inclusion of competition for scarce resources by Etgar (1979) in his description of sources of conflict in marketing channels, is consistent with this decision.

Scarce resources include both economic and non-economic objects (eg. status, money, recognition, information, security, approval, authority). Bacharach and Lawler (1981: 46) define a resource as a commodity that is exchangeable or that leads to some divisible payoff. White (1974: 115) maintains that primary interest in interorganizational exchange behaviour is with the flow of *tangible* resources such as money, equipment, skills, knowledge and patients [customers] which may be regarded as rewards and costs. Etgar (1979: 67) associated this cause of conflict with the discrepancy between aggregate resource demand and supply. In his research instrument, he concentrated on economic related resource competition.

It has been proposed that a commercial channel system continues to function as long as channel members perceive that the inducements they receive to remain in the system are in balance with their contributions to the system (Stern and El-Ansary, 1982: 290). An imbalance between the inducements-contributions will result in dissatisfaction and conflict.

Conflict concerning scarce resources is described by Pondy's bargaining or interest-group model (1967: 312 - 4). Attempts to resolve conflict usually involve increasing the pool of available resources or decreasing the demands of the parties to the conflict through attitudinal structuring and the involvement of third parties. A significant point made by Pondy (1967: 313) is that bargaining conflict involving resource scarcity rarely escalates to the manifest level, other than as strategic manoeuvres. This, he ascribes to the fact that either market mechanisms or elaborate administrative mechanisms evolve to guarantee orderly allocation of scarce resources (Pondy, 1967: 313).

2.3.7. The Process of Conflict

The preceding discussion has acknowledged that it is increasingly being recognized that not all conflict is destructive; that a minimum level of conflict is likely to exist in an exchange relationship; and, particularly from a channel point of view, the advent of increased vertical integration is likely to create the potential for increased tension. The rapid growth in vertical marketing systems, particularly franchise operations with greater interdependence and more

formal authority structures has contributed to the heightened interest in marketing channel conflict. The emphasis has shifted from the elimination of conflict to the management of conflict (Thomas, 1976: 892). This has placed increasing emphasis on the need to understand what sort of conflict behaviour is most likely to lead to productive or destructive outcomes. Pondy (1967: 299) has suggested :

"Conflict can be more readily understood if it is considered a dynamic process. A conflict relationship . . . can be analyzed as a sequence of conflict episodes. Each episode or encounter leaves an aftermath that affects the course of succeeding episodes. The entire relationship can then be characterized by certain stable aspects of *conditions, affect, perception, and behaviour*. It can also be characterized by trends in any of these characteristics." (italics added)

Two points are noteworthy. Conflict is portrayed as a process of sequential *stages* in which the behavioural *states* of perception, affect and behaviour, provide useful indicators of changes in conflict intensity. An analysis of the levels of perceptions, feelings and manifestations as well as changes to these levels provides a broad view of the conflict episode and a comprehensive basis for identifying conflict escalation. Sims, Foster and Woodside (1977: 208) comment:

"Identifying these stages in the conflict process helps as a preventative measure to defuse a potentially disruptive situation before it wrecks unity in the marketing channel. If conflict can be anticipated and identified early enough, then channel management may be able to make the necessary adjustments to prevent the development of irreversible conflict."

The process approach has been adopted by many of the researchers into marketing channel conflict. They have tended to follow adapted forms of the Pondy (1967) model which views each episode as reflecting underlying conditions, perceptions, feelings, behaviours, and the aftermath of conflict (Stern & Gorman, 1969; Rosenberg & Stern, 1970; Rosenberg 1971, 1974; Cadotte & Stern, 1979; Etgar, 1979; Brown & Day, 1981). Sims, Foster and Woodside (1977: 208) proposed an eight step model consisting of causes, actions, external circumstances, tension, incident, flare-up, resolution, outcome.

Conflict process models distinguish principally between *covert* and *overt* conflict. Stern and Heskett (1969: 292) note that:

"Conflict may remain covert, in which case the frustrated component does nothing to change its behaviour or the behaviour of other system components to align goals. The conflict may go unnoticed by others. Conflict is, however, often overt, in which case the frustrated component exhibits some behavioural change. It may shift its goals or operations, or it may try to alter the behaviour of those upon whom it depends. The extent of each type of adjustment is thought to be a function of influence or power. In important conflict situations which have become overt, frustrated parties are more likely to exercise influence or power than to change their own goals or operations."

The distinction between overt and covert stages is considered to be important by conflict analysts. Identifying the stage when feelings of stress, tension and animosity develop facilitates conflict management. As pointed out by Rosenberg and Stern (1970; 43 - 4) :

"It would be myopic to identify conflict only when it is manifest, because in its more subdued stages it is potentially disruptive, since it may be capable of being escalated."

In addition, Deutsch (1969: 10) observes that:

". . . manifest conflict often cannot be resolved more than temporarily unless the underlying conflict is dealt with or unless it can be disconnected and separated from the underlying conflict so that it can be treated in isolation."

A further significant point is made by Pondy (1967: 304):

"The interface between perceived conflict and manifest conflict and the interface between felt conflict and manifest conflict are the pressure points where most conflict resolution programmes are applied. The object of such programmes is to prevent conflicts which have reached the level of awareness or the level of affect from erupting into noncooperative behaviour."

In his research project Etgar (1979: 62) discriminates between what he describes as the two hierarchical states of conflict; first, a *cognitive/affective* stage and second, a *behavioural/ manifest* stage. He differentiates between these stages as follows:

"The former stage defines a state where conflict is primarily attitudinal and is reflected in feelings of intrachannel frustration and animosity. When the conflict reaches the manifest stage, it takes on behavioural dimensions. At that stage, channel members are not satisfied with forming and expressing attitudes, they also engage in activities designed to harm opponents."

Much of the research into channel conflict has concentrated on studying either affective conflict, (Rosenberg, 1971; Rosenberg & Stern, 1971; Pearson, 1973; Stern, Sternthal & Craig, 1973;) or manifest conflict (Assael, 1968; Foster & Shuptrine, 1974, 1976; Lusch, 1976a, 1976b; Kelly & Peters, 1977; Brown & Frazier, 1978; Brown & Day, 1981). Etgar (1979) analysed both types of conflict jointly in order to investigate which types of causes of conflict are associated with the different types of intrachannel conflict.

A modified conflict process model was used by the author in this research project. Clarification on the differences between the stages of the conflict is fundamental to the design of the research model. The following section considers the five stages of the conflict model proposed by Pondy (1967), namely: latent conflict (antecedent conditions), perceived conflict (cognition), felt conflict (affect), manifest conflict (behaviour) and conflict aftermath (post episodic conditions).

2.3.7.1. Latent Conflict

The latent stage of conflict describes the basic level of cooperation, conflict or satisfaction that exists before an incident occurs which alters the overt and covert nature of the relationship. The potential for conflict is determined by the availability of resources, the extent to which channel member goals differ, and the authority relationship in the channel (Pondy, 1967: 300-1). The potential for conflict will also be determined by the ability of information systems to cope with stimuli that influence channel member attitudes.

Since this stage of conflict precedes a conflict episode, identifying structural and attitudinal problems in advance enables channel managers to reduce the potential for dysfunctional conflict. Based on the proposal by Rosenbloom (1983: 102 - 7), the author has designated this stage as the threshold stage of conflict in order to emphasize its importance (refer to Section 2.3.5.2.).

2.3.7.2. Perceived Conflict

The perceptual process is generally recognized as being most representative of the cognitive process that takes place between the stimulus situation and consequential behaviour (Luthans, 1981: 82). In Section 2.3.6.4., perceptual divergence was considered as a basis of attitudinal conflict. In a situation in which tension is heightening, a state of perceived conflict is reached when a channel member perceives that another is engaged in, or has the ability to engage in, behaviour that is preventing or impeding him from achieving his goals (Stern & El-Ansary, 1982: 284; Section 2.3.1.).

Perceived conflict may occur when no conditions of latent conflict exist. In this situation, misunderstandings of the true position between the conflicting parties may be resolved by improved communications. Pondy (1967: 301) does point out that if conditions of latent conflict do in fact exist, more open communication may exacerbate the conflict. On the other hand, there may be good reasons for perceived conflict which have not been perceived by the channel member concerned because he is unaware, uninformed, or has deliberately suppressed the information (Pondy, 1967: 301).

2.3.7.3. Felt Conflict

The state of felt conflict is concerned with affectations or feelings. The stage of felt conflict involves a situation where the perceived conflict becomes personalized. Pondy (1967: 302) articulates the distinction between perceiving conflict and feeling conflict:

"A may be aware that B and A are in serious disagreement over some policy, but it may not make A tense or anxious, and it may have no effect whatsoever on A's affection towards B."

Felt conflict is therefore characterized by personal feelings of hostility, frustration, and tension. Pondy (1967: 302) suggests two possible explanations for the personalization of conflict.

1. transferred blame as a result of individual anxieties;
2. the individual becomes personally immersed in the problem and, as a consequence, feelings of hostility are generated.

Thus, felt conflict may arise independently of the identified sources of latent conflict, but these sources may provide symbolic targets for undirected tensions.

Ross and Lusch (1982: 241) investigated the relationship between causes of conflict and the *levels* of conflict and cooperation within a marketing channel dyad. They employed a measure of felt conflict to assess the levels. In commenting on the reason why no relationship was found between the causes of conflict and the level of conflict, they suggest:

1. conflict may have been latent and not yet perceived, or more probably,
2. conflict may have been perceived but had not yet resulted in any feelings of stress, tension or hostility.

This suggests that differentiating between these two states is an important feature of understanding marketing channel behaviour. Etgar (1979) combined both perceived and felt conflict stages into a single measure of affective conflict in his research model.

2.3.7.4. Manifest Conflict

The manifest state of conflict is concerned with conflict behaviour. The manifest stage is reached when the aggrieved party is no longer willing to put up with feelings of tension and resorts to some form of conflictful behaviour. In a conflict model, manifest conflict is treated as *response* behaviour to a perceived threat.

Manifest conflict includes all overt response behaviours (Brown & Day, 1981: 264) which may take many forms ranging from mild disagreements to violent actions (Thomas, 1976: 900). Options range from an immediate tactical/operational response to strategic retaliation involving internalization of norms, values and beliefs (Kasulis & Spekman, 1980: 182).

Luthans (1981: 368) suggests that the traditional view of aggression as the automatic response to frustration, is a narrow one. He classifies the range of behavioural reactions triggered by frustration as *aggression, withdrawal, fixation, and compromise*. This perspective is relevant when identifying possible manifestations of conflict response behaviour in marketing channels, particularly in view of the interdependence of channel members, and the limited options available for an effective aggressive response that will not destroy the relationship. Pondy (1967: 319) comments on the probability of aggressive behaviour in an organizational setting:

"As to the forms of manifest conflict, it is extremely unlikely that any violent or aggressive actions will occur. First, strongly held norms proscribe such behaviour. Secondly, the reaction of other parties to the relationship is likely to be that of withdrawing all cooperation. A much more common reaction to perceived conflict is the adoption of a joint decision process characterized by bargaining rather than problem solving.

Pondy (1976: 313) also asserts that aggressive conflict behaviour is less likely in the case of competition and goal divergence as these sources of conflict are usually handled through bargaining processes and negotiation through committees. This reinforces the need to view manifest conflict response in a broader light than merely aggressive actions.

Research in marketing channels has operationalised manifest conflict as conflictual communication (Assael, 1968; Hunger & Stern, 1976) or perceived disagreements (Lusch, 1976a; Kelly & Peters, 1977; Brown & Frazier, 1978; Brown & Day, 1981), measured in terms of frequency, intensity and/or importance. Etgar (1979: 69) identified the frequency of "actual rivalry events." In a conflict model in which manifest behaviour is identified as being a *response* to perceived threats, it is necessary to consider the objective motivating behaviour before concluding that all disagreements are purposeful responses. This point will receive further detailed attention during the discussion on the measurement of the construct labelled *manifest conflict* (Section 4.5.4.5).

2.3.7.5. Conflict Aftermath

Conflict leads to disruption, instability, and change. The outcome of conflict may be viewed along a continuum ranging from disintegration to unification. As the outcome approaches unification, the lower the residual level of frustration and the greater the potential for conflict resolution (Stern & Gorman, 1969: 171). Genuine satisfaction amongst participants will provide the basis for a more cooperative future relationship. If, however, the conflict has only been suppressed, the potential for more serious conflict has been created (Pondy, 1967: 305).

Adopting a dynamic perspective, conflict over a specific *issue* will involve a series of conflict episodes, each with its own aftermath to provide the revised latent conditions for the next conflict episode. Thomas (1976: 905 - 7) identified eleven dynamics which are commonly associated with the escalation of conflict during negotiations:

1. Revaluation or revised conceptualization of the issue;
2. Self-fulfilling prophesies;
3. Perceptual biases ;
4. Cognitive simplification;
5. Distortion of communications;
6. Breakdown of communications;
7. Increasing use of coercive power bases;
8. Goal substitution;
9. Proliferation of issues;
10. Perception of general incompatibility;
11. Ventilation of feelings.

Each of these would be considered as a conflict outcome during the process associated with unsuccessful negotiations. Evaluation of the outcome of a conflict episode will involve an assessment of its productive and destructive consequences. Luthans (1981: 378 - 80) suggests that there are three basic resolution strategies which are identified according to their outcomes as *lose-lose*, *win-lose*, and *win-win*.

Lose-lose outcomes are associated with compromise by both parties, the use of arbitrators or third parties to mediate, and resorting to rules or regulations to solve the conflict. *Win-lose* outcomes are associated with conflicts that have become personalized, where there are one-sided points of view, and a lack of a strategic perspective. *Win-lose* outcomes are linked to conflicts over scarce resources. *Win-win* conflict outcomes are generally associated with bargaining. Only conflict resolutions that achieve win-win outcomes can be expected to produce the benevolent dyadic environment associated with long term conflict reduction.

2.3.8. Evaluation of a Social Systems Approach to Marketing Channel Analysis

The primary reasons for the existence and continued evolution of marketing channels are economic and are based on the interpretation of consumer needs by individual business organizations (i.e. micro/profit). The broadening of the definition of marketing has attracted more attention to societal needs and to macro organization considerations. In addition, the development of consumerism and the shift of power from manufacturer to retailer, have emphasized the need to look further than the microeconomic paradigm to explain the functioning of marketing channels. A social systems approach which draws attention to the effect of power, conflict, roles and communication processes on the structural and functional variables of the channel system, provides an important adjunct to the economic perspective.

However, it is argued by Stern and Reve (1980: 53) that a major deficiency in the current status of marketing channel theory and research is that channel theory has been fragmented into two separate disciplinary orientations: an economic approach and a behavioural approach. They point out that few attempts have been made to integrate these two perspectives which they believe are complementary.

Three other criticisms have been advanced. First, analyses have concentrated on strategies employed by individual organizations to structure and control channel activities. This micro orientation has ignored broader macro issues associated with the maintenance, adaptation and evolution of marketing channels as competitive entities (Stern and Reve, 1980: 53).

Second, empirical studies of distribution networks have been extremely limited in their scope and methodological sophistication. Stern and Reve (1980: 53) contend that the majority of empirical works in the channels area have been purely descriptive in nature, with little or no testing of formal hypotheses.

Finally, definitional issues concerning the typology and parameters of marketing channels remain unclear. The lack of a suitable framework with which to tackle research into marketing channels will result in *ad hoc* operationalizations which will hinder theory development.

Channel authors have proposed that the political economy paradigm offers an appropriate framework for theory development and research into marketing channels (Stern & Reve, 1980; Arndt, 1981 & 1983; Achrol, Reve, & Stern, 1983).

2.3.9. Marketing Channels as Political Economies

2.3.9.1. The Political Economy Paradigm

In the early 1970's, a major shift in perspective occurred with the recognition that the discipline of marketing was principally concerned with transactions or human exchange relationships (Bagozzi, 1978: 536). However, the analysis of interorganizational phenomena suffered from conceptual confusion and overlap because of a lack of an integrative theoretical framework and a lack of concern for issues of macrostructure (Benson, 1975: 230). Benson (1975: 229 -49) proposed the application of the political economy framework to interorganizational networks to overcome these deficiencies.

The political economy paradigm, views social systems as "comprising interacting sets of major economic and socio-political forces which affect collective behaviour and performance" (Stern & Reve, 1980: 53). Attention is focused on the interaction between the political and economic forces both within and without the interorganization unit that shape its basic structure and processes (Hasenfeld, 1983: 43). The focal social unit is the political coalition of market organizations which are the object of analysis.

The objectives of these interest groups are to acquire and defend a secure and adequate supply of critical resources (Pfeffer & Salancik, 1978: 258; Benson, 1975: 232). Benson (1975: 232) proposed that two basic resources are central to this concept - money and authority. He described *authority* as the legitimation of activities, the right of an organization to operate in a particular domain, whilst *money* is the means with which to obtain other resources in order to pursue organizational goals.

The political economy paradigm views three dimensions as central to its application to the analysis of social units; polity/economy, external/internal, and substructure/superstructure. (Benson, 1975; & Stern & Reve, 1980). The first two dimensions are relevant to this project. Polity/economy refers to the power and control system of the social unit (Hansenfeld, 1983: 43) and to the exchange system which governs the division of labour and the allocation of resources (Arndt, 1983: 48). Stern and Reve (1980: 54) comment that the contribution of the political economy framework "is the explicit insistence that economic and sociopolitical forces not be analysed in isolation."

The external/internal dichotomy is concerned with the environmental/organizational versus polity and economy. The boundary of this dichotomy depends on the unit of analysis. When

the interest centers on interorganizational linkages such as the channel of distribution, the focal *network* or *dyad* will constitute the internal sphere (Arndt, 1983: 48).

2.3.8.2. The Political Economy and Marketing Channel Dyads

Stern & Reve (1980), Arndt (1983) and Achrol, Reve & Stern (1983) have discussed the application of the political economy paradigm to marketing channels. The consensus is that it provides a comprehensive integrative framework for theory development and research into marketing channel phenomena. Of particular interest for this research project is the dyadic approach adopted by Achrol, Reve and Stern (1983). They maintain that the fundamental activity in marketing channels is the act of exchange between two economic agents and, this emphasis on the transaction "compels a dyadic perspective in which the relationship between the two transacting parties is highlighted" (Achrol, Reve & Stern, 1983: 56). This dyadic perspective is supported by Bagozzi (1978: 536).

Since marketing channels have been described as interorganisation systems, network analysis would provide a more comprehensive perspective of channel behaviour. Achrol, Reve and Stern (1983) argue that in order to study networks of organizational interactions, it is first necessary to understand the basic transaction between pairs of social actors by applying a dyadic interaction model. In addition they comment:

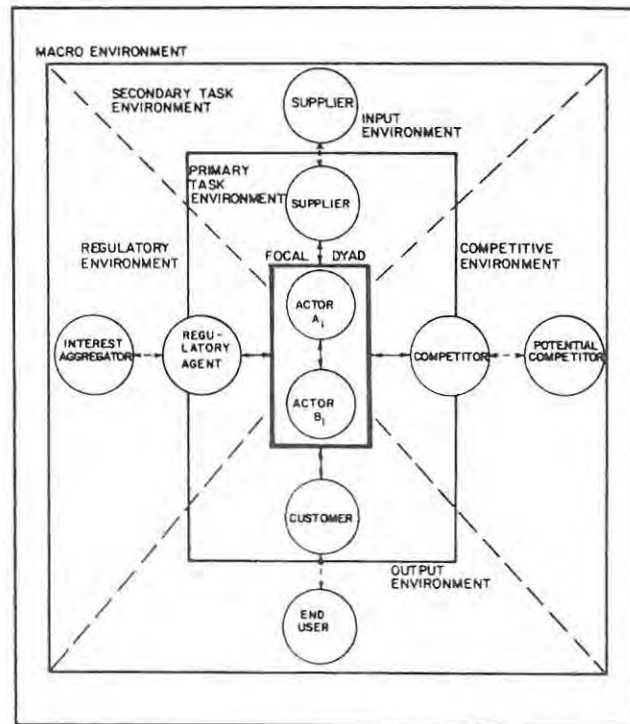
"It is extremely important to understand that in defining a dyad as the unit of analysis, there are no constraints whatsoever against there being meaningful linkages among three or more parties within a channel system. In fact, the very need for specifying an external or environmental framework is to allow for the methodical treatment of such extradyadic influences" (Achrol, Reve & Stern, 1983: 56)

In order to give effect to this dyadic approach, Achrol, Reve and Stern (1983: 57) conceptualized the channel dyad's task environment as consisting of a *primary task environment* comprised of immediate suppliers and customers of the dyad; a *secondary task environment* comprised of suppliers to the immediate suppliers, customers to the immediate customers, the regulatory agents and the interest aggregators who influence them, and direct and potential competitors to the channel dyad. This situation is depicted in Figure 2.2.

A final point made by Achrol, Reve and Stern (1983: 58) is that the focal dyad is *any* two party exchange relationship under consideration, not necessarily between channel middlemen nor between hierarchically adjacent channel members. They state:

"The formal channel is generally acknowledged as the sequential route taken by the physical and/or title flows of goods and services. The channel as a social action system is much more widely defined and encompasses all sorts of linkages and relations. . . . Wherever direct, goal-oriented social interaction occurs between actors in a channel, a channel dyad exists."

FIGURE 2.2. Environment of Marketing Channel Dyads



(Achrol, Reve and Stern, 1983:57)

To sum up, the political economy model has two important implications for this research project. First, by combining the effects of polity and economy, it allows the incorporation of competition for financial resources into the conflict model that is to be employed. In fact, it draws specific attention to the role of resources, whether money or authority, an important linking feature of the model as a whole.

Second, it places in perspective, the vexing question of the unit of analysis. The traditional definitions of marketing channels offered a network approach without clear specification of the

network boundaries. The three dichotomies model explored micro and macro dimensions without providing guidelines as to the appropriate unit of analysis. Dyadic analysis, using the political economy model to incorporate immediate contactual groups into the dyad's primary task environment has provided an appropriate specification. This assumes that all channel members are customers, providing a basis for a marketing oriented approach to marketing channel analysis.

2.3.10. Conclusions: Marketing Channels as Economic and Socio-political Systems

The channel of distribution is the conduit through which goods and services flow to consumers. It is a key structural feature of the macromarketing environment. Marketing channels consisting of a network of exchange transactions, compete against each other in order to satisfy consumer segments, through the provision of a selected range of service outputs.

The development of a channel is influenced by economic and social factors. The economic emphasis is on efficiency, productivity and economies of scale. Social phenomena such as power and control over role performance and scarce resources also influence the selection of micro normative marketing strategies and the evolution of channel structures. The interdependency of channel members and their individual quest for power, autonomy and control over marketing decision variables create a climate for potential intrachannel conflict.

Pondy (1967: 300) claims that the central questions to be answered in a theory of conflict are: which specific reactions take place at each stage of a conflict episode and why?

In other words, what behaviour is likely to occur at each stage in the conflict process and what are the reasons for that behaviour.. Both Thomas (1976) and Ross and Lusch (1982: 238) adopt a managerial approach to this problem. Thomas (1976: 892) comments:

"In order to manage conflict, we must understand what sort of conflict behaviour is most likely to lead to constructive outcomes and which behaviours tend to be either unproductive or destructive. Then we must begin to identify the variables which influence the occurrence of those behaviours, so that we can develop productive intervention strategies and tactics."

An understanding of marketing channel conflict starts with a clear description of the phenomena to be analysed. Existing definitions of marketing channels are primarily functional in focus, and lack consensus on the typology, length and number of levels that constitute a marketing channel. No guidelines are offered as to the appropriate unit of analysis, the channel parameters which allow specification of the task environment, nor whether the channel should be treated from an inter- or intraorganizational point of view.

Adopting a systems approach to marketing channels emphasizes the interdependency of channel members, it relates functions to structure and encourages an understanding of individual and system objectives.

Treating the marketing channel as an economic system provides useful insights into the effects of market forces on channel design and development. However, the complex behavioural interactions are lost in the economic assumptions of harmony, rationality and equilibrium. A social systems approach introduces structural and functional variables that are influenced by behavioural concepts such as power, conflict, communications and roles. These determine whether pattern maintenance, goal attainment, adaptation and integration will be achieved.

Although this provides a clearer perspective of channel behavioral developments, an integrated socio-economic approach is needed. The political economy paradigm provides a framework for the development of an integrated perspective that includes internal and external polity and economy with a clear specification of the unit of analysis, the primary and secondary task environments, and the macro environment.

It is therefore possible to arrive at the following conclusions. The marketing channel is defined as a network of interdependent and independent institutions contributing to the distribution of a unique combination of products and service outputs to the consumer. The unit of analysis is the dyad and an interorganizational approach is adopted.

In order to describe the functioning of marketing channels, the frameworks offered by the three dichotomies model and the political economy paradigm are employed. These provide classificatory schema for dyadic analysis and generate important questions regarding the significance of macro/micro, normative/positive and profit/non-profit perspectives.

Marketing channel conflict is defined as a process of negative cognitive, affective and manifest reactions between dyad partners in response to perceptions that one member of the channel dyad is influencing or has the power to influence autonomy, resource allocation decisions and outcomes, and alter goal attainment.

Some conflict, particularly with regard to the allocation of scarce resources, is considered to improve the adaptability of a channel, and, therefore, its stability, pattern maintenance, integration and goal attainment. However, to the extent that conflict is likely to adversely influence channel member performance and heighten the need for increased controls, reduced dependency, or alteration of goals, it is negatively valued.

Employing the above definition and the political economy framework, competition for scarce resources is specifically included as a subset of conflict. Satisfaction and cooperation are considered to be inversely related to conflict. Consequently, a dyadic relationship that is characterized by dissatisfaction and disharmony, is considered to have achieved a degree of cognitive or affective conflict.

The sources of conflict are classified as either attitudinal or structural. Improved communication is likely to reduce conflict associated with attitudinal sources. Structurally related conflict requires attention to more fundamental issues such as resources allocation, authority relationships, autonomy, domain and goal differences. These differences provide the basic conditions for latent conflict which may escalate, in a series of episodes, from perceived and felt conflict, to manifest conflict.

These conclusions are incorporated into a model of marketing channel conflict in Chapter 3.

Chapter 2: REFERENCES

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Chapter 3

CONFLICT MODELS AND THE MARKETING CHANNEL FOR PRESCRIPTION MEDICINE

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Chapter 3

CONFLICT MODELS AND THE MARKETING CHANNEL FOR PRESCRIPTION MEDICINE

3.1. Marketing Channel Conflict Models

3.1.1. Models as a Framework for Analysis

Hunt (1983a: 83 - 4) comments that although the observation, description and classification of phenomena are important in science, the explanation of phenomena remains the *sine qua non* of science. He suggests that marketing research is vitally concerned with explaining marketing phenomena and that "why" questions usually serve as precursors to "what if" questions. An explanation of phenomena must have empirical content, the explanation structures must be testable and demonstrate that the phenomenon was expected to occur (Hunt, 1983a: 108).

Marketing theories, which seek to explain marketing phenomena are constructed of models representing the constructs involved. Hunt (1983a: 84) defines an explanatory model.

"An explanatory model is any generalized procedure or structure which purports to represent how phenomena are scientifically explained."

A model is defined by Engel, Blackwell and Kollat (1978: 543) as:

"a replica of the phenomena it is intended to designate; that is, it specifies the elements and represents the nature of the relationships among them. As such, it provides a testable "map" of reality, and its utility lies in the extent to which successful prediction of behaviour or outcomes is made possible."

Both definitions reflect the requirements of prediction, empirical content and reliability. Models that do not meet these criteria are not *explanatory* models. Of the six explanatory models reviewed by Hunt (1983a: 83 - 108), only the deductive-nomological, deductive-statistical and inductive-statistical models satisfied these criteria. Pattern and functionalist models are classificatory schema, or frameworks. They provide the basis for theory development but are not theories (Hunt, 1983a: 108; Carman, 1979: 3; Arndt, 1981: 45). Although the terms paradigm and model are used interchangeably, a model is not a paradigm unless it is properly inclusive, analytically useful, pedagogically sound, and conceptually robust (Hunt, 1983a: 32).

The role and utility of paradigms has been discussed in Chapter 1. The modelling of the constructs of paradigms provides a framework for specifying functional relationships and patterns and identifying variables. Models may create problems for the researcher:

1. artificial distinctions are created when the concepts employed are inseparable;
2. oversimplification may disguise the complex behaviour involved;
3. the weighting and measurement of the variables are not specified in the model.

In addition, Nunnally (1967: 24) points out that a model is no better and no worse than its assumptions (axioms).

3.1.2. Models of Marketing Channel Exchange Behaviour

In 1975, Robicheaux and El-Ansary (1975: 13) commented on the absence in marketing management literature of a framework that comprehensively integrates channel research findings. This sentiment was echoed by Stern and Reve (1980: 52). Frazier (1983: 68) observed that the conceptual framework for interorganizational exchange behaviour in marketing channels was incomplete. He proposed that there was an urgent need for a realistic conceptualization of the process of channel exchange behaviour. A comprehensive review of research into marketing channel behaviour by Gaski (1983) produced critical comments regarding methodological shortcomings and conceptual confusion. All four of these authors proposed conceptual frameworks as a basis for future research.

The political economy model of Stern and Reve (1980) has been reviewed. It was concluded that it provided a useful specification of the key channel dimensions. However, it is a static model providing no indication of the process of conflict.

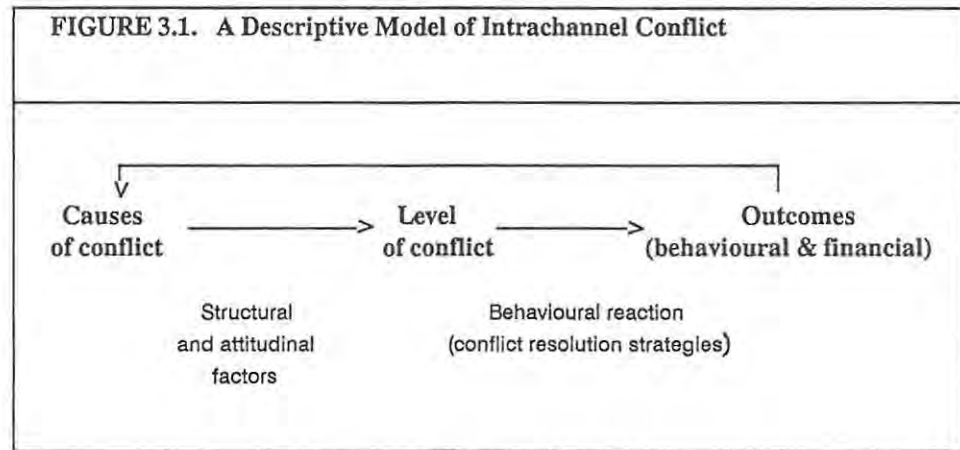
The process model proposed by Frazier (1983) is particularly comprehensive. He suggests that researchers should select a segment of the model to test as testing the entire framework would be impractical and beyond the scope of any one empirical study (Frazier, 1983: 75 - 6). However, this model does not lend itself to the analysis of channel conflict since neither the sources of conflict nor the stages in the conflict process are clearly specified. This is not the fault of the model, but rather the fact that the model attempts to cater for general exchange behaviour in channels, rather than the specific field of channel conflict.

For the purpose of this research project, two models are reviewed, namely, those proposed by Rosenberg and Stern (1970) and Etgar (1979).

3.1.3. The Rosenberg and Stern Model

Rosenberg and Stern (1970: 42; 1971: 438) developed the conflict model reflected in Figure 3.1. based on the process view outlined by Pondy (1967) and adapted for marketing channel analysis by Stern and Gorman (1969).

The model identifies key variables in the conflict process and indicates the causal-inferred direction of the relationship. The presence of conflict is related to identifiable *causes* which are capable of generating a *level* of measureable conflict. The *outcome* of the conflict is dependent on the intensity of conflict. The outcomes will in turn influence the original causes of conflict.



(Rosenberg and Stern (1970))

The sources of conflict are associated with the *structural relationship* between the conflicting parties. A multitude of *behavioural reactions* may occur as a result of the level of conflict which will influence the outcome of the conflict event.

Rosenberg and Stern (1970: 42) claim that the model suggests cause-effect relationships between causes-level, level-outcomes, and outcomes-causes although they express reservations concerning the direction of causality.

A variety of assumptions are made in support of the model. The following are considered to be of particular relevance. The definition of the channel system is exclusive of institutions not engaged in trading activities. The unit of analysis is the dyad, but the impact of the immediate supplier to the dyad partner is recognized (primary task environment). The channel is regarded as an organized behaviour system provided channel members possess relatively high commitments to the channel grouping. Interdependency is associated with a minimum level of conflict in the channel. Behaviour can be accurately and reliably transmitted through key informants in complex organizations and owner-operators in simple organizations, whilst the personalities of the individual spokesmen for all organizations can be disregarded.

The final assumption is that intrachannel conflict may be divided into covert and overt states. Rosenberg and Stern (1970: 43) comment:

"In its overt state, conflict is a latent or perceived frustration; overt conflict involves a change in attitudes toward the offending party or a behavioural reaction."

Sources of conflict revolve around differences in roles, goals and perceptions. It is hypothesized that the greater these differences, the higher will be the level of conflict. The relationship between the level or intensity of conflict and conflict outcomes is concerned with the productive or destructive nature of conflict. Rosenberg and Stern (1970: 46) recognize that evaluation of outcomes may differ between dyad partners and that financial and behavioural outcomes and considerations of efficiency and effectiveness are involved. They hypothesize that a threshold level of conflict exists and beyond that level, conflict produces destructive rather than productive outcomes.

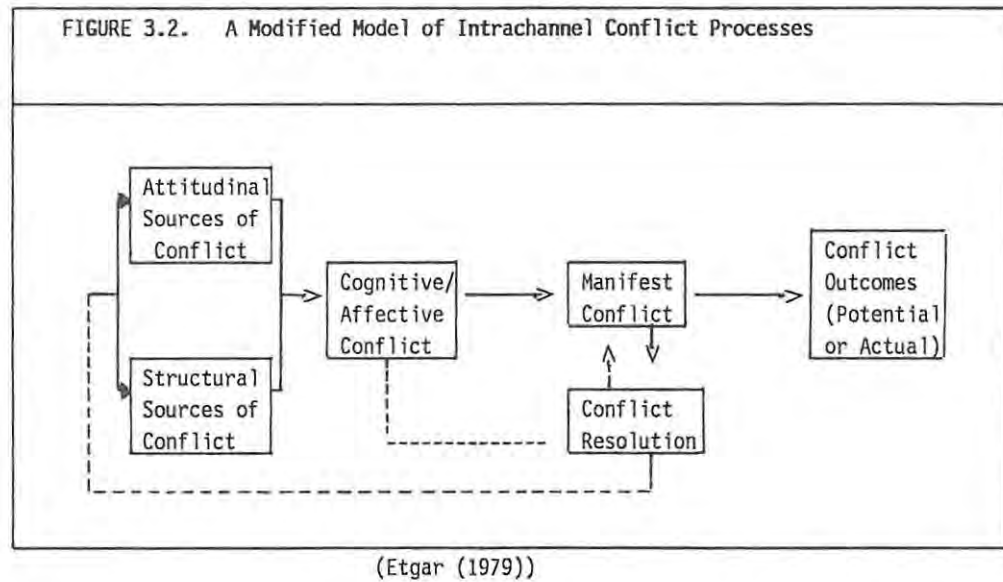
The model's simplicity is both its strength and its weakness. The study of intrachannel behaviour suffers from conceptual differences and methodological problems (Gaski, 1983). The development of classificatory schema for the major variables included in this model have not yet reached a state of general consensus (e.g. causes of conflict or levels of conflict). A model lacking specificity encourages development of subsidiary models. However, the model provides inadequate criteria for defining the phenomena to be classified. This has led to problems in operational useage of the model. For example, Eliashberg and Michie (1984: 77) assert that Rosenberg and Stern (1971) did not treat the two constructs of perceived conflict and goal incompatibility separately, but instead used the source of conflict as an instrument to operationalize and actually measure goal incompatibility.

The model suggests that conflict involves three stages: first, the emergence of causes of conflict; second, conflict behaviour occurs in response to the causes, and third, conflict outcomes result. In order to provide an improved understanding of the conflict process, a more specific process model was considered necessary to reflect more appropriately the covert dimensions of conflict.

3.1.4. The Etgar Model

Etgar (1979) was concerned with identifying which particular causes of conflict were associated with cognitive/affective conflict and which causes with behavioural or manifest conflict. He developed the modified model depicted in Figure 3.2.

This model represents a modified version of the Rosenberg and Stern (1970) model based on the Pondy (1967) process model. Its major difference is that a cognitive/affective state of conflict is introduced. This overcomes the objection to the previous model raised by Eliashberg and Michie (1984: 77) since goal incompatibility is treated as a cause of conflict and perceived conflict as a state of conflict.



The model is sequential. The development of attitudinal or structural causes of conflict leads to a state of cognitive or affective conflict which may lead to a state of manifest conflict. The conflict episode results in economic and behavioural outcomes, both for individual channel members and for the channel system. These outcomes will shape system/individual behaviour. Manifest conflict behaviour may initiate attempts to resolve conflict. The objectives of the conflict resolution procedures will be to eliminate or reduce the negative outcomes of the conflict, the potency of the causes of conflict, the level of intensity of conflict feelings and conflict manifestations.

Etgar (1979: 64 - 67) provides a comprehensive specification of the causes of conflict. In support of the model, Stern and El-Ansary, (1982: 287 -90) acknowledge the depth and breadth of the classification schema that was articulated by the model. The Etgar (1979) classification schema for causes of conflict was used as the basis for the discussion on the sources of conflict in Section 2.3.6. .

The model does have limitations. It does not reflect the unit of analysis nor , the proximity of the environment. It reflects the sequence of a particular conflict episode but provides no feedback loop to indicate the impact of conflict outcomes on the level of conflict. It implies but does not specifically reflect a latent state of conflict. The stage of cognitive or perceived conflict, is combined with the stage of affective or felt conflict. Finally, it gives no specific recognition to the fundamental variables of channel behaviour; the level of interdependence and the authority/power relationship.

Whilst accepting that simplicity is frequently associated with clarity and understanding, it also provides the potential for myopic analysis both at the point of designing research instruments and interpretation of data. In the review of the literature, several questions

were raised concerning the classification of marketing behaviour. A model has been designed to take these features into consideration. The model is presented in the following section.

3.1.5. Proposed Conflict Process Model

In view of the limitations provided by the models discussed, the author developed a conflict model for this research project. This model is depicted in Figure 3.3. It relies heavily on the process model of Pondy (1967) and the classification of the sources of conflict developed by Etgar (1979). The dyad is the focal social unit (Achrol, Reve & Stern, 1983) and the exchange relationship forms the basic framework of analysis (Hunt, 1983a: 128; Bagozzi, 1975). The political economy paradigm (Reve & Stern, 1980) is employed with the incorporation of internal polity and economy in the structural dimensions of the dyad role and domain, and the external polity and economy identified in the dyad's environment (Achrol, Reve & Stern, 1983).

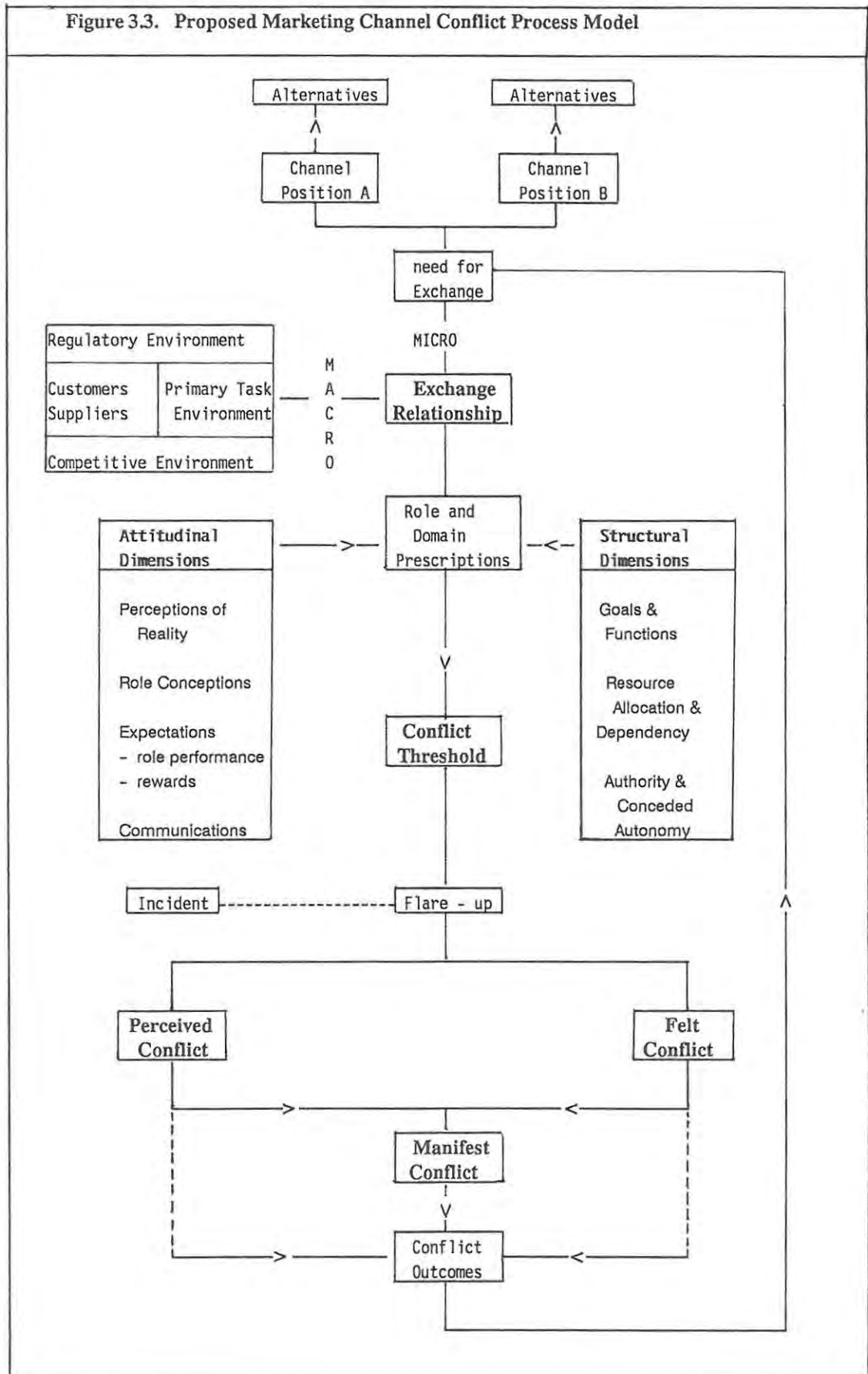
The model postulates that two channel members enter into, and maintain an exchange relationship, based on an assessment of their needs (goals), in relation to the alternatives that are available, and the dynamics of a changing environment. The formation of an exchange relationship confers role and domain prescriptions on each member of the dyad. These prescribe the authority relationships, resource allocation policies, procedures and functions for the pursuit of dyad objectives.

Within the context of this structural relationship, channel members develop attitudes regarding their own and each others' role performance and domain specification. These attitudes are influenced by the manner in which performance is perceived, the conception of role and domain prescriptions, and expectations about role performance and rewards. The extent to which role and domain perceptions, conceptions, and expectations differ will influence the potential for conflict. In this respect, the efficiency and effectiveness of macro and micro communication systems have an important influence.

In view of the dependency inherent in the exchange relationship, and the desire to maintain independence, the dyad is characterized by a minimum level of on-going conflict. In a continuing successful channel relationship, the conflict is maintained at a functional level with productive outcomes. However, conflict may exceed the functional threshold level and become dysfunctional with destructive results. Successful conflict management is concerned with preventing the conflict from exceeding this threshold.

The conflict process is triggered by an incident either within the dyad, or in the relevant dyadic environment which results in a flare-up. This impacts on the perceptions of the dyad members,

Figure 3.3. Proposed Marketing Channel Conflict Process Model



and, if personally involved in the incident, the level of felt conflict. The altered state of perception or affect may lead to manifest conflict. Each conflict episode will yield outcomes which may initiate preemptive behaviour as opposed to reactive behaviour.

This distinction is important since conflict is usually examined from the point of view of the aggrieved party, and conflict behaviour is reactive. Proactive behaviour is viewed as an influence attempt and is more appropriately analysed in terms of models concerned with marketing channel power. Preemptive behaviour in this model is regarded as the pursuit of countervailing power.

Conflict outcomes will influence the level of conflict and will reveal the extent to which the conflict has been destructive or productive. Destructive conflict will lead the aggrieved party to review the need for exchange in relation to the alternatives that are available and his perceptions of the structural features of his role and domain.

Identifying the propensity for a member of the channel dyad to react in a disruptive manner is an important dimension of assessing the overall level of conflict in a channel. Measures which reveal that there is satisfaction with dyad performance, feelings of harmony and no manifest conflict do not necessarily mean that the potential for dysfunctional conflict is low. Normative differences between channel members may differ substantially from positive differences. Measures of channel conflict based on the latter may provide a dangerously incomplete picture of latent conflict.

A final distinction proposed by the model is the macro/micro dichotomy. A comparison between respondent perceptions of their own relationships with their dyad partners (micro level) and their perceptions of the relationship between other retail pharmacy managers and doctors (macro level) offers a useful indication of attitudinal differences and communication weaknesses between dyad members.

A weakness of this model is that it places little emphasis on the marketing channel system as a whole. The emphasis is on perceptual differences or similarities between members of the channel dyad. The concept of a superordinate goal as a conflict resolution mechanism would therefore concentrate on a channel dyad rather than the channel as a whole. Similarly, the influence of competing channels, the regulatory environment, and third party intervention would have a dyadic emphasis. The danger of this perspective is to lose sight of the channel as a competitive unit, capable of adopting the marketing concept. However, this weakness is inherent in the adoption of an interorganizational approach to intrachannel marketing behaviour.

An additional shortcoming of this model is the lack of specification of the relative importance of goals over which differences occur (i.e. strategic/operational, short term/long term implications).

Despite these weaknesses, the model was considered to have advantages over the Etgar (1979) model as a basis for identifying relationships between sources of conflict and the stages in the conflict process. It specifically differentiates between the perceived and felt states of conflict. This distinction is important in identifying the extent to which perceptual differences exist between those channel members who have been affected by the conflict as opposed to those who have not yet become personally involved but have identified a state of conflict.

The model incorporates a state of latent or threshold conflict. Effective conflict management depends upon the accurate prediction of the potential for conflict behaviour in response to conflict resolution attempts.

3.2. The Marketing Channel for Prescription Medicines

The marketing channel for prescription medicines was selected for this research project. The primary reasons for this selection was the apparent pervasive conflict between doctors and pharmacists both in terms of economic and political criteria. Furthermore, the pharmaceutical and medical industries had demonstrated their awareness of the conflict and numerous investigations had being undertaken, at government and industry level, to resolve the problems with which the industry was faced.

Prior research into the problems facing the pharmaceutical industry in South Africa includes:

1. The Bremer Report (1951)
2. The Board of Trade and Industry Report (1962)
3. The Snyman Report (1962)
4. Report of the Commission of Inquiry into Trade Licensing and Allied Problems (1964)
5. Steenkamp Commission Report (1978)
6. Meyer Feldberg Report (1978)
7. First Syncom Report (1980)
8. Second Syncom Report (1981)
9. Third Syncom Report (1982)
10. Sutherland Report (1985)
11. Peimer, S. (1985) The Role of the Pharmacist - Future Trends (MBA Research Paper - Graduate School of Business, University of Cape Town.)
12. Strategic Information Services, (1985) A Glimpse of the Future - Turmoil in Retail Pharmacy: Change to Business Strategy?
13. Strategic Marketing Services, (1986) Appraisal of the Pharmaceutical Industry during 1987
14. The Browne Commission (1987) Report of the Commission of Enquiry into Health Services

Appendix 4.

The apparent conflict between retail pharmacists and doctors is not confined to South Africa. This is well illustrated in international retail pharmacy journals where generic substitution, dispensing by doctors, descheduling of medicines, and counter prescribing are popular conflict issues (refer Australian Pharmacy Journal, American Pharmacy Journal, Pharmacy Journal (British)).

3.2.1. Definitional Issues

Medicines may be classified as scheduled or unscheduled. This differentiates between the degree of control to be exercised over storing and dispensing of medicine by the doctor and the pharmacist. Another classification is between prescription and non-prescription medicine. This is concerned with the *authority* required by the pharmacist before the medicine may be supplied. The two classification schema are not synonymous. The pharmacists may dispense schedule 1 and 2 medicine without the authority of the doctor. On the other hand, the doctor may prescribe both scheduled and unscheduled medicine.

This investigation is concerned with the exchange relationship between the doctor and pharmacist. Consequently, the focus is on the marketing channel for prescription medicine.

3.2.2. The Distribution of Prescription Medicine to Consumers

In South Africa, the public and private sectors provide two distinct distribution systems for prescription medicine. The public sector operates through manufacturers who supply the State and Provincial health authorities through the mechanism of the State Tender Board system. The private sector involves three separate distribution channels. First, a range of quasi-state and private hospitals and clinics. Second, the traditional channel through the manufacturer/wholesaler/retail pharmacy in which the doctor provides the authority for the purchase. Third, the manufacturer/dispensing doctor channel in which the doctor prescribes *and* dispenses medicine. All of the public and private sector channels are considered threats to the traditional manufacturer/wholesaler/retailer system, particularly the rapidly expanding activities of the dispensing doctor.

This thesis is concerned with the marketing channel for prescription medicine which incorporates the manufacturer, wholesaler and retail pharmacist, and in which the doctor performs a crucially important crucial channel function.

3.2.3. Functions and Flows in the Prescription Medicine Marketing Channel

The manufacturer/wholesale components of this channel perform the traditional functions associated with their positions in the channel. The channel functions of the retail pharmacist are to provide *physical possession*, *finance*, assume *risk*, secure and make *payment*, and to place *orders*. The pharmacist's order-placing function is largely determined by the prescribing habits of the doctor. His ability to promote and negotiate are limited by professional norms and controlled by legislation, whilst his ability to secure payment is influenced by medical aid societies.

The doctor has authority to confer *ownership* and *promote* the product and in so doing assume some of the *risk*. The doctor is regarded, not merely as a facilitating agent, but as an integral part of the channel for prescription medicines.

3.2.4. Interdependence between Retail Pharmacists and Medical Doctors

Patients visit the doctor to obtain health, not medicine. However, medicine to many is the tangible evidence of health (Shostack, 1977). Doctors rely on the retail pharmacist to provide the prescribed medicine in the required dosage, accurately, expeditiously, conveniently, and under conditions of absolute security and confidentiality. In addition, the doctor expects the pharmacist to counsel the patient on drug administration and storage. The pharmacist provides a final check on the doctor's prescription - dosage, frequency of administration, and drug interactions.

The pharmacist is dependent on the doctor for the supply of customers to purchase the medicines in his dispensary. The dispensary provides the major share of the pharmacist's turnover - 39% (Nielsen, 1984: 25). With the high mark-up of 50% on medicine and the limited space consumed by the dispensary, prescription medicines contribute significantly to the financial viability of retail pharmacy.

Another aspect of dependency is that the dispensary is the focal point for the *practice* of the profession of pharmacy, for which the pharmacist's training is geared. Consequently, the doctor, by supplying prescriptions, empowers the pharmacist to practice his profession. This element of dependency should be seen in the context of the doctor who elects to dispense. This not only deprives the pharmacist of a critical source of income but, in addition, the opportunity to practice his profession.

Thus, the doctor is dependent on the pharmacist as the storekeeper of the medicine chest. His alternative is to become a "dispensing doctor" and assume responsibility for dispensing his own prescriptions. The pharmacist is dependent on the doctor for the operation of his dispensary, the survival of his business and the practice of his profession. His alternatives are to increase his range of non-dispensary lines and indulge in more "counter prescribing ". For both of these health care professionals, the option exists to join other channels of distribution for prescription medicine. However, in most instances this would involve forsaking private practice and replacing it with salaried employment.

3.2.5. Authority Relationships between Retail Pharmacists and Medical Doctors

The powers and duties of the retail pharmacist with respect to the control and supply of prescription medicine are governed by the Pharmacy Act. This confers on him the sole right to dispense scheduled medicines to a patient in possession of a doctor's prescription. It also curbs his ability to participate in marketing activities. Several constraints are contained in the Ethical Rules formulate in terms of this Act. Of particular importance are those rules that prevent him from usurping the role of the doctor. For example, he may not interview or examine patients for the purpose of diagnosis, he may not discuss the patient's illness with him/her, nor may he alter the doctor's prescription (e.g. substitute a generic equivalent for the prescribed medicine). In addition, it is considered to be unethical to tout for business. This restricts his ability to develop product, promotion or pricing strategies.

The doctor's authority is derived both from legislative and normative sources. For example, the doctor is considered to have a traditional right to diagnose and treat ailments. It is argued, therefore, that he has an inalienable right to dispense his own prescriptions. It is also argued that since the doctor is responsible for the prescription of medicine, no-one has the right to alter his prescription, even if there is an equivalent product available which is cheaper.

Thus, there is a clear authority relationship between the two channel members. The formal relationship is described in terms of what the pharmacist may not do to interfere with the doctor's role performance. On the other hand, the doctor's authority *vis a vis* the pharmacist is based on his traditional right to control his perceived domain - there is no reference to those acts which he may not perform as being purely the pharmacist's domain.

3.2.6. Conflict Issues Between Retail Pharmacists and Medical Doctors

Since the 1950's, the traditional role of the pharmacist as a compounder of medicine has largely fallen away. The compounding role has been taken over by manufacturing industry. This has created considerable uncertainty regarding the role of the pharmacist. The traditional training as a manufacturer of medicines has been maintained together with the expansion of the prescribed professional curriculum to develop the pharmacist as a drug information expert. The use of this knowledge is perceived to conflict with the traditional role of the doctor. There is a lack of consensus regarding the practice of the expanded role of the pharmacist within the profession and its acceptance by the rest of the health care team.

There are a variety of issues which, nationally and internationally, are indicators or symptoms of conflict. Issues in which the doctor is considered to be at fault range from legibility of prescriptions, the lack of willingness to accept advice on prescribing errors, changes in prescribing patterns, over prescribing, and the standard of dispensing activities. On the other hand, the pharmacist is taken to task by doctors for failing to counsel patients, counter-prescribing and diagnosing, wanting to introduce generic substitution and dispense schedule 3 and 4 medicine, and being more concerned with the pursuit of profit than health care.

The conflict has been referred to as "civil war" (Barnard, 1985: 3).

3.2.7. Summary and Conclusions

The traditional marketing channel for prescription medicines involves a dyadic interface between the medical doctor and the retail pharmacist. There is a high level of interdependence between these two channel members, with limited alternatives available to either within the channel for the pursuit of their career goals. In their professional journals, their relationships are highly formalized with accepted traditional and legal power bases for each. The relationship is characterized by conflict, attempts to identify the conflict and to develop strategies to either overcome or suppress the conflict.

The marketing channel for prescription medicine, specifically the doctor/pharmacist dyad was considered to be appropriate for the investigation of the relationship between causes of conflict and stages in the conflict process.

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Chapter 4

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Chapter 4

THE RESEARCH OBJECTIVES, HYPOTHESES AND METHODOLOGY

4.1. Introduction

The preceding chapters have reviewed the literature concerning the purpose of marketing research, the nature and scope of marketing and marketing channels. Consideration was given to the existence of theories to explain marketing phenomena and it was established that much of the existing theory consisted of paradigms/frameworks for the classification of data. This was particularly the case in marketing channel theory. The importance of approaching channel research from a combined political economy point of view was established and a model was designed to provide a framework for this research project.

This chapter is devoted to discussing the planning of this research, its objectives, the hypotheses, the survey design, methodological issues, and the pilot studies.

4.2. The Research Objectives

4.2.1. Main Objective

To identify relationships between attitudinal and structural sources of conflict and different stages of the conflict process (felt, perceived, manifest and threshold stages) in the marketing channel dyad consisting of retail pharmacy managers and community doctors in South Africa.

4.2.2. Secondary Objectives

(i) To establish the extent to which these relationships may be explained by identifying separately the perceptions of two key channel member groups, namely:

1. those retail pharmacy managers who represent the business and professional interests of pharmacists, the *leader group*;
2. those retail pharmacy managers who have been adversely affected by conflictual activities of community doctors, the *affected group*.

(ii) To identify the extent to which perceptions of conflict at the *macro* level are different from perceptions of conflict at the *micro* level for each of the stages in the conflict process.

4.3. Formulation of the Hypotheses

The term *hypothesis* is considered to be overworked, overused and overbroad with potential serious consequences in research (Hunt, 1983a: 248). Hunt suggests using the term *research hypothesis* to represent statements that "are derived from laws or theories and are susceptible to direct testing by confrontation with real-world data" (Hunt, 1983a: 249). Leedy (1980: 61) provides a similar perspective:

" . . . hypotheses are tentative intelligent guesses posited for the purpose of assisting the researcher in directing one's thinking toward the solution of the problem. Hypotheses are necessary because the researcher needs to have some point around which the research may be oriented in searching for relevant data and in establishing a tentative goal against which to project the facts. We should keep in mind that hypotheses are neither proved nor disproved. They are tentative propositions set forth as a possible explanation for an occurrence or a provisional conjecture to assist in guiding the investigation of a problem.

The formulation of research hypotheses is an important instrument that provides direction for the research and focuses attention on the relationships to be tested, and the variables to be measured. The development of hypotheses is based on assumptions (Leedy, (1980: 60 - 1). The assumptions upon which this research project have been based have been substantiated in the preceding chapters.

The following hypotheses were developed in terms of the problems previously identified and are based on the assumptions utilized in the design of the model.

4.3.1. The Major Hypotheses

Hypotheses 1

H1a Attitudinal sources of conflict are more correlated with affective conflict than with manifest conflict.

H1b Structural sources of conflict are more correlated with manifest conflict than with affective conflict.

H1c Affective and manifest stages of conflict are more correlated with attitudinal sources of conflict than with structural sources of conflict.

H1d Threshold conflict is more correlated with structural sources of conflict than with attitudinal sources of conflict.

The major hypotheses propose that in the marketing channel under investigation, when the sources of conflict are related to structural factors, there is a greater tendency towards manifest conflict rather than altered perceptions or feelings (affective conflict). However, where the causes of conflict stem from attitudinal sources, the reaction is more likely to be an alteration in the affective state rather than manifest behaviour. It is proposed that there is a preponderance of attitudinal rather than structural causes at both affective and manifest stages of conflict.

A latent state of conflict, *threshold conflict*, is considered. It is proposed that in the marketing channel dyad consisting of retail pharmacy managers and doctors, structural problems are perceived to be more important than attitudinal factors in a latent conflict situation.

It is suggested that these proposed relationships exist for all retail pharmacy managers, and the leader, non-leader, affected, and non-affected groups of pharmacists.

Hypotheses 2

H2a Attitudinal sources of conflict are more correlated with perceptions of affective conflict at the macro level than with perceptions of affective conflict at the micro level.

H2b Structural sources of conflict are more correlated with perceptions of affective conflict at the macro level than with perceptions of affective conflict at the micro level..

H2c Perceptions of affective conflict at macro and micro levels are more correlated with attitudinal sources than with structural sources.

In this set of hypotheses, specific consideration is given to the affective state of conflict. It is proposed that both attitudinal and structural sources of conflict are more closely associated with perceptions of macro rather than micro level conflict. In other words, pharmacists perceive their personal relationship with doctors to be less conflictual than that of their colleagues, whether the sources of conflict are structural or attitudinal.

In addition, it is proposed that perceptions of affective conflict for both micro and macro levels indicate a greater concern for attitudinal sources of conflict than with structural sources.

Hypotheses 3

H3a Attitudinal sources of conflict are more correlated with the perceived stage of affective conflict than with the felt stage of affective conflict.

H3b Structural sources of conflict are more correlated with the perceived stage of affective conflict than with the felt stage of affective conflict.

H3c Felt and perceived conflict are more correlated with attitudinal sources of conflict than with structural sources of conflict.

This set of hypotheses differentiates between two states of affective conflict, namely perceived conflict and felt conflict.

The hypotheses suggest that both attitudinal and structural sources of conflict are more closely linked to perceived conflict than with felt conflict. Consequently, the perceived satisfaction with the doctor's performance is expected to be more adversely affected than feelings of harmony, friendship, cooperation and respect, irrespective of the source of conflict.

It is proposed that there is a greater likelihood of both perceived and felt conflict being associated with attitudinal sources than structural sources. In other words, the retail pharmacy manager would consider attitudinal rather than structural factors to be the source of problems associated with feelings of dissatisfaction and disharmony in the dyad relationship.

Hypotheses 4

H4a Attitudinal sources of conflict are more correlated with perceptions of manifest conflict at micro levels than with perceptions of manifest conflict at macro levels.

H4b Structural sources of conflict are more correlated with perceptions of manifest conflict at micro levels than with perceptions of manifest conflict at macro levels.

H4c Perceptions of manifest conflict at both macro and micro levels are more correlated with structural sources of conflict than with attitudinal sources.

Attention is focussed on perceptions of manifest conflict at both macro and micro levels. Manifest conflict is a positive rather than a normative measure, identifying the pharmacist's personal response behaviour and his knowledge of his colleagues' response behaviour in

reaction to a specific conflict source. Contrary to the affective stage, it is proposed that whether the source of conflict is attitudinal or structural, there is a greater correlation with micro than with macro conflict. Thus pharmacists consider that their personal manifest reactions are more frequent, intense and important than the manifest behaviour of their colleagues.

Furthermore, this pattern was more likely to occur with structural rather than attitudinal sources of conflict. These relationships were hypothesised for all groups.

4.3.2. The Secondary Hypotheses

These hypotheses underpinned the main hypotheses since they examined the levels of significance of the dichotomous variables used in the major hypotheses. In other words, they tested the assumptions that perceptions of micro/macro dyad relations, leader/non-leader, and affected/non-affected groups were different. Furthermore, these hypotheses proposed relationships between the various stages of conflict.

Hypothesis 5

H5 Perceptions of the intensity of conflict are greater at *macro* levels than at *micro* levels in each of the stages of conflict.

This hypothesis proposed that retail pharmacy managers considered that their own dyadic relationship was less conflictual than those of their colleagues at every stage of the conflict process.

In effect, this suggests that no matter what the stage of conflict reached, a respondent will view his personal relationship with the doctors in his professional practice to be significantly more cooperative and satisfying than the relationship enjoyed by other retail pharmacy managers. It was proposed that this would be the case whether considering satisfaction with the performance of the doctor, the level of harmony, respect and friendship in the dyad, manifest conflict or the attitude towards changes. Furthermore, it was suggested that this macro/micro difference would exist no matter which of the four groups were being considered.

Hypotheses 6

H6a The *leader* group's perceptions of all the *stages* of conflict are different, on average, from the perceptions of the non-leader group.

H6b There is no significant difference, on average, between the perceptions of the leader and the non-leader groups of the *sources* of conflict.

Criticism has been leveled at the leader group of pharmacists for being out of touch with the views of the average retail pharmacist. This set of hypotheses proposes that the perceptions of the stages of conflict of the leader group are significantly different from the perceptions of the non-leaders. This is suggested since the leader group would be expected to have a broader overview of the state of conflict between the two channel members.

It is proposed, however, that the leader group will have similar views on the sources of conflict to those perceived by the non-leaders.

Hypothesis 7

H7 The *affected* group's perceptions of the Sources and Stages of Conflict are different, on average, from the non-affected group.

It is suggested that the impact of conflictual behaviour would cloud the perceptions of affected retail pharmacy managers. Therefore it is proposed that the perceptions of the retail pharmacy managers who have been adversely affected by the activities of dispensing doctors would differ significantly from the non-affected group. This perceptual difference would influence their views on the sources of conflict and the intensity of conflict in the various stages of conflict.

Hypothesis 8

H8 Perceptions of the intensity of conflict follow a hierarchical sequence in which threshold conflict is greater than perceived conflict which is greater than felt conflict which is greater than manifest conflict, consistently for both macro and micro measures.

This hypothesis seeks to verify the process model of conflict in which conflict is seen as a sequence of events where conditions of latent conflict give rise to a state of cognitive or perceived conflict. This is followed by a state of felt conflict at which stage channel members

become personally involved in the conflict issues. Finally, a manifest stage is reached in which conflict response behaviour occurs.

This hypothesis proposes that the perceptions of retail pharmacy managers will reveal this sequence of conflict stages by displaying successively less intense perceptions of each stage in the hierarchical process.

Thus pharmacists consider that there is a high level of latent conflict (threshold conflict); that this is more intense than their perceptions of dissatisfaction (perceived conflict); which in turn is greater than their perceptions of disharmony, friendship, and cooperation (felt conflict); which exceeds their perceptions of conflict behaviour (manifest conflict). This hierarchical intensity sequence is proposed for all groups and for both macro and micro perceptions.

The desire for change is reflected in the measure of latent conflict, *threshold* conflict. It is suggested that the leader and affected groups of retail pharmacy managers would express a stronger desire for change than the non-leaders or those not affected by conflict activities.

4.4. Definition of the Universe

The universe or population, is the entire collection of items the researcher wishes to study in order to draw conclusions about the hypotheses. An accurate specification of the characteristics of the universe is a prerequisite to decisions regarding sampling and survey design (Lucas, 1983: 101 - 2).

The universe consisted of all retail pharmacy managers in South Africa, South West Africa/Namibia and the independent states. The secondary hypotheses define the leader group of retail pharmacy managers, as well as those pharmacy managers who have been adversely affected by the impact of dispensing doctors, and compares their perceptions..

4.4.1. Census rather than Sample

A sample is a collection of observations from a parent universe from which inferences can be drawn about the universe. A census consists of a study of the entire universe. Marketing research seldom consists of a study of the whole universe since sample surveys are often able to furnish information as adequate as a census at a much lower cost, with greater efficiency, a saving in time, and, as Kerlinger (1973: 411) has pointed out, sometimes with greater accuracy.

Whilst cost, time, and efficiency are important, the validity and reliability of the inferences that can be drawn from the data are critical factors.

In this research project, two variables played a major part in the final decision to undertake a census survey. First, there was little empirical evidence available concerning the quantitative and qualitative effect of the dispensing activities of doctors on retail pharmacies. Media speculation suggested geographic concentrations, urban/rural differences in attitudes and impacts, and varying magnitudes of escalation. Consequently, selecting a representative sample presented difficulties.

Second, the size of the leader group of pharmacists was unknown, but was estimated to be a relatively small percentage of the universe with different regional and language concentrations. Bearing this in mind, and considering the possibility of a low response rate to the survey, there was concern that a sample survey would result in an unrepresentative group in this category.

Consequently, it was decided to employ a census survey. This had the advantage of improving the generality of the findings and increasing the probability of identifying structural differences in the universe.

4.5. The Survey Design

The first steps in a research project consist of a definition of the problem, specification of the research objectives, and the formulation of research hypotheses. The second step is the preparation of a carefully thought out plan for the collection of the data needed to either support or reject the research hypotheses (Kotler, 1984: 199 - 200). Issues that must be addressed are data collection methods, policies, procedures, and schedules; design and wording of the questionnaire, measurement of the variables, the survey population, and pilot studies. Copies of the questionnaire and documentation associated with the pretest and follow up are contained in Appendices 1 and 2.

4.5.1. Collection of the Data

In this section, the selection of the the mail survey as the most appropriate method for data collection is discussed. The policies and procedures employed, and the planned programme and schedule of activities are specified.

4.5.1.1. Selection of the Data Collection Method

Survey research is the systematic gathering of data from respondents through the use of *questionnaires*. The possibility of using *observation*, as opposed to survey research, for this project was discounted in view of the difficulties associated with observing beliefs, feelings and preferences (Kinnear and Taylor, 1979: 443).

There are three principal types of survey technique:

1. personal interview,
2. mail questionnaire,
3. telephone interviews.

The selection of the survey method is influenced by the cost, speed, accuracy, amount of data required, response rate, flexibility and level of control. The *personal interview* is time consuming, relatively costly, flexible, achieves a high response rate, is able to provide an immense amount of data, but is susceptible to interviewer error. The personal interview is considered to be far superior to the other survey techniques (Kerlinger, 1973: 413). The *telephone survey* is inexpensive, fast, and can provide a satisfactory response rate. However, only limited superficial information can be expected using this survey technique.

The *mail questionnaire* or mail survey is reasonably fast and inexpensive where a large census is involved, but is considered to be the least effective method of securing accurate responses because there is no *live* interaction between the interviewer and the respondent. It is inflexible and suffers from the lowest response rate (Kanuk & Berenson, 1975). However, the mail survey does offer the best administrative control. Kerlinger (1973: 414) argues that the possible lack of response to mail surveys and the inability to check the responses given are major defects to this survey technique. He asserts that these defects are "serious enough to make the mail questionnaire worse than useless, *except in highly qualified hands*" (italics added). Consequently, the use of the mail survey necessitates a thorough check on the reliability and validity of the research instrument and the responses received.

Since there was no need for urgency and, more particularly, since a large amount of data was required, the telephone survey was discounted as a suitable survey technique. Serious consideration was given to employing personal interviews to collect the required data. Particularly appealing was the opportunity for the interviewer to resolve difficulties arising from ambiguity and misinterpretation in the administration of a detailed and complex questionnaire.

However, the overwhelming consideration was to obtain a statistically acceptable response rate from the leaders group and to minimize the geographic dependence of the effects of the dispensing doctor. In the absence of empirical data, a census rather than a sample was necessary. Costs and time factors dictated that a mail survey was the most appropriate technique for data collection.

A review of previous research into marketing channel conflict and power between 1971 and 1982 indicated that both mail surveys and personal interviews were used, together with two laboratory simulation exercises (Gaski, 1984). Of eighteen research projects reported between 1971 and 1982, Gaski (1984: 18 - 21) considered that only four had large representative samples; the balance were criticized for small samples, unrepresentative samples or representativeness not validated, or questionable external validity.

4.5.1.2. Data Collection Programme

The potential for a low response rate was high since a large amount of information was required from respondents. In view of the weaknesses identified with prior channel conflict research, (Gaski, 1984), detailed planning was undertaken to maximize the response rate. In preparing the despatch schedule, careful attention was given to potential adverse environmental factors, and to ways and means of stimulating response.

4.5.1.3. Potential Threats to Response Rate

Factors that were identified as having the potential to adversely influence the response rate were classified into external and internal variables. *External* variables were:

1. Frustration with the subject matter - during the preceding decade, attempts to resolve the dyad conflict have received frequent attention with little apparent progress being made, and an increase rather than decrease in apparent conflict levels.
2. Arrival of the questionnaire during the last week and first week of the month coinciding with a traditionally busy period for the manager.
3. Arrival of the questionnaire towards the end of the week, particularly Friday or Saturday, which would increase the probability that it would be filed in a "pending" tray.
4. The tendency of the pharmacist to use the dispensary counter as a place for tending to administrative matters. A questionnaire may become "lost" with other correspondence.

5. A resistance to mail surveys, particularly on the Witwatersrand, since at least two surveys emanating from academic institutions had been undertaken during the preceding six months.
6. School holidays leading to the absence of the regular manager from the retail pharmacy.

Three key *internal* variables were identified.

1. The length of the questionnaire. Although research has not supported the idea that short questionnaires produce a higher response rate than longer questionnaires, advice is that a six page approximately A4 size questionnaire is the upper limit ((Tull & Hawkins, 1984: 129). Suggestions have been made that the number of questions and the attractiveness of the presentation (e.g. questions easy to read not bunched), are more important than the number of pages (Boyd, Westfall & Stasch, 1977: 127).
2. The complexity of the questions. The use of Likert-type questions and the semantic differential (see Section 4.5.3.2.) to evaluate attitudes, beliefs and values required careful thought on the part of the respondent, before a rating was provided.
3. The use of a single language (English) or the incorporation of an Afrikaans translation. The dual language approach would have resulted in an impression of increased length to the questionnaire. However, the omission of the Afrikaans section could lead to a fall in the response rate.

Research has indicated that the response rate to a mail survey may be increased by employing some of the following techniques (Worcester, 1972: 206 -10; Tull & Hawkins, 1984: 144 - 55) :

1. advanced notification,
2. one or more reminders and/or an additional questionnaire,
3. eye-catching labels with cryptic messages,
4. introduction of deadlines,
5. provision of return envelope, preferably addressed and stamped,
6. use of rewards and incentives, monetary and non-monetary,
7. assurances of respondent anonymity and assurances of confidentiality, and
8. identifying the survey sponsor,

The adoption of various approaches to reduce nonresponse involves achieving a balance between the increased cost of each effort against the benefits of a more representative response. As Tull and Hawkins (1984: 152) point out, the critical issue is "how alike or different the respondents are from the nonrespondents on the variables of concern."

The probable effect of nonresponse may be estimated using subjective estimates, sensitivity estimates, trend analysis by comparing early and late respondents, and measurement using subsamples (Kinear & Taylor, 1979: 442). In a mail survey where there is respondent anonymity, subsampling of nonrespondents is expensive and time consuming.

4.5.1.4. Policies and Procedures adopted to improve Response Rate

Decisions were made within the constraints of budget limitations and expectations regarding the delivery schedules of the postal system in South Africa.

1. The questionnaire was scheduled to reach respondents at the start of the second week of July and be returned two weeks later, before the start of the second last week of the month.
2. The questionnaire was to be despatched so as to arrive on Monday afternoon/Tuesday morning in the main centers of South Africa. A return *despatch* deadline was set for Monday, two weeks after the projected receipt date.
3. Two reminders would be sent to respondents to reach them at one and two week intervals after the receipt of the questionnaire. The second reminder would indicate that the deadline had been extended, without specifying a date. It would also invite respondents who did not wish to complete the questionnaire or who had only partially completed the questionnaire to return them. It was hoped that the latter option would provide some indication of the success of the second reminder, indicate potential response and nonresponse bias, and provide some idea of those who had partially completed the questionnaire and decided not to proceed further.
4. A covering letter was sent with the the questionnaire indicating that the research project was being conducted in pursuit of the writer's academic requirements. The relevance of the project to the future of retail pharmacy was stressed together with an indication that the project was sanctioned, and supported by the Pharmaceutical Society of South Africa.
5. The questionnaire was designed in A5 booklet form with instructions on the front page. The logos of the two sponsoring agencies (Rhodes University, and the Pharmaceutical Society of South Africa) were incorporated into the front page design.
6. The questionnaire was printed on yellow paper and the two reminders on yellow and green card respectively. It was established during the pilot survey that these two colours would be suitable to differentiate from the paper work on the dispensary counter or office desk.

7. The reminders were designed as postcards. Cartoon characters alluding to the suspect relationship between doctors and pharmacists were depicted on the postcard (Appendix 2).
8. The despatch package was posted in an A5 envelope. Although this non-standardized envelope attracts a much higher postage rate, it was felt that the questionnaire should arrive with no folds in it, thereby making it a less cumbersome document to complete.
9. Included in the despatch package was a pre-addressed A5 envelope with a postage prepaid facility arranged in terms of the business reply service provided by the Post Office. Since the cost of this facility varies in relation to the number of replies received, this offers financial benefits where large mail surveys are conducted and low response rates result.
10. It was decided to use a single language questionnaire. Recent mail survey research amongst retail pharmacists using single language (English) had provided satisfactory response rates with no indication of a language bias amongst respondents (Scott, 1987).
11. A publicity campaign to draw attention to the questionnaire was to be mounted. The communication media were to be pharmaceutical magazines and newsletters with direct appeal to pharmacy managers. It was intended that the publicity would be generated in the form of an editorial appearing immediately prior to, or during the response period.

4.5.1.5. Data Collection Schedule

The introduction of a deadline, the decision to allow a short response period of two weeks before the deadline, and the deliberate intention to undertake the data collection during mid-month necessitated careful planning of the despatch of the data collection instruments. Coordination of the printing programme was essential since all documents were preprinted with dates included. This allowed no flexibility to cope with printing difficulties or postal delays. The dates associated with critical activities are contained in Figure 4.1.

Figure 4.1. Projected Schedule for Data Collection			
	Despatch by Researcher	Projected Receipt by Respondent	Respondent Deadline
Questionnaire	3 July	6/7 July	20 July
First Reminder	10 July	13/14 July	20 July
Second Reminder	17 July	20/21 July	unspecified extension
Cut-off Date for returns			18 August

4.5.2. The Questionnaire

The questionnaire has been defined as "a formalized schedule for collecting data from respondents" (Kinneer & Taylor, 1979: 449). It is the vehicle through which researchers obtain the information required to test the research hypotheses that have been developed.

The importance of questionnaire construction lies in minimizing measurement error. Although there are many guidelines for questionnaire construction, these cannot be substituted for the creative imagination of the researcher. There is consensus that the design of a questionnaire is more of an art form than a science (Boyd, Westfall & Stasch, 1977: 225; Kinneer & Taylor, 1979: 451). Tull and Hawkins (1984: 258) propose that questionnaire design cannot yet be reduced to an exhaustive set of firm principles. However, they do comment:

"Ultimately, a sound questionnaire requires applying applicable principles, common sense, concern for the respondent, a clear concept of the needed information, and thorough pretesting."

During the development of the questionnaire, attention was paid to its physical layout, the sequence of questions, the response format, and the question wording. Consideration was given to the method of data measurement, the type of question and the need to pretest the questionnaire.

4.5.2.1. The Questionnaire Design

A questionnaire usually consists of identification data, a request for cooperation, instructions, classification data and the information required. Since the anonymity of the respondent had been guaranteed, identification data was not requested. Apart from this category, the questionnaire followed a conventional format. The questionnaire and associated material are contained in Appendices 1 and 2.

Guidelines concerning the sequence of the questions in the questionnaire are limited. Authors tend to agree that simple interesting questions should be used to initiate the questionnaire, that questions should be arranged in a logical order, and that uninteresting and difficult questions should be placed late in the sequence (Kinneer & Taylor, 1977: 464). These guidelines were kept in mind in adopting the following format for the questionnaire:

Section 1

The questions in this section were designed to identify the leader group of respondents, those affected by the dispensing activities of doctors, and the geographic/demographic particulars of respondents for use of classification.

Section 1.1. sought the respondent's personal particulars:

Sex
 Home language
 Length of time registered as a pharmacist
 Managerial responsibility for the financial success of the pharmacy
 Financial interest in the pharmacy and in any other pharmacies
 Membership of *national, regional* or *local* committees of Pharmacy bodies

Section 1.2. asked for particulars concerning:

The pharmacy and its location
 Increase in dispensing by doctors
 Impact of dispensing activities on the pharmacy business
 Financial indicators regarding trading activities in 1986 and forecast for 1987

Section 2

This section was designed to identify respondent perceptions of the sources of conflict. Questions 1 - 31 examined issues related to attitudinal conflict sources whilst questions 32 - 51 addressed structural conflict as follows:

Attitudinal Sources

Questions 1 - 4 Lack of Role Clarity
 Questions 5 - 9 Non-fulfillment of Roles by Doctors
 Questions 10 - 14 Non-fulfillment of Roles by Pharmacists
 Questions 15 - 19 Differences in Expectations
 Questions 20 - 25 Perceptual Divergence
 Questions 26 - 31 Communication Difficulties

Structural Sources

Questions 32 - 39 Differences in Goals
 Questions 40 - 46 Drive for Autonomy
 Questions 47 - 51 Competition for Scarce Resources

Section 3

This section was concerned with assessing the different stages in the conflict process. Two subsections were created. In order to identify perceptions of conflict stages at macro levels, Section 3.1. in the questionnaire asked respondents for their views of the relationships between all retail pharmacists and doctors. Section 3.2. was concerned with perceptions of micro conflict levels and asked for respondent views on the relationship with the doctors involved in their practice.

Perceptions of Conflict Stages at Macro levels

Section 3.1.1. Perceived Conflict
 Section 3.1.2. Felt Conflict
 Section 3.1.3. Manifest Conflict (Outcomes)
 Section 3.1.4. Manifest Conflict (Behaviour)
 Section 3.1.5. Threshold Conflict

Perceptions of Conflict Stages at Micro levels

- Section 3.2.1. Perceived Conflict
- Section 3.2.2. Felt Conflict
- Section 3.2.3. Manifest Conflict (Frequency)
- Section 3.2.4. Manifest Conflict (Importance)
- Section 3.2.5. Manifest Conflict (Intensity)
- Section 3.2.6. Threshold Conflict

Since the physical layout and reproduction of the questionnaire can influence the attitude of the respondent to the questionnaire, special care was taken to produce a neat, uncluttered document. A reasonable standard quality paper was used for printing and a photo-reduced typed master was used as the basis for reproduction. It was decided not to use photo typesetting nor to print on high quality paper for a combination of financial considerations and an assessment that the improved quality would not significantly improve the response rate nor the accuracy of responses.

Two systems were used for respondents to indicate their responses. Section 1 of the questionnaire consisted of questions seeking classificatory data. In this section, respondents were required to mark the appropriate space with a cross (i.e. "x"). Sections 2 and 3, were concerned with the measurement of attitudes in which the semantic differential technique and Likert questions were employed. In these two sections, respondents were required to circle the number that best reflected their attitude. To ensure that confusion concerning the method of answering the questions was minimized, visual examples of both methods were incorporated into the questionnaire.

All response points were numerically designated to facilitate data collection. A continuous numerical sequence in order to indicate the actual keystrokes was not included, since it was felt that it would adversely affect the appearance of the questionnaire and possibly detract from its effectiveness.

4.5.2.2. The Questions

Three issues require attention: the content of the questions, the response format and the wording of the questions. The *content* of the questions is influenced by the respondent's ability and/or willingness to respond. This aspect was of concern when asking for financial data on the trading performance of the pharmacy. It was recognized that pharmacy managers, who did not participate in the equity of the business may not be aware of the financial performance of the pharmacy nor have formulated projections. In addition, pharmacy owner/managers may not be willing to provide the data or were not sufficiently *au fait* with the data to respond, or respond accurately without searching for the data.

As a *response format*, open-ended questions are not well suited for mail surveys since they are time consuming and expensive to administer. Bearing in mind the value of comments and explanations to provide an additional dimension to a more structured approach, respondents were invited to provide written comments on any of the issues involved.

Dichotomous questions force respondents to express views in a polarized manner and are not suitable for assessing the intensity of a belief or frequency or importance of a behaviour. Multiple-choice questions, being relatively inexpensive to administer, without interviewer bias, and capable of overcoming the polarity problems of dichotomous questions, were selected as the most appropriate response format.

Two problems are specifically associated with multiple choice questions. The first is the tendency of respondents to select values near the middle of the range presented. Second, when the range of numerical alternatives appears in a vertical sequence, the respondents tend to repeat the value selected in the preceding question. The former problem was addressed by offering an even number of response categories in section 2 in which it was considered that respondents had some positive or negative attitudes, however slight. In section 3, perceptions of states of conflict were being measured. In these instances, it was felt that a neutral position or mid point was a necessary option. Consequently, an odd-numbered scale was offered.

The second problem was approached by reversing the direction of the sentiments conveyed in the attitudinal statements in section 2 of the questionnaire.

In selecting the *wording* of the questions, the emphasis was placed on the selection of simple, clear words. Care was taken to ensure that the statements in section 2 were either moderately positive or negative rather than extreme or neutral (Nunnally, 1967: 532). Pretesting of the questionnaire assisted in eliminating assumptions, double-barreled questions, sources of ambiguity and bias.

4.5.3. Measurement of Variables

The major part of this project is concerned with collecting, measuring and interpreting attitudes of the retail pharmacist towards the dyadic normative and positive relationship with the doctor. Since a major proportion of all marketing effort is designed to influence the attitudes of consumers and intermediaries (Tull & Hawkins, 1984: 295; Kinear & Taylor, 1979: 297), marketers are increasingly concerned with the measurement of attitudes. There are difficulties associated with measuring the construct of attitude which exists in the minds of individuals and

is not directly observable (Kinear & Taylor, 1979: 300). Consideration of the measurement of attitudes requires prior consideration of what is being measured and the methods that have been developed, in the context of the criteria for the validity and reliability of those measures.

4.5.3.1. Reliability, Validity and Measurement

The process of measurement involves the development of "rules for assigning numbers to objects to represent quantities of attributes" (Nunnally, 1967: 2). Churchill (1979: 64) comments on this definition:

"The definition involves two key notions. First, it is the attributes of objects that are measured and not the objects themselves. Second, the definition does not specify the rules by which the numbers are assigned. However, the rigor with which the rules are specified and the skill with which they are applied determine whether the construct has been captured by the measure."

The consequences of measurement error can be either systematic or variable. A systematic error or bias occurs each time an attitude is measured, whereas a variable error occurs randomly for successive measures. A measuring instrument is *reliable* to the extent that it is free of variable errors and *valid* to the extent that it is free from systematic error (Tull & Hawkins, 1984: 240).

Reliability is a "necessary but not sufficient condition of the value of research results and their interpretation" (Kerlinger, 1973: 455). Reliability is reflected when repeated measures of the same stable characteristic in the same objects show limited variation. Three basic methods are accepted for assessing the reliability of a measurement scale: test-retest, internal consistency, and alternative forms. After his review on reliability and recent marketing practices, Peter (1979: 16) recommends, *inter alia* that in order to improve reliability, marketing researchers need to develop multi-item scales for the measurement of constructs, improve the clarity of instructions, reduce the ambiguity or "simply adding similar items to the scale."

Validity is concerned with systematic or consistent error. The major ways to estimate the validity of measurement are content validity, concurrent validity and construct validity.

Content validity is the representativeness or sampling adequacy of the content or topics of a measuring instrument (Kerlinger, 1973, 458). It involves a subjective judgement by an expert as to the appropriateness of the measurement (Kinear & Taylor, 1979: 292). An attitude scale that was designed to measure the overall attitude of retail pharmacists toward doctors would

not be considered to have content validity if it excluded legibility of prescriptions. Content validation is essentially judgemental, best validated by independent expert opinion familiar with the overall content of the issues concerned.

Criterion-related validity may take two forms: concurrent and predictive validity. *Concurrent validity* is the extent to which one measure can be used to estimate an individual's current score on the other variable (Tull & Hawkins, 1984: 244). It involves correlating two different measurements of the same marketing phenomenon which have been administered at the same point in time (Kinear & Taylor, 1979: 292). It is primarily concerned with establishing the validity of a new measuring technique.

On the other hand, *predictive validity* involves the ability of a measured marketing phenomenon at one point in time, to predict another marketing phenomenon at a future point in time (Kinear & Taylor, 1979: 292). Multiple regression analysis is an important tool for assessing predictive validity (Kerlinger, 1973: 460 - 1).

The ability to predict is closely associated with the ability to understand. As Tull and Hawkins (1984: 245) point out, "the more one understands about *why* a measure has predictive validity, the less likely one is to make predictive errors." This leads to a discussion of *construct validity* which involves an understanding of the basic rationale underlying the obtained measurements.

Kerlinger (1973: 461) describes construct validity as "one of the most significant advances of modern measurement theory and practice. . . because it unites psychometric notions with theoretical notions." In addition to knowing just how well a measure works, construct validity involves knowing *why* it works. There are a number of statistical approaches to assessing construct validity. These ensure that the measure correlates positively with other measures of the same construct (convergent validity), does not correlate with theoretically unrelated measures (discriminant validity), correlates in the theoretically predicted way with measures of different but related constructs (nomological validity), and correlates highly with itself (reliability) (Tull & Hawkins, 1984: 246)

This research project was concerned with the validity of existing and new measures of conflict process and the reliability of the research instrument. Consequently, it was intimately connected with reliability and the different types of validity.

4.5.3.2. Attitude Measurement and Scaling Techniques

An attitude is defined by Tull and Hawkins (1984: 295) as an enduring organization of cognitive, affective and behavioural components and processes with respect to some aspect of the individual. Therefore, the three components of an attitude are:

1. cognitions - beliefs or perceptions about an object
2. affects - feelings of like or dislike about the object, and
3. behaviour - action tendencies or predispositions toward the object.

Traditional attitude theory suggests that a person's attitudes toward a behaviour will determine whether or not he will perform that behaviour. Although there is mounting evidence that attitudes are not always accurate predictors of overt behaviour (Smith & Swinyard, 1983: 257), the measurement of attitudes is central to many marketing situations (Boyd, Westfall & Stasch, 1977: 259). The importance of attitudes and the process of attitude change in the management of distribution channels have been indicated by Frazier and Sheth (1985: 39).

The constructs of beliefs, feelings and a readiness to respond are not directly observable and, consequently, difficult to measure. Boyd, Westfall and Stasch (1977: 260) comment:

"Until now the devices developed for the measuring of attitudes have been crude at best. They apparently measure some general attitude, but they are just beginning to separate the various elements of an attitude. None of the existing devices is able to measure with any degree of accuracy."

Of the various approaches that are used to measure attitudes (Tull & Hawkins, 1984: 295), the self-report method using attitude scaling techniques was adopted for the development of the questionnaire.

Attitudinal rating scales measure one or more aspects of the respondent's attitude toward some object. Respondents are required to indicate the position on a continuum or among ordered categories which corresponds with their attitude about that object. The selection of the different scaling techniques used in the development of the questionnaire was based on the specific advantages offered by each technique.

The principal technique used to identify the sources of conflict (section 2) and to assess most attitudes toward the state of conflict (section 3), was *Likert scaling*. This involves a list of statements related to the attitude being assessed. In section 2 and in sections 3.2.1.; 3.1.5.; 3.2.1. and 3.2.6., bipolar scales were used with a neutral midpoint. Respondents were asked to indicate the degree of agreement or disagreement with each of the statements. In sections 3.1.3.; 3.1.4.; 3.2.3.; 3.2.4. and 3.2.5. monopolar scales were used. In these scales, respondents

were requested to indicate the frequency, intensity or importance of the object starting with a nil or neutral base. These latter measures were concerned with manifest behaviour where no negative value was possible. Depending on whether the scale is monopolar or bipolar, the midpoint on each scale has different meanings (Morton-Williams, 1972: 87).

The responses can be analysed on an item-by-item basis (profile analysis) or they can be summated to form a single score for each individual (Tull & Hawkins, 1984: 313).

Likert scales are widely used in marketing research since they are relatively easy to administer and the instructions that accompany the scale are easily understood (Tull & Hawkins, 1984: 313 - 4). This contributes to the reliability of the questionnaire (Peter, 1979: 16). Opinions differ as to the ease with which Likert scales may be constructed (Tull & Hawkins, 1984: 314, Boyd, Westfall and Stasch, 1977: 278). However, considerable care is required in the preparation of the attitude statement in order to improve the content and construct validity of the measure.

Summated rating scales such as the Likert scale allow for the intensity of attitude to be measured. This provides for greater variance. The variance of summated rating scales may, however, contain response-set variance. In this research project, the two response-sets believed to provide the greatest variance, were identified and the statistical significance of the difference in their attitudes tested.

The *semantic differential scale* was used to assess macro and micro views of the intensity of felt conflict (sections 3.1.2. and 3.2.2.). This technique involves a number of scales bounded at each end by bipolar adjectives. Respondents are required to evaluate an item by placing a mark at a point on the scale that reflects their position between the bipolar extremes.

The semantic differential is the most frequently used attitude scaling device in marketing research (Tull & Hawkins, 1984: 309). Its most popular form is profile analysis. In this project, aggregate analysis was employed. The popularity of the semantic differential is attributed to its versatility, simplicity, ease of development and administration (Kinnear & Taylor, 1979: 309). Its limitation is that the scales should be composed of *true* bipolar adjectives or phrases to ensure the content validity of the construct (Kinnear & Taylor, 1979: 314).

In this project, Likert scales were used to assess cognitive and behavioural aspects of attitudes whilst the Semantic Differential was used to measure affective states, this being considered to be the most suitable combination of attitude rating scales for this purpose. Tull and Hawkins (1984: 314) report that:

"When rating scales have been compared, the results generally have been equivalent across the techniques. Therefore, the selection of a scaling technique depends upon the information requirements of the problem, the characteristics of the respondents, the proposed means of administration, and the cost of each technique. In general, multiple measures should be used. That is, no matter what type of scale is used, whenever it is practical several scale items should be used to measure each object, attribute, belief, or preference under consideration. Summing these several items will provide a more accurate measurement than a single measurement."

In this project, several scale items and different measures were used to assess various behavioural states. These will be discussed in the next section.

4.5.3.3. Measurement of the Sources of Conflict

Stern and El-Ansary are amongst the leading authors in the field of marketing channel behaviour. In their text *Marketing Channels* (1982: 287) they refer to the comprehensive measurement of channel conflict by Etgar (1979). The list of items developed by Etgar for identifying causes of channel conflict are quoted in full with the following comment:

"A reading of [the questionnaire items] provides an extremely useful picture of the depth and breadth of conflict which potentially exists in all marketing channels."

After reviewing the literature, particularly the article by Rosenberg and Stern (1971) upon which Etgar (1979) based his research instrument, it was felt that the Etgar (1979) questionnaire offers a comprehensive and appropriate instrument for the partitioning and measurement of the various sources of conflict in marketing channels.

A similar questionnaire was designed to reflect the sources of conflict between retail pharmacy managers and doctors. A set of perceptual variables was developed from a list of 51 statements related to attitudinal and structural sources of conflict.

The *attitudinal* statements measured the retail pharmacy manager's perceptions about:

1. lack of clarity concerning the respective roles of the retail pharmacist and the doctor,
2. nonfulfillment of normative, legal, business and professional roles by both the doctor and the retail pharmacist,
3. divergence between the expectations of the two channel members,
4. differences in perceptions about normative aspects of the relationship,
5. aspects which generate communication noise between the two channel members.

The *structural* statements measured the retail pharmacy manager's perceptions concerning:

1. differences in the goals of retail pharmacy managers and doctors operationalised through measures of domain disagreement and discrepancies of normative role performance,
2. the drive for autonomy operationalised by measuring perceptions about interdependence and independence and factors affecting these dimensions of the relationship,
3. competition over scarce resources including recognition, status and financial aspects of the relationship between the two channel members.

This list of statements represents a comprehensive perspective of the issues that affect the relationship between the retail pharmacist and the doctor. It was compiled after a survey of medical and pharmaceutical journals, reports of commissions of inquiry and research into the future of pharmacy, an analysis of reports on conference proceedings and letters to the editor, discussions with the President of the Pharmaceutical Society of South Africa, three past presidents, members of the Pharmacy Council and with colleagues in the School of Pharmaceutical Sciences at Rhodes University. In addition, participants in the pilot studies were asked to comment on the extent to which all the conflict issues had been covered.

In each of these categories, respondents were asked to assess the applicability of a minimum of four statements in terms of a Likert scale anchored in *completely agree* (rated 6) and *completely disagree* (rated 1). The direction of the sentiments conveyed in the statements was varied to discourage respondents from selecting the same score rating for each statement. In addition, a statement was repeated in two different locations in the list to assess the response consistency.

The scores reported were used to construct measures of six attitudinal and four structural sources of conflict. Each measure was comprised of an average index of the scores given by the respondents to the statements associated with that particular variable.

4.5.3.4. Measurement of the Stages of Conflict

The model developed for this research project identified four states of conflict which, in a process model, imply a sequential escalation. These conflict states are considered as stages in the conflict process. The four sequential stages were latent conflict, perceived conflict, felt conflict and manifest conflict with the conflict aftermath reflecting the latent conditions for the next conflict episode. Few authors have specifically addressed the issue of measuring the different stages of conflict other than Rosenberg and Stern (1971) and Brown and Day (1981). (1981: 263).

The perceptual basis for measuring channel attitudes in general (Gaski, 1984: 10) and conflict in process models in particular has been recognized by many researchers. (Eliashberg & Michie, 1984: 77) comment:

"One of the major suggestions of the [process] model for channel's conflict researchers is that a conflict episode may be perceived differently by the channel members; thus, a subjective (perceptual) measure seems to be needed for studying it."

Schul, Pride and Little (1983: 24), in discussing the use of a self-reported perceptual measure in identifying leadership behaviour in marketing channels comment:

"While perceptual measures . . . represent time-collapsed perceptions of behaviour, and thus suffer from response bias (Churchill, 1979), they are frequently used by researchers investigating organizational constructs such as leadership. This is because perceptual processes, not objective properties, affect organizational behaviour."

The design of measuring instruments for channel conflict has mostly been concerned with a single stage of the conflict process. Etgar (1979) developed measures of two stages; namely, the affective/cognitive stage and the manifest stage. This model proposes measures for each of the four conflict stages. In addition, separate measures were developed to establish the difference between perceptions of micro and macro levels of the four conflict stages. Finally, three measurements of manifest conflict were used to determine the most suitable method of measuring this elusive concept.

4.5.3.5. Perceptions of Macro/ Micro Levels

The model designed for this project entailed the development of separate measures of the macro and micro perceptions of each of the stages of conflict.

The rationale behind this was that in a channel characterized by representative bargaining and negotiation, the channel leaders' perceptions of the intensity of channel conflict may differ significantly from their own micro conflict intensity levels. Furthermore, in a channel where certain channel members had been adversely affected by their channel partners, this may influence their overall impression of macro channel conflict. The latent conflict conditions for these two groups as judged by a macro measure may be much higher than micro measures.

Of particular importance is measurement of manifest conflict behaviour. In a marketing channel characterized by strict ethical norms, a large number of small business units and high levels of interdependency, there is little scope for conflict to manifest itself in overt activities designed to harm channel opponents. Individual retail pharmacists have few options other than to appeal to their representative bodies to take action on their behalf. Aggressive action by an individual channel member in response to a perceived threat to personal domain or goal attainment, would probably be regarded as unprofessional or unethical. It is proposed that separate measures of the perceptions of micro and macro conflict levels will reveal significant differences in the conflict state.

4.5.4. Operational Measures

4.5.4.1. Affective Conflict

Operational measures of covert conflict by Rosenberg and Stern (1971: 438) required respondents to assess the *satisfaction* of a channel member with the *performance* of the channel partner and the *desire to change* a given number of the *policies and programmes* of the channel partner. Etgar (1979, 69) developed a measure of affective conflict based on the Rosenberg and Stern operationalization. Using a six point Likert scale, he required respondents to evaluate their relationship with their leading supplier in terms of:

1. the harmoniousness of their relationship,
2. their satisfaction with his performance, and
3. their willingness to change his policies if they were able to do so.

The *level of analysis* adopted by Etgar was the micro relationship between the respondent and the leading supplier. The overall intensity of channel conflict is thus an aggregation of the intensity of the micro relationships.

Consideration of the questions used by Etgar (1979) suggested that three different states of conflict were being assessed. The questions asked of the respondents assessed judgement (satisfaction); feelings (harmony) and intentions (willingness to change policies). Day (1972: 279) clarifies the difference between judgements and feelings:

"The *cognitive or perceptual component* [of attitude structure] represents a person's information about an object. Pieces of information can be broadly classified as either beliefs *in* the existence [awareness] of the object or evaluative beliefs [judgements] *about* the objects.

The *affective or feeling component* deals with a person's overall feelings of like or dislike for a situation, object, person or concept."

As regards the willingness of channel members to change policies, this requested respondents to assess how they would behave given the opportunity to do so. In other words, respondents were expected to evaluate the outcome of a particular course of behaviour on their part and decide, in the light of that behaviour and its consequences, whether they would pursue the course of action, *if it was possible to do so*.

The measures designed for this project used the three question categories as a basis for assessing three separate behavioural states, felt conflict, perceived conflict and threshold or latent conflict. The phrase "affective conflict" used by Etgar (1979) to describe the combination of these measures is used in this project to describe a combination of felt and perceived conflict. Threshold conflict is treated as a completely separate measure.

4.5.4.2. Perceived conflict

Perceived conflict was measured by evaluating respondent satisfaction/dissatisfaction with the way in which doctors carry out four key channel functions (diagnostic practices, prescribing habits, dispensing standards, and patient monitoring). A five point Likert scale anchored in "perfectly satisfied" (rated 1) and "extremely dissatisfied" (rated 5) assisted respondents in identifying the intensity of their dissatisfaction. It was proposed that this measure would allow respondents to indicate extensive disagreement with channel practices without necessarily indicating that a state of tension had been reached.

Macro and micro measures were developed for perceived conflict using the same criteria for evaluation, but altering the level of relationship respondents were asked to evaluate. In the case of the micro level, where the respondent's channel partners were not dispensing and the pharmacist therefore unable to comment on dispensing standards, allowance was made for the respondents to provide a "nil" response.

4.5.4.3. Felt conflict

Felt conflict was measured by asking respondents to describe their feelings towards doctors at both macro and micro levels. A five point semantic differential scale with the following anchors, was used to assist respondents identify the level of harmony/conflict in the channel.

1. most friendly/most unfriendly,
2. extremely cooperative/most uncooperative,
3. high degree of professional respect/complete lack of professional respect,
4. very harmonious/full of conflict.

4.5.4.4. Threshold conflict

Threshold conflict was defined as the propensity of the channel member to behave. It represents a measure of the intensity of the latent conditions for conflict. It assesses the attitude toward structural features of goals, autonomy and conflict for scarce resources by proposing legislative changes in favour of the retail pharmacist. Another way of viewing this conflict variable is as a measure of the desire for countervailing power. Although attitudes do not necessarily correlate highly with behaviour pertaining to the attitude, this does not automatically mean that verbalized attitudes are invalid. Nunnally (1967: 517 - 8) comments:

"In some cases [verbalized attitudes] may be highly valid measures of *reported* attitudes, but not valid measures of attitudes measurable in other ways. Actually, in many instances what people say is more predictive of the course of social action than what they feel in any deeper sense. . . In some instances it is reasonable to believe that verbalized attitudes represent the "cutting edge" of changes in feelings."

The outcome of each conflict episode will alter the perception of the level of threshold conflict. It is proposed that identifying the level of threshold conflict will provide channel managers with an overall measure of conflict conditions and act as an indicator for conflict escalation.

In this project, measures of macro and micro threshold conflict were operationalized by asking respondents to rate, on a five point Likert scale, the extent to which they would support legislative changes affecting the channel dyad relationships, *given the opportunity to do so*. The changes proposed were permission for pharmacists to substitute generically, prescribe schedule 3 and 4 medicine, diagnose and the elimination of dispensing for a profit by doctors.

4.5.4.5. Manifest Conflict

In the discussion on manifest conflict (section 2.3.7.4.), it was noted that all overt actions undertaken in response to a threat to goal attainment may be regarded as manifest conflict. It was also noted that the form which the behaviour may take will be influenced by the power structure within the channel and the range of feasible behaviours.

In most field studies, single indices based on the *frequency* of disagreements have been developed to measure manifest conflict (Brown & Day, 1981: 264). Lusch (1976a: 385) suggests that the most ideal measure of conflict would be obtained by monitoring written and verbal communications between channel members. He does acknowledge that even if this were possible, sophisticated techniques would have to be developed in order to analyse these communications so as to provide a valid measure of manifest conflict.

Brown and Day (1981) measured manifest conflict by assessing the reported *frequency, intensity and importance* of disagreements. They comment:

"The primary focus is on the manifest stage of conflict in which past perceptions and feelings of conflict lead to expressions of disagreements in written or oral communications between channel members with respect to important issues of mutual concern. Although manifest conflict may be expressed in ways other than oral or written disagreements, the frequency and intensity of disagreements appear to be the best indicators of the level of overt conflict that can be obtained in field surveys."

The Brown and Day (1981) measure was based on the respondent's recollections of expressed disagreements between the channel dyad over a representative set of issues. They justify this approach by arguing that previous conflict provides a basis for current and future conflict.

Etgar (1979) measured the perceived frequency of actual rivalry events known to respondents over the preceding three years. An interesting feature of the Etgar measure is that he measured macro perceptions. Dealers were asked to identify the frequency of occasions known to them to have occurred in the channel where dealers had:

1. stopped marketing products of the leading manufacturer,
2. started litigation against the supplier, and
3. had trade associations or industry boards intercede on their behalf and/or arbitrate between them and the supplier.

Manifest conflict has therefore been measured at both macro and micro levels, with most researchers concentrating on the frequency of recalled conflict *behaviours* or the *outcome* of conflict. Brown and Day (1981) concluded that the most promising measure of manifest conflict in field studies is to monitor the frequency and intensity of disagreements contained in written or oral communications. In view of this diversity of view points, two macro and three micro measures of manifest conflict were designed.

The macro manifest measures assessed the recalled frequency of conflict *outcomes* and conflict *response behaviour* during the preceding two years. In the first measure, respondents were asked to recall disputes that had occurred and indicate on a five point monopolar Likert-type scale, the frequency with which these disputes resulted in a serious fall in the dispensary turnover of the pharmacy concerned. The second macro measure asked respondents to identify on a four point monopolar Likert-type scale, the *frequency* with which pharmacists affected by these disputes had submitted formal complaints to their governing bodies and/or taken legal action against the doctor.

The micro manifest conflict measure was concerned with verbal exchanges or more serious behaviour over a range of conflict issues. Respondents were asked to indicate on a six point monopolar Likert-type scale the frequency, importance and intensity of conflict behaviour. The issues were:

1. legibility of prescriptions,
2. the readiness of the doctor to accept advice on prescribing errors,
3. changes in prescribing patterns (and the consequences on pharmacist stock holding),
4. over-prescribing by doctors,
5. generic substitution,
6. the dispensing/trading activities of doctors.

All measures of manifest conflict were anchored in a "nil" or "no dispute" category.

4.5.4.6. Leader/non-leader Groups

The leader group was defined as those representatives of the retail pharmacy managers who, collectively, were responsible for the strategic interests of their professional colleagues and vested with the authority to make decisions on their behalf. The objective was to identify those respondents who were best informed about the strategic interests of retail pharmacy as a whole and not merely parochial matters. This presupposed that their macro perceptions would be more informed than those of non-leaders.

In this marketing channel, the power to influence channel decision outcomes rests with two groups, namely, the Pharmaceutical Society of South Africa (PSSA) and the South African Association of Retail Pharmacists (SAARP). A third category which was less easy to define, was the group of retail pharmacists who held positions on the boards of pharmaceutical wholesalers, manufacturers and retail chains.

A fourth group, the Pharmacy Council was included. Although it is not made up principally of retail pharmacy managers, nor is it primarily concerned with the marketing channel interests of the retail pharmacist, present or prior membership of the Council would ensure that the respondent held a broad perspective of the practice of retail pharmacy..

Respondents were asked to identify whether they had:

1. at any stage served on a *national* committee representing pharmacists,
2. served on the *regional* or *local* committees of the PSSA or SAARP, during the last 2 years,
3. a financial interest in more than one pharmacy.

It was decided that the leadership group would comprise those respondents who had indicated that they had at some stage been a member of a national committee, and who, during the past two years were members of regional or local committees of either of the two national bodies.

This additional classification information enabled comparisons to be made between these categories to identify whether significant differences existed between their perceptions and those of the designated leadership group.

4.5.4.7. Affected/non-affected Groups

The affected group was defined as those retail pharmacy managers who had been adversely affected by the dispensing activities of doctors. The objective was to identify those channel members who, as a result of a change in the exchange behaviour of their dyad partner, had been

personally affected. The level of affect was required to be such that feelings of hostility could reasonably be expected to arise, or, if they existed previously, to increase substantially.

Respondents were asked to report:

1. whether the doctors in their professional practice dispensed,
2. whether the dispensing activities of doctors had increased over the past two years,
3. the extent to which dispensing activities had affected the pharmacy business. Four options were provided, namely: no adverse effect, slight adverse effect, significant effect, crippling impact.
4. statistical data relating to the percentage change in the trading activities of the pharmacy. Information was sought regarding the 1986 performance of the pharmacy and the 1987 forecasts for the number of prescription items dispensed, the dispensary sales, total sales and the net profit or loss.

The affected group was defined as those respondents who indicated that the doctors in their professional practice dispensed, and the dispensing activities had a significant or crippling impact on the retail pharmacy business.

4.5.4.8. Other Structural Characteristics

The retail pharmacy manager was defined as the person largely responsible for the financial success of the business. The management of retail pharmacies is frequently assigned to a registered pharmacist with professional responsibility for the pharmacy but limited managerial responsibility.

Pharmacists were therefore asked to indicate the extent to which they were *responsible for the financial success* of the business. The response options provided were entirely responsible, largely responsible, nominally responsible and not responsible. In addition, they were asked to indicate the *extent of their financial interest* in the pharmacy. The response options were sole owner, greater than 10% participation in profits and losses, 10% or less participation, and nil.

Data concerning the *sex, language classification, geographical location* were obtained in order to verify the representativeness of the respondents and identify potential response bias.

4.5.5. The Survey Population

As indicated in Chapter 4, Section 4.4.1. it was decided to conduct a census rather than sample the universe. The survey population was defined as all retail pharmacy managers in South Africa, South West Africa/Namibia and the independent states.

Census data was available from the South African Pharmacy Council with whom pharmacies, pharmacy owners and managers are registered. According to the Register of Pharmacies for the the Republic of South Africa, in May 1987, 2 631 retail pharmacy managers were registered with the Pharmacy Council. An additional source of census data was the Pharmaceutical Society of South Africa (PSSA) which indicated that in May 1987, 2 572 retail pharmacies were registered with them as members. The PSSA address list was used for mailing purposes.

The survey population was therefore identified as all retail pharmacy managers registered with the Pharmaceutical Society of South Africa in May 1987.

4.5.6. Pilot Studies

Pilot studies form an important part of questionnaire development, in particular, the identification of fundamental design errors (Morton-Williams, 1972: 78). Aspects to be tested include ambiguity of questions and instructions, accuracy of statements, boredom, loss of concentration, difficulty of questions, the suitability of response options. The pilot study also provides an chance to test administrative systems for the despatch and receipt of questionnaires.

Boyd, Westfall and Stasch (1977: 250) make the point that pretests should be conducted by personal interview even if the survey is to be handled by mail.

In this survey it was considered necessary to conduct two pilot studies. Firstly, amongst colleagues at the School of Pharmaceutical Sciences, Rhodes University Grahamstown, and secondly, amongst the retail pharmacists in Grahamstown.

4.5.6.1. Internal Pilot Study

This survey took place during the first two weeks of April, 1987. A covering letter, a questionnaire and an evaluation form were sent to all members of the academic staff and post graduate students at the School of Pharmaceutical Sciences, Rhodes University. The specific objectives were to establish the content validity and accuracy of the statements, whether the conflict issues between retail pharmacists and doctors had been comprehensively covered, and the time taken to complete the questionnaire.

A response rate of 40% was achieved. Follow-up interviews were held with selected respondents. All respondents felt that in general, the issues were comprehensively covered and accurately reflected. In addition, valuable advice was received on the layout of the questionnaire, the sequence of the questions, the clarity, relevance and accuracy of certain questions. The average time taken for the completion of the questionnaire was 24 minutes.

4.5.6.2. External Pilot Study

The objectives of this survey amongst the six Grahamstown retail pharmacies were to assess:

1. response rate, reasons for non-response, and identify techniques for increasing response rate.
2. technical aspects of the questionnaire (difficulties with questions or instructions, ease of completion, size, colour).
3. administrative procedures and policies associated with the distribution of the questionnaire (size of envelope, ease of assembling despatch package, folding requirements).

Each pharmacy manager was sent a covering letter, questionnaire, and a stamped, addressed return envelope. The anonymity of the response was assured. No deadline was contained in the covering letter. A reminder letter was sent after three weeks. Ten days after the despatch of the reminder, surprise interviews were conducted with each of the pharmacy managers.

One response (16.6%) was received before the reminder, another after the reminder (33.2%), and a completed but "not yet posted" questionnaire during the interviews (50%). In addition, one of the managers produced his half completed form during the interview. Following the interviews, the remaining pharmacists sent in their forms.

The interviews with the respondents revealed no general reasons for non-response. Only one respondent had a strongly negative reaction to aspects of the questionnaire, namely the clarity and length of time of the questionnaire. It was established that this respondent was an Afrikaans home language speaker and his comments were particularly useful in improving the clarity of the questionnaire.

The respondents agreed that the the conflict issues between retail pharmacists and doctors were comprehensively covered and accurately reflected. They felt that the introduction of a deadline would have improved their response rate and agreed that a two week deadline would be reasonable. Additional comments were of assistance in refining technical and administrative features of the project.

The results of both pilot studies did illustrate, however, that the questionnaire itself needed relatively few changes before going out into the field.

4.7. Conclusions

The revised questionnaire and the two reminders were despatched in accordance with the predesigned schedule specified in Section 4.5.1.5. of this chapter. The writer believes that every effort was made to ensure that the data collected accurately reflected the retail pharmacy manager's perceptions about the sources and stages of conflict.

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Chapter 5

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Chapter 5

EMPIRICAL RESULTS OF THE RESEARCH PROGRAMME

5.1. Introduction

This chapter is devoted to a discussion of the response to the mail survey, the nature of data collected, the techniques used for analysing the data, and the interpretation of the results.

5.2. Presentation of the Results

Results of the analysis of the data are included either in the text or, more comprehensively, in Appendix 3 to this report.

5.2.1. Key to Abbreviations used in Tables

In the interests of clarity and brevity in the presentation and discussion of the results, the following abbreviations have been used to represent the sources and stages of conflict. The definitions of these terms have been described more fully in sections 3.5.3.3. and 3.5.3.4. of Chapter 3.

5.2.1.1. Sources of Conflict

Attitudinal Sources

Clarity	- lack of role clarity
Dr NonF	- nonfulfillment of roles by doctors
Ph NonF	- nonfulfillment of roles by pharmacists
Expect	- differences in the expectations of doctors and pharmacists
Percp	- perceptual divergence between doctors and pharmacists
Comms	- communication difficulties between the channel dyad members

Structural Sources

Goals	- differences in goals
Auton	- the drive for autonomy in the face of interdependence
Comp	- competition for scarce resources

5.2.1.2. Stages of Conflict

THRESHOLD	- Threshold conflict, used to represent latent conflict, made up of:-
Threshma	- macro threshold conflict
Threshmi	- micro threshold conflict

FELT	- Felt conflict, a composite measure made up of:-
Feltma	- macro felt conflict
Feltmi	- micro felt conflict
PERCEIVED	- Perceived conflict, a composite measure made up of:-
Percma	- macro perceived conflict
Percmi	- micro perceived conflict
AFFECT	- Affective conflict, a combination of felt & perceived conflict made up of:-
Affma	- macro perceptions of perceived and felt conflict
Affmi	- micro perceptions of perceived and felt conflict
MANIFEST	- Manifest conflict, a combination of macro and micro manifest conflict.
Manima	- macro manifest conflict, a composite measure made up of:-
Behvma	- macro manifest conflict behaviour
Outcma	- outcomes of macro manifest conflict
Manimi	- micro manifest conflict, a composite measure made up of :
Freqmi	- frequency of micro manifest conflict
NBCemi	- importance of micro manifest conflict
Ntnsmi	- intensity of micro manifest behaviour

5.2.1.3. Respondent Groups

Four respondent group categories were identified:-

1. **Leader** - (leader group) - respondents who were local, regional *and* national leaders.
2. **Non-Leader** - respondents that were neither local, regional nor national leaders.
3. **Affected** - (affected group) - respondents who had been significantly or cripplingly affected by dispensing activities of doctors *and* who had experienced an increase in dispensing activities of doctors during the preceding two years.
4. **Non-Affected** - respondents who had not experienced an increase in dispensing activities of doctors nor had been significantly or cripplingly affected by dispensing activities of doctors.

5.3. Responses to the Questionnaire

Of the 2 572 questionnaires despatched, 1 031 replies were received, a response rate of 40.1%. This compares favourably with response rates for channel surveys reported in the literature. This is demonstrated in Table 5.1.

In view of the short duration (one week) between the despatch of the survey, the first reminder and the second reminder, the intervention of weekends, and the time variations in the postal system, it was decided that attempts to identify response bias using differences in response time would be of no value. An analysis of the dates on which the questionnaires were posted by respondents and the date of receipt provided no evidence that the reminders had created a second and third wave of responses. In fact, some respondents indicated that they had received the reminder before the questionnaire.

Researcher(s)	Sample Size	Return Rate (%)
Rosenberg & Stern (1971)	110	35%
Hunt & Nevin (1974)	815	26%
Lusch (1976ab)	567	47%
Etgar (1976)	113	19%
Michie (1978)	-	16%
Roering & Michie (1978)	-	16%
Guiltinan, Rejab & Rodgers (1980)	154	12%
Brown & Day (1981)	210	21%
Ross & Lusch (1982)	54	54%
Schul, Pride & Little (1983)	349	33%
Frazier (1983)	435	46%
Eliashberg & Michie (1984)	120	19%
Abratt & Lindenberg (1984)*	13	48%
*research conducted in South Africa		

A recent survey (Scott, 1987) amongst retail pharmacy managers in South Africa produced a response rate of 19% (sample size = 94).

5.3.1. The Representativeness of the Response

In order to establish whether or not the respondents were representative of the population, an examination of the sex, language and geographic characteristics of the respondents was made. The data is presented in Tables 5.2. and 5.3. in which comparisons are made between the survey profile and data extracted from the Register of Pharmacies (May, 1987) published by the South African Pharmacy Council.

Both the geographic dispersion and sex of the retail pharmacy managers were closely related to the percentile distributions of these attributes as gleaned from data contained in the Register of Pharmacists. Chi-squared tests were used to test for independence of the distribution of respondents with firstly, provincial distribution and secondly, sex of the retail pharmacy managers. The results of these tests appear in Tables 5.2. and 5.3.

There were no official statistics available for comparing the split between the language groups. However, the author was assured by colleagues from the School of Pharmaceutical Sciences, Rhodes University, and a member of the Pharmaceutical Society of South Africa that the ratio of English to Afrikaans pharmacists was generally considered to be 60:40. The sex and language distribution obtained in the survey by Scott (1987) provides a similar distribution to that obtained in this survey.

In view of the response rate, and the distribution on the basis of sex, language and geographic location, it was concluded that the respondents were likely to be representative of the population.

Province	Respondents	Register of Pharmacies
Transvaal	46%	51%
Cape Province	30%	26%
Natal	16%	15%
O.F.S.	6%	6%
S.W.A. & T.B.V.C.	2%	1%

Pearson Chi-square = .9045 p-value = .9239

Sex	Respondents	Scott Survey	Register of Pharmacies	:	Language	Respondents	Scott Survey
Male	87%	83%	85%	:	English	59%	49%
Female	12%	17%	15%	:	Afrikaans	39%	44%
				:	Bilingual	-	5%
				:	Other	2%	2%

Pearson Chi-square = .3513 p-value = .5532

Yates Corrected Chi square = .1289 p-value = .6995

5.3.2. Respondents as Managers with Business and Professional Responsibility

The definition of respondents required that they have managerial responsibility for the retail pharmacy outlet rather than merely professional responsibility for the dispensary. Of the respondents, less than 1% indicated that they had no responsibility for the financial interests of the pharmacy whilst another 3% indicated that they were nominally responsible for the financial affairs of the business.

It was concluded that respondents complied with the definition of retail pharmacy managers.

5.4. Reliability and Validity of the Measures

Two principal measures were used in this project, namely, measures of the stages of conflict and measures of the sources of conflict. Eleven *stages of conflict* were used involving macro and micro states of affective (felt & perceived), threshold and manifest conflict. Nine *sources of*

conflict were identified within the classifications of structural and attitudinal sources. Finally, *four respondent groups* were identified. These were the leader, non-leader, affected and non-affected groups. The reliability and validity of these measures are discussed before considering the use of these measures to test the hypotheses.

5.4.1. Tests for Reliability

Factor analyses on the results of the questions/statements on the sources and on the stages of conflict were performed. The questions/statements factorized reasonably with approximately equal question/statement weights, into the proposed variables, and hence each variable was taken as the mean of the questions/statements associated with that variable (Appendix 3.8). Table 5.4. shows the primary variables that were obtained from the factors.

STAGES OF CONFLICT		SOURCES OF CONFLICT	
Macro	Micro	Attitudinal	Structural
Feltma	Feltmi	Clarity	Goals
Percma	Percmi	Dr NonF	Auton
Threshma	Threshmi	Ph NonF	Comp
Behvma	Freqmi	Expect	
Outcma	NBcemi	Percp	
	Ntnsi	Comms	

A statement that was included twice in Section 2 (2.16 & 2.23) of the questionnaire provided evidence of internal consistency with highly correlated average scores from all respondents for both statements. Section 2.23 was excluded from the analysis.

5.4.2. Tests to Establish the Validity of Measures

Consideration is given to the content, criterion and construct validity of these measures.

5.4.2.1. Content Validity

Content validity rests mainly on "appeals to reason regarding the adequacy with which important content has been sampled and on the adequacy with which the content has been cast in the form of test items" (Nunnally, 1967: 82). Content validity was assessed by seeking the advice of expert opinion and consulting appropriate literature as described in sections 3.5.3.1. and 3.5.3.3. of Chapter 3. No statistical techniques were used.

However, a critical investigation of the results from the questions asked in Sections 2.11, 2.25. and Section 3.1.4.b) of the Questionnaire indicated the possibility of misinterpretation by respondents. These results were excluded from the analysis as they were not valid measures of the variables they were intended to represent.

5.4.2.2. Criterion Validity

This is the extent to which measures display concurrent and predictive validity. Churchill (1979: 72) suggests that in order to demonstrate that the measure behaves as expected in relation to other constructs, an assessment is made of whether the scale score can differentiate the position of known groups or whether the scale correctly predicts some criterion measure.

In this project, the perceptions of the sources and stages of conflict of the affected group in particular, and, to a lesser degree, the leader group, provided support for the concurrent validity of these two basic measures. The canonical correlations established between the sources of conflict as the predictor variables and the stages of conflict as the criterion variables provided some support for the criterion validity of the measures. Statistical evidence for these relationships is contained in the tables in Section 5.6.2. of Chapter 5 and Appendix 3.4.

5.4.2.3. Construct Validity

This concerns the factors underlying the measurements obtained. Construct validity is demonstrated to the extent that convergent, discriminant and nomological validity are established (Tull & Hawkins, 1984: 246, Churchill, 1979: 70).

Several checks were made to validate the constructs. A correlation analysis revealed that most of the variables were not highly intercorrelated and therefore represent fairly independent concepts (see Appendix 3.6.). Canonical correlation analysis showed a correlation between sources and stages of conflict which further validates the measures of these variables (see tables in Section 5.6.2 of Chapter 5 and Appendix 3.4.). Most of the sources of conflict were found to vary in the same direction as the stages of conflict variables.

5.4.2.4. Unidimensionality of Measures

5.4.2.4.1. Sources of Conflict

Correlation analysis indicated that there was no serious multicollinearity between the variables measuring the sources of conflict (see Appendix 3.6.2.). The highest correlations occurred between the variables measuring perceptual divergence and differences in expectations, and between the variables measuring perceptual divergence and goal divergence. The least correlated measures were lack of role clarity and the drive for autonomy.

5.4.2.4.2. Stages of Conflict

In many cases, several primary variables (e.g. such as those listed in Table 5.4.) measuring roughly the same entity were combined to obtain a single measure of that entity. In each case, the compound measure was the first principal component of the variables combined. Table 5.5. shows which compound measures were obtained from primary variables. The percentage of the joint variability of the primary variables explained by the compound measure is shown in each case.

Correlation analysis indicated that the perceptions of macro/micro levels of each stage of conflict were positively correlated with each other, but not strongly. This provided support of their convergent and discriminant validity.

Compound Measure	Primary Variables Combined	Percent of Joint Variance Explained by Compound Measure
Perceived	Percma/Percmi	76%
Felt	Feltmi/Feltma	75%
Affma	Percma/Feltma	70%
Affmi	Percmi/Feltmi	78%
Manima	Outcoma/Behvma	72%
Manimi	Freqmi/Ntnsmi/NBcemi	82%
Threshold	Threshmi/Threshma	88%

5.4.2.4.3. The Leader Group

The leader group was defined as those respondents who had served as members of national committees at some stage in their careers, and who had, during the preceding two years, served on a local or regional committee (see Section 3.5.3.5.).

Student's t test was used to test for the differences in the mean perceptions of the stages and sources of conflict between the following groups:-

1. National leaders versus remaining respondents (excluding local/regional leaders);
2. Local/regional leaders versus remaining respondents (excluding national leaders);
3. National leaders versus local/regional leaders;
4. National and local/regional leaders versus non-leaders;
5. National, local/regional leaders and respondents owning two or more pharmacies versus non-leaders.

The results indicated that there were no statistically significant differences between the mean perceptions of the national leaders and the local/regional leaders (3). Second, the dichotomy which resulted in the most statistically significant differences on average, in the stages of conflict was national and local/regional leaders versus non-leaders (4). These differences were greater for dichotomies which isolated the national leaders (1), the local/regional leaders (2) and a third combined group that included respondents owning two or more pharmacies (5).

These results are in keeping with expectations that respondents currently serving on national and local/regional activities were likely to be better informed on national issues and have stronger feelings than those respondents not in these positions. For the purposes of this project, this combination of leaders/non-leaders was adopted for the testing of the hypotheses.

5.4.2.4.4. The Affected Group

The affected group was defined as those respondents who indicated that they had experienced an increase in the dispensing activities of doctors and, in addition, had been significantly or cripplingly affected as a result (see Section 3.5.3.6. in Chapter 3).

Thus two respondent characteristics were involved. First, the respondent's assessment of the extent to which dispensing activities of doctors had affected his business operations. Second, whether or not the respondent indicated that dispensing activities by doctors had increased during the preceding two years.

Student's t test was used to test for differences in the means of perceptions about the stages and sources of conflict between the following respondent groups.

1. Respondents who had been slightly, significantly or cripplingly affected versus those not affected.
2. Respondents who had been significantly, or cripplingly affected versus those who had been slightly affected or not affected.
3. Respondents who had experienced an increase in dispensing by doctors and had been slightly, significantly or cripplingly affected versus respondents who had not experienced an increase in dispensing and had not been affected.
4. Respondents who had experienced an increase in dispensing by doctors and had been significantly or cripplingly affected versus those who had not experienced an increase in dispensing and who had been slightly affected or not affected.
5. Respondents who had experienced an increase in dispensing by doctors and had been slightly affected versus respondents who had not experienced an increase in dispensing and had not been affected.

The results revealed highly significant statistical differences between the groups involved in all five tests (p -value = .0000). However, the greatest number of statistically significant differences between means of individual variables of the sources and stages of conflict was found between the affected group as defined and all other respondents (4).

This result is in accordance with expectations. The group which the writer was seeking to identify consisted of respondents who had reached a *felt* stage of conflict. In other words, they had become personally involved in the conflict process to the extent that they had developed feelings about the dyadic relationship that were significantly different from those not affected.

5.4.2.5. Tests to Establish the Independence of Certain Group Attributes

Tests were conducted to establish the extent to which leader and affected groups were independent of certain attributes. Cross tabulation tables showing the results of the analysis appear in Appendix 3.7.

Membership of the affected group as opposed to the non-affected group was found to be independent of the following variables:

1. sex,
2. language,
3. number of years registered as a pharmacist,
4. extent of financial responsibility ,
5. extent of financial interest,
6. membership of regional or local committees,
7. site of the pharmacy (i.e. rural, city centre, suburban environment),
8. ownership of more than one pharmacy.

However, this group was found to be dependent on geographical location and membership of national committees. These results were in keeping with expectations.

Membership of the leader group as opposed to the non-leader group, was found to be independent of the following variables:-

1. language,
2. site of the pharmacy (i.e. rural, city centre, suburban environment),
3. the effect of dispensing activities.

However, the leader group was found to be dependent on the following variables.

1. sex (dependent at 5% but not at 1%),
2. number of years registered as a pharmacist,
3. extent of financial responsibility and financial interest (dependent at 5% but not at 1%),
4. financial interest in more than one pharmacy,
5. geographical location,
6. an increase in dispensing by doctors.

These relationships were not unexpected.

5.5. Analytical Techniques

The raw data was captured by the Computer Centre at Rhodes University and analysed using a CDC Cyber 170 series 825 computer using the BMDP statistical package. Canonical correlation was the technique used to test the major research hypotheses. A brief description of the technique, its limitations and the interpretation of canonical relationships is presented.

5.5.1. Canonical Correlation

Canonical correlation is a powerful multiple regression technique for the analysis of the relationships between sets of independent variables and sets of dependent variables (Kerlinger, 1973: 150), and for identifying those components which contribute most to the overall relationships.

The objectives of canonical analysis were described by Alpert and Peterson (1972: 187) as:-

- "1. To determine vectors of weights for each set of variables such that linear combinations of the respective variables are maximally correlated. This goal implies optimal prediction of linear combinations of variables (variates) from one vector, given variable values in the other vector.
2. To determine whether two sets of variables are statistically independent of one another in a linear sense, or conversely, to determine the magnitude of the relationships between the two sets.
3. To explain the nature of any relationships between the sets of variables, generally by measuring the relative contribution of each variable to the canonical relationships obtained."

Canonical correlation is concerned with identification of the magnitude of relationships, prediction, and interpretation of the nature of the relationships (Alpert & Peterson, 1972: 192). A canonical correlation analysis seeks to identify and quantify the association between two sets of variables. The analysis focuses on the correlation between a linear combination of the variables in one set and a linear combination of the variables in the other set. The first pair of sample canonical variates is the pair of linear combinations having unit sample variances, that maximize the sample correlation. The k th pair of sample canonical variates is the linear combinations with unit sample variances, which maximizes the sample correlation among those linear combinations uncorrelated with the previous $k - 1$ sample canonical variates (Johnson & Wichern, 1982: 357).

Canonical correlation analysis is usually restricted to those pairs in which the correlation coefficient is statistically significant at a previously specified level of significance, typically .05 (Alpert & Peterson, 1972: 189). This level of significance was adopted by Etgar (1976: 258).

It has limitations, however, which can restrict its usefulness, mainly in the interpretation of the results it yields (Kerlinger, 1973: 150). First, an analysis of the canonical correlation coefficient does not reveal the amount of variance shared by the two sets of variables. Lambert and Durand (1975: 469) recommend the redundancy index as a more indicative measure of the explanatory capability of canonical analysis in accounting for criterion variance.

Second, the relative importance of a variable in each set of variables is indicated by the canonical weights extracted for the variable, their canonical loadings and the percentage of squared loadings explained by each variable (cross-loadings). These three measures usually provide sufficient information for interpretation of canonical functions (Alpert and Peterson, 1972: 190). However, weight and loading instability may occur across repeated samples from the same population, resulting in statistically significant canonical correlations even though the criterion and predictor sets are not strongly related (Lambert & Durand, 1975: 470,474).

Despite these limitations, canonical correlation, when correctly applied, provides the researcher with a particularly useful tool for revealing overall relationships prevailing among criterion and predictor variables. It is concluded from Alpert and Peterson (1972) and Lambert & Durand, (1975) that in the interpretation of canonical analysis:

1. The relative importance of each variable in the predictor and criterion sets is measured by the canonical coefficients and their relative square loadings.
2. The magnitude of relationship or overall strength of each canonical correlation is measured by the size of the redundancy index, the canonical coefficient and the canonical root.

This technique was used to explore the relationship between the sources of conflict as predictor variables, and stages of conflict as the criterion variables.

5.5.2. Other Analytical Techniques

Factor analysis, Student's t test, Hotelling's T test, and cross tabulation were employed in addition to canonical correlation..

5.6. Interpretation of the Results

It is now possible to consider the data in terms of the hypotheses that were suggested. Consideration is given to the secondary or preliminary hypotheses *before* the major hypotheses. The relationships proposed in the secondary hypotheses will, to the extent that they are accepted, provide a basis for testing the major hypotheses.

5.6.1. Secondary Hypotheses

These research hypotheses were tested using Hotelling's T square and Student's t tests. The level of significance for each Student's t test was reduced by dividing the nominal level of significance by the number of individual t-tests performed to ensure that the overall level of significance was not higher than 5% (Miller, 1981).

perspective of conflict in the channel, would be expected to consider their personal dyadic relationship to be less conflictual than that of their colleagues.

The exception, however, was the affected group. Members of this group, who, by definition had been seriously affected by their dyad partners, may have been expected to perceive their own conflict situation to be more intense than that of their colleagues. This sentiment was not revealed.

It is interesting to note that there are no differences between the measures of macro/micro threshold conflict for any of the groups. This suggests that all retail pharmacy managers believe their colleagues feel as strongly as they do about the need for change. Furthermore, this provides some evidence that the leader group is in touch with the general perceptions of the rest of the retail pharmacy profession. Further statistical evidence is required to ascertain the extent to which their perceptions differ significantly.

5.6.1.2. Hypothesis 6: Differences between the Leader and the Non-Leader Groups

The question addressed by this hypothesis is whether the leader group has different mean perceptions about the sources and stages of conflict when compared to the non-leader group. The two parts of the research hypothesis are restated:-

H6a The Leader Group's perceptions of all the stages of conflict are different, on average, from the perceptions of the Non-Leader Group

H6b There is no difference, on average, between the perceptions of the Leader and the Non-Leader Groups of the Sources of Conflict

These were tested by comparing the means of the measures for the stages of conflict and the sources of conflict of the two groups. Overall differences were measured using Hotelling's T Square tests whilst differences between each of the constituent variables were measured using Student's t tests.

Tests based on Hotelling's T Square (see Appendix 3.1.) indicated that there was a highly significant statistical difference between leader/non-leader group perceptions of manifest conflict. Furthermore, that this difference extended to all stages of conflict (p value = .0000). Hotelling's T square test also indicated that there was no statistically significant difference between the perceptions of the sources of conflict.

Table 5.7. shows statistically significant differences that were identified in measures of the stages and sources of conflict using Student's t test. The measures of the stages and sources of conflict not listed in Table 5.7. revealed no statistically significant differences. Thus of the eleven measures of conflict stages and the nine conflict sources tested, five conflict stage measures and only one conflict source measure revealed statistically significant differences. Detailed results are contained in Appendix 3.2.

Hypothesis 6a The leader group is concerned with the problems experienced by retail pharmacy managers in general in their relationship with doctors. Their committee roles would entail regular consideration of complaints and grievances from members, attempting to find solutions to these problems with varying degrees of success, and identifying national problems and strategies. Their knowledge of the actual conflict behaviour taking place in the channel would help explain the difference in perceptions of manifest conflict.

The difference in perceptions of the micro threshold stage (threshmi) suggests that the leaders have stronger personal convictions about the need for, and direction of change than the remainder of their retail pharmacy manager colleagues who fall into the non-leader group. This is understandable since the development of new strategies is a key leader function. The direction of the sentiment further indicates that the non-leader group may be conservative about the proposed changes. However, the fact that there was no statistically significant difference between the macro threshold measures (threshma - see Appendix 3.2) implies that both groups have similar beliefs about the willingness of their colleagues to support change. This suggests that the leaders may have over estimated the support that they will receive for possible strategy changes.

TABLE 5.7. Perceptual Differences between Leader and Non-Leader Groups		
Comparisons of Means Using Student's t test		
Conflict	p-value	perceptual difference
<u>Stages</u>		
Threshold		
Threshmi	.0040	significant
Manifest		
Behvma	.0027	significant
Freqmi	.0027	significant
NBcemi	.0045	significant
Ntnsmi	.0040	significant
<u>Sources</u>		
Comp	.0007	highly significant

The difference in perceptions of micro manifest conflict (freqmi, nbcemi & ntmsmi) is interesting, particularly since the results reveal that the leader group perceives a more conflictual state than non-leaders. Although membership of the leader group is dependent upon various financial factors associated with ownership and management of retail pharmacy outlets, it is independent of the effect of dispensing activities by doctors. There is no obvious explanation for this difference.

The overall statistically significant difference in perceptions of the stages of conflict was expected and Hypothesis 6a is supported.

Hypothesis 6b The only statistically significant difference on average in measurements of sources of conflict was in the perceptions of the competition for scarce resources (comp). This may be attributed to the greater national awareness possessed by the leader group. However, the overall evidence suggests that at neither attitudinal nor structural levels is there a difference between leader and non-leader perceptions. This implies that the leaders have similar views to the non-leaders as to the sources of the friction between retail pharmacy managers and doctors but, as identified in the preceding discussion, they would tend to differ on how these problems should be overcome.

The overwhelming evidence indicates that there is no difference between the mean perceptions of the leader/non-leader groups on the sources of conflict and Hypothesis 6b is supported.

5.6.1.3. Hypothesis 7: Differences between the Affected and Non-Affected Groups

The question with which this hypothesis was concerned was the extent to which the perceptions of the affected groups were different on average from those of the non-affected group as regards the stages and sources of conflict. The research hypothesis stated that:-

H7 The Affected Group's perceptions of the Stages and Sources of Conflict are different, on average, from the perceptions of the Non-Affected Group

This was tested by comparing the means of the measures of the stages of conflict and the sources of conflict of the two groups using Hotelling's T Square and Student's t test. The detailed results for these tests are contained in Appendix 3.1. & 3.2..

Tests using Hotelling's T Square indicated highly significant statistical differences in all measures concerning the stages and sources of conflict, with the exception of perceptions of threshold conflict.

Table 5.8. lists the measures of stages and sources of conflict in which the differences in mean perceptions were shown to be statistically significant using Student's t test. Of the eleven measures used to test the stages of conflict, statistically significant differences were found in eight. Two of the three measures in which no differences were found, were concerned with threshold conflict. This supports the results based on Hotelling's T Square that no differences were revealed in measurements concerning threshold conflict. Of the conflict sources measures, three structural and two of the six attitudinal source measures revealed statistically significant differences.

The research hypothesis was suggested on the basis that once personally affected, a respondent would develop different attitudes and beliefs about his own relationship and that of his colleagues. Therefore, it is necessary to try to explain those measures in which there were no differences identified.

TABLE 5.8. Perceptual Differences between Affected and Non-Affected Groups		
Comparisons of Means Using Student's t Test		
Conflict	p value	perceptual difference
<u>Stages</u>		
Felt		
Feltma	.0000	highly significant
Feltmi	.0000	highly significant
Perceived		
Percma	.0000	highly significant
Percmi	.0000	highly significant
Manifest		
Outcma	.0000	highly significant
Freqmi	.0000	highly significant
NBcemi	.0000	highly significant
Ntnsmi	.0000	highly significant
<u>Sources</u>		
Attitudinal		
Expect	.0001	highly significant
Percp	.0000	highly significant
Structural		
Goals	.0003	highly significant
Autonomy	.0000	highly significant
Competition	.0000	highly significant

The similarity of perceptions of threshold conflict measures suggests that the support for changes may be independent of personal experience of conflict behaviour by doctors. Both groups hold similar perceptions for four of the attitudinal sources of conflict which tends to suggest that certain attitudes are independent of the level of personal affect. This has implications for conflict resolution strategies.

5.6.1.4. Hypothesis 8: Conflict Intensity Levels for the Stages of Conflict

This hypothesis arose from the question of whether perceptions of the intensity of each conflict stage followed a discernible pattern. In particular, was there a pattern that could provide some support for the logic of the conflict process model? The research hypothesis stated:

H8 Perceptions of the intensity of conflict on average follow a hierarchical sequence in which Threshold Conflict is greater than Perceived Conflict which is greater than Felt Conflict which is greater than Manifest Conflict, consistently for both Macro and Micro measures.

This hypothesis is represented in the following model:

Manimi < Feltmi < Percmi < Threshmi for all groups
 Manimi < Affmi for all groups
 Manima < Feltma < Percma < Threshma for all groups
 Manima < Affma for all groups

This hypothesis was tested using Student's t test. The results are contained in Table 5.9. The results indicate that for all groups and for both macro and micro measures, the intensity of conflict in the stages of conflict followed the same pattern. This pattern indicated that the most intense conflict measure was threshold conflict, with intensity descending to perceived, and then felt conflict. The least intense conflict was measured in the manifest stage. Comparing the the measures of micro/macro manifest conflict and affective conflict supported this result.

Applying this relationship to the logic of the conflict process model, in an incremental situation, a high level of threshold or latent conflict would be expected before statistically significant levels of perceived conflict were identified. Similarly, measurement of a high level of felt conflict would presuppose a high level of perceived conflict. Finally, before conflict reached manifest proportions on a general scale, a high level of felt conflict would be expected. Examined from the the reverse point of view, a low level of manifest conflict would not imply a low level of felt conflict. Similarly, perceptions of intense perceived conflict would not presuppose the existence of intense felt conflict. Finally, intense threshold conflict may exist without any of the other stages having achieved a statistically significant degree of intensity.

TABLE 5.9. Comparison of Respondent Group perceptions of the Intensity of Conflict Stages using Student's t test.									
Stages of Conflict	RESPONDENT GROUPS								
	Affected Group		Non-Affected Group		Leader Group		Non-Leader Group		
	t statistic	p-value	t statistic	p-value	t statistic	p-value	t statistic	p-value	
Macro									
Feltmi<Percmi	- 7.480	.0000	- 7.452	.0000	- 3.998	.0000	-13.316	.0000	
Feltmi<Threshmi	-28.724	.0000	-41.206	.0000	-16.350	.0000	-56.483	.0000	
Percmi<Threshmi	-23.844	.0000	-30.367	.0000	-14.079	.0000	-44.745	.0000	
Manimi<Affmi	-18.093	.0000	-22.127	.0000	- 4.196	.0000	-36.909	.0000	
Manimi<Feltmi	-13.815	.0000	-14.672	.0000	- 2.399*	.0100	-26.640	.0000	
Macro									
Feltma<Percma	- 4.239	.0000	- 5.104	.0000	- 3.709	.0000	- 8.142	.0000	
Feltma<Threshma	-23.259	.0000	-24.448	.0000	-16.867	.0000	-40.092	.0000	
Percma<Threshma	-23.015	.0000	-21.885	.0000	- 9.101	.0000	-37.204	.0000	
Manima<Affma	- 5.384	.0000	- 8.633	.0000	- 1.720*	.0500	-29.929	.0000	
Manima<Feltma	- 3.195	.0000	- 4.547	.0000	- 0.352*	.2500	- 8.176	.0000	
Hypothesis Ho: $\mu_a = \mu_b$ μ_a and μ_b denote means of the appropriate measures Ha: $\mu_a < \mu_b$									
Level of Significance: .0050 (5%) .0010 (1%)									
* Ho: cannot be rejected									

Additional support for this hierarchical ranking was provided from a comparison of the difference between the means and the mid points of the measures. The calculations appear in Appendix 3.3.

An interesting feature that emerges from the data in Appendix 3.3. is that only the threshold conflict measures revealed a statistically significant degree of conflict for both perceptions of macro and micro levels for *all* groups. The measures of perceived conflict indicate a degree of conflict especially for the macro measure but not for the micro perceived stage. All other stages of conflict measures reveal degrees of satisfaction or harmony and nominal conflict behaviour.

The statistical evidence available provides strong support for the hypothesized ranking and it is concluded therefore that Hypothesis 8 holds.

Statistically significant differences have been shown to exist, on average, when comparing the leader/non-leader groups, affected/non-affected groups, macro/micro levels and that there is a ranking order of intensity for the measures of the stages of conflict. It is now possible to consider the major hypotheses.

5.6.2. The Major Hypotheses

The question which prompted this set of research hypotheses was whether or not different sources of conflict were related to different states of conflict behaviour. More specifically, was it possible to determine whether attitudinal or structural sources of conflict were more associated with a particular stage of conflict? Identifying the existence of these relationships would assist the prediction of conflict behaviour which was likely to result from marketing strategies which impinge on attitudinal or structural aspects of the channel dyad relationship.

The relationship between the sources and stages of conflict, as stated in the major research hypotheses, were analysed using canonical correlation. The nature of this technique and its limitations were discussed in Section 5.5.1. of Chapter 5. Tables containing the results of nine major analyses in which the attitudinal and structural sources of conflict were not separated are contained in the text. A summary of the analyses which examined attitudinal and structural sources separately, are contained in Appendix 3.4.

5.6.2.1. Hypothesis 1: Relationship between the Sources of Conflict and the Affective/Manifest Stages of Conflict

The first set of hypotheses was concerned with the overall relationship between sources of conflict as the predictor variables and the stages of conflict as the criterion variables. The research hypotheses stated:-

H1a Attitudinal Sources of Conflict are more correlated with Affective Conflict than with Manifest Conflict.

H1b Structural Sources of Conflict are more correlated with Manifest Conflict than with Affective Conflict.

H1c Affective and Manifest Stages of Conflict are more correlated with Attitudinal Sources of Conflict than with Structural Sources of Conflict.

H1d Threshold Conflict is more correlated with Structural Sources of Conflict than with Attitudinal Sources of Conflict.

The relationship between the sources and stages of conflict was analysed using canonical correlation procedures. The sources of conflict were treated as predictor variables and stages of conflict as criterion variables. The following combinations of sources and stages were used:

1. attitudinal and structural sources versus affective conflict (affmi/affma);
2. attitudinal and structural sources versus manifest conflict (manimi/manima);
3. attitudinal and structural sources versus threshold conflict (threshmi/threshma);
4. attitudinal sources of conflict versus affective conflict (affmi/affma);
5. attitudinal sources of conflict versus manifest conflict (manimi/manima);
6. structural sources of conflict versus affective conflict (affmi/affma);
7. structural sources of conflict versus manifest conflict (manimi/manima);
8. attitudinal sources versus affective and manifest conflict (affect/manifest);
9. structural sources versus affective and manifest conflict (affect/manifest);
10. attitudinal sources versus threshold conflict (threshmi/threshma);
11. structural sources versus threshold conflict (threshmi/threshma).

The results of the first three analyses are contained in Tables 5.10. and 5.11. The results of the remaining analyses are summarized in Appendix 3.4.

TABLE 5.10. Indicators of Association between Canonical Measures of Sources of Conflict and and Macro/Micro Levels of Manifest and Affective Conflict						
	Canonical		Relative	Canonical		Relative
	Coefficients	Loadings	Squared Loadings	Coefficients	Loadings	Squared Loadings
<i>Predictor Variables:</i>	Sources of Conflict			Sources of Conflict		
Attitudinal Sources						
Clarity	.0929	.364	.0393	.0607	.274	.0237
Dr NonF	.3477	.678	.1363	.1023	.483	.0737
Ph NonF	.2940	.679	.1367	.2565	.619	.1209
Expectations	-.0320	.592	.1039	-.1777	.520	.0854
Perceptions	.3670	.797	.1884	.5286	.862	.2346
Communications	.2265	.633	<u>.1188</u>	.0195	.496	<u>.0777</u>
		Total	72.34%		Total	61.90%
Structural Sources						
Goals	.2572	.713	.1508	.4002	.745	.1752
Autonomy	.1921	.391	.0253	.1982	.467	.0688
Competition	.0703	.521	<u>.0805</u>	.2939	.666	<u>.1400</u>
		Total	27.66%		Total	38.40%
		Redundancy Index =	.13383		Redundancy Index =	.27488
<i>Criterion Variables:</i>	Affective Conflict			Manifest Conflict		
Affmi	.5184	.792	.4075	Manimi	.9949	.863
Affma	1.2864	.955	<u>.5925</u>	Manima	.5443	.686
		Total	100.00%		Total	100.00%
		Redundancy Index =	.27488		Redundancy Index =	.07600
Canonical Coefficient (R) =	.5976			Canonical Coefficient (R) =	.3535	
Canonical Root =	.3570			Canonical Root =	.1250	

TABLE 5.11. Indicators of Association between Canonical Measures of Sources of Conflict and Macro/Micro Levels of Threshold Conflict			
	Canonical Coefficients	Loadings	Relative Squared Loadings
<i>Predictor Variables:</i>			
Sources of Conflict			
Attitudinal Sources			
Clarity	.0428	.058	.0020
Dr NonF	-.1028	.223	.0293
Ph NonF	-.0593	.035	.0007
Expectations	.0083	.295	.0513
Perceptions	.0630	.376	.0834
Communications	-.1753	.066	.0026
		Total	16.93%
Structural Sources			
Goals	-.1353	.303	.0542
Autonomy	1.4989	.966	.5505
Competition	.3212	.619	.2260
		Total	83.07%
		Redundancy Index = .03459	
<i>Criterion Variables:</i>			
Threshold Conflict			
Threshmi	1.2550	.986	.5640
Threshma	.4597	.867	.4360
		Total	100.00%
		Redundancy Index = .15818	
Canonical Coefficient (R) = .4285			
Canonical Root = .1836			

The overall strength of each canonical correlation is measured by the size of the canonical coefficient (R), and the redundancy indices of the two sets of variables (refer to Section 5.5.1.). An examination of the canonical coefficients (R) and redundancy indices in these analyses provide statistical evidence to support Hypotheses 1a, 1c and 1d. However, Hypothesis 1b was rejected as attitudinal sources were shown to be more correlated with structural sources in manifest conflict situations.

Support for the results revealed by canonical correlation analysis in respect of Hypotheses 1a, 1b and 1c, was obtained from observation of the correlation coefficients for all respondents, and the for each of the four respondent groups (see Appendix 3.5).

The results of the canonical correlation analyses in Tables 5.10. and 5.11. revealed relationships that enabled the following additional conclusions to be reached.

1. Attitudinal sources of conflict were the most important in both affective and manifest stages of conflict. This set of conflict sources accounts for over 60% of the relative squared loadings of the predictor variables (61,9% for manifest conflict and 72,3% for affective conflict). However, structural sources of conflict were the most important for threshold conflict, contributing 83.07% of the relative squared loadings.
2. In the manifest conflict situation, the most important sources of conflict as identified by their contribution to the relative squared loadings were perceptual divergence, differences in goals, competition over scarce resources and non-fulfillment of roles by pharmacists.
3. The most important sources of conflict in the affective conflict stage were perceptual divergence, differences in goals and non-fulfillment of roles by pharmacists and doctors.
4. In the threshold conflict state, two sources of conflict dominated the relative squared loadings; these were drive for autonomy and competition over scarce resources.

The type of conflict, the level of intensity and the sources of conflict have important implications for the selection of marketing strategies in general and conflict resolution strategies in particular. Strategies which influence structural features of the dyadic relationship, increase the latent potential for serious conflict response behaviour. If attitudinal sources of conflict prevail, it may be unnecessary to develop major strategic alterations to restructure the dyad. Improving the effectiveness of existing inter- and intra-channel communication links is likely to improve the climate for the resolution of structural differences. In addition, this would contribute to the prevention of conflict intensity levels becoming dysfunctional.

In this particular channel, the overall level of micro conflict was perceived to be relatively mild, although the latent potential for conflict appeared to be high (Hypothesis 8). The results of Hypotheses 1a, 1b and 1c suggest that much of the present conflict could be addressed by strategies designed to improved attitudes and reduce communication noise. Attention to issues affecting attitudes and perceptions about the performance of functions by both members of the dyad and their respective domains offer scope for improved dyad/channel performance.

However, the result of Hypothesis 1d indicates an intense concern with structural issues which, if ignored, provides the potential for serious conflict escalation. Concern about excessive dependency on the doctor and the inter-dyadic competition for scarce resources has been clearly demonstrated.

5.6.2.2. Hypothesis 2: Sources of Conflict compared with Macro/Micro Stages of Affective Conflict

The question which led to this set of hypotheses was whether or not the sources of conflict are more correlated with *macro* or with *micro* measures of affective conflict. The research hypotheses stated:-

- H2a Attitudinal Sources of Conflict are more correlated with perceptions of Affective Conflict at the Macro level than with perceptions of Affective Conflict at the Micro level.**
- H2b Structural Sources of Conflict are more correlated with perceptions of Affective Conflict at the Macro level than with perceptions of Affective Conflict at the Micro level.**
- H2c Perceptions of Affective Conflict at Macro and Micro levels are more correlated with Attitudinal Sources than with Structural Sources.**

Canonical correlation procedures were used to analyse these relationships. Different combinations of the sources and stages of conflict as predictor and criterion variables, were used. The following combinations were analysed:

1. attitudinal and structural sources versus macro affective conflict (percma/feltma);
2. attitudinal and structural sources versus micro affective conflict (percmi/feltmi);
3. attitudinal sources versus micro affective conflict (percmi/feltmi);
4. attitudinal sources versus macro affective conflict (percma/feltma);
5. structural sources versus micro affective conflict (percmi/feltmi);
6. structural sources versus micro affective conflict (percmi/feltmi);
7. attitudinal sources versus affective conflict (affmi/affma);
8. structural sources versus affective conflict (affmi/affma).

The results of the first two analyses are presented in Table 5.12. The results of the remaining analyses are contained in Appendix 3.4.

A comparison of the canonical coefficients (R) and redundancy indices obtained in these analyses provides an empirical basis to confirm all three of the hypotheses in this set. Hypotheses 2a and 2b suggest that both attitudinal and structural sources of conflict are more correlated with macro than micro affective conflict. These results are supported by the earlier confirmation of Hypothesis 5a.

An examination of the correlation coefficients tables (Appendix 3.5.) supports these results for all respondents and for all groups of respondents, with the exception of the leader group.

TABLE 5.12. Indicators of Association between Canonical Measures of Sources of Conflict and Macro/Micro Levels of Affective Conflict								
	Canonical Coefficients	Loadings	Relative Squared Loadings	Canonical Coefficients	Loadings	Relative Squared Loadings		
<i>Predictor Variables:</i>	Sources of Conflict			Sources of Conflict				
Attitudinal Sources								
Clarity	.1124	.386	.0442	.0153	.296	.0272		
Dr NonF	.3491	.676	.1353	.2891	.630	.1228		
Ph NonF	.2970	.677	.1358	.2861	.673	.1402		
Expectations	-.0376	.586	.1001	-.0923	.568	.0998		
Perceptions	.3405	.786	.1829	.4922	.843	.2199		
Communications	.2412	.631	<u>.1179</u>	.2295	.627	<u>.1217</u>		
		Total	71.78%		Total	73.16%		
Structural Sources								
Goals	.2241	.704	.1468	.3320	.726	.1632		
Autonomy	.2072	.397	.0468	.0962	.345	.0368		
Competition	.1276	.547	<u>.0886</u>	-.0062	.470	<u>.0684</u>		
		Total	28.22%		Total	26.84%		
		Redundancy Index =	.12698		Redundancy Index =	.08451		
<i>Criterion Variables:</i>	Macro Affective Conflict			Micro Affective Conflict				
	Percma	.7541	.744	.4000	Percmi	.7946	.893	.5113
	Feltma	.9366	.911	<u>.6000</u>	Feltmi	.6439	.873	<u>.4887</u>
		Total	100.00%		Total	100.00%		
		Redundancy Index =	.23417		Redundancy Index =	.18358		
Canonical Coefficient (R) =	.5818			Canonical Coefficient (R) =			.4851	
Canonical Root =	.3385			Canonical Root =			.2353	

Separate canonical correlation procedures were used to analyse the leader group. The results of these analyses are consistent with the results obtained in the canonical correlation analyses for all respondents. The results of the canonical correlation analyses on the leader group are contained in Table 5.13.

TABLE 5.13. Canonical Correlations between Sources and Macro/Micro perceptions of Affective Conflict for the Leader Group.				
Predictor Variables	Criterion Variables	Canonical Coefficients	Redundancy Indices	
			First Set	Second Set
SOURCES	CONFLICT STAGES			
Structural	Percmi/Feltmi	.3174	.0409	.0755
Structural	Percma/Feltma	.5709	.1495	.2347
Attitudinal	Percmi/Feltmi	.5926	.1184	.0755
Attitudinal	Percma/Feltma	.6364	.1326	.2958
Attitudinal	Affect (Affmi/Affma)	.6791	.1573	.3599
Structural	Affect (Affmi/Affma)	.5610	.1471	.1916

An analysis of the results in Table 5.12. enabled the following conclusions to be reached.

1. Attitudinal sources were the most important in both macro and micro situations of affective conflict. This category of conflict sources accounted for over 70% of the relative squared loadings of the macro/micro predictor variables (71.78% for macro and 73.16% for micro).
2. In both the macro and micro affective conflict situation, the most important sources of conflict were differences in perceptions, goal divergence and non-fulfillment of roles by both pharmacists and doctors.

An examination of the relative squared loadings in the affective conflict component of Table 5.12. provided further evidence to support the hypotheses and the above conclusions.

These results imply that retail pharmacy managers perceive their own dyadic relations to be less affected by either attitudinal or structural sources of conflict than those of their colleagues. In addition, they view attitudinal sources to be a greater problem than structural sources at the affected level of conflict. This seems to indicate that the level of conflict has been overstated through the communication media to which the retail pharmacy managers have access. If it is assumed that doctors are privy to this same information, this suggests that strategies to improve the accuracy and reliability of information concerning dyadic relationships would have a beneficial impact on the channel relationship.

The problem of explaining the overall weighting of the macro dyad may be approached from the point of view that respondents have more knowledge of their micro dyad relations than that of the macro dyads. Their belief structure about the macro situation had been formulated on the basis of media reports and personal communications about the problems facing retail pharmacy. Consequently, they were able to project their personal situation as being more favourable than that of their colleagues.

5.6.2.3. Hypothesis 3: Sources of Conflict compared with Felt/Perceived Stages of Affective Conflict

The question of whether or not there was a difference between measures of *felt* and *perceived* conflict in explaining the relationship between sources of conflict and stages of *affective* conflict prompted this set of hypotheses. The research hypotheses are restated as follows:-

- H3a Attitudinal Sources of Conflict are more correlated with the Perceived Stage of Affective Conflict than with the Felt Stage of Affective Conflict.**
- H3b Structural Sources of Conflict are more correlated with the Perceived Stage of Affective Conflict than with the Felt Stage of Affective Conflict.**
- H3c Felt and Perceived Conflict are more correlated with Attitudinal Sources of Conflict than with Structural Sources of Conflict.**

Canonical correlation procedures were used to analyse the following combinations of sources and stages of conflict as predictor and criterion variables, respectively.

1. attitudinal and structural sources versus felt conflict (feltma/feltmi);
2. attitudinal and structural sources versus perceived conflict (percma/percmi);
3. attitudinal sources of conflict versus felt conflict (feltma/feltmi);
4. attitudinal sources of conflict versus perceived conflict (percma/percmi);
5. structural sources of conflict versus felt conflict (feltma/feltmi);
6. structural sources of conflict versus perceived conflict (perma/percmi);
7. attitudinal sources of conflict versus affective conflict (perceived/felt);
8. structural sources of conflict versus affective conflict (perceived/felt);

The results of the first two analyses are presented in Table 5.14. A summary of the remaining analyses are contained in Appendix 3.4.

An examination of the canonical coefficients (R) and the redundancy indices contained in these analyses provides empirical support for Hypotheses 3b and 3c but reject Hypothesis 3a. Thus, whereas perceived conflict is more correlated with structural sources, felt conflict is more correlated with attitudinal sources. As with Hypotheses 1c and 2c, both felt and perceived stages of affective conflict are more correlated with attitudinal than with structural sources.

A comparison of the relative squared loadings of the predictor variables contained in Table 5.14, provided a basis for the following additional conclusions:-

1. Attitudinal causes were the most important sources of conflict in both felt and perceived conflict situations. In the felt conflict state, attitudinal sources accounted for 72.06% of the relative squared loadings, and 68.68% in the perceived conflict.
2. In the felt conflict state, the most important sources of conflict were perceptual differences, nonfulfillment of roles by pharmacists, goal divergence and communication difficulties.

TABLE 5.14. Indicators of Association between Canonical Measures of Sources of Conflict and Perceived and Felt stages of Affective Conflict

	Canonical Coefficients	Loadings	Relative Squared Loadings	Canonical Coefficients	Loadings	Relative Squared Loadings		
<i>Predictor Variables:</i>								
	Sources of Conflict			Sources of Conflict				
Attitudinal Sources								
Clarity	.0399	.306	.0305	.1328	.387	.0462		
Dr NonF	.1627	.527	.0904	.5308	.795	.1949		
Ph NonF	.3708	.726	.1715	.1617	.548	.0926		
Expectations	-.1453	.530	.0915	.0842	.605	.1128		
Perceptions	.5748	.866	.2441	.0992	.653	.1315		
Communications	.2465	.614	<u>.1226</u>	.1913	.594	<u>.1088</u>		
		Total	72.06%		Total	68.68%		
Structural Sources								
Goals	.1339	.638	.1324	.4332	.757	.1767		
Autonomy	.0129	.306	.0304	.3824	.459	.0649		
Competition	.1314	.516	<u>.0866</u>	-.0056	.482	<u>.0716</u>		
		Total	24.94%		Total	31.32%		
		Redundancy Index =	.11123		Redundancy Index =	.09603		
<i>Criterion Variables:</i>								
	Felt Conflict			Perceived Conflict				
	Feltma	.9714	.946	.6089	Percma	1.0861	.906	.5413
	Feltmi	.4443	.758	<u>.3911</u>	Percmi	.6748	.834	.4587
			Total	100.00%			Total	100.00%
			Redundancy Index =	.23943			Redundancy Index =	.20206
Canonical Coefficient (R) =	.5706			Canonical Coefficient (R) =			.5161	
Canonical Root =	.3255			Canonical Root =			.2663	

3. The most important sources in the perceived conflict situation were nonfulfillment of roles by doctors, in addition to differences in perceptions and goal divergence.

These results support the need to discriminate between the perceived and felt states of conflict since the importance of structural and attitudinal factors has been shown to differ between the two states.

Thus, for example, the tests which supported Hypothesis 8 indicated that the intensity of perceived conflict was greater than felt conflict for both micro and macro stages. However, the results of Hypothesis 2 suggest that the sources of conflict that influence the felt and perceived conflict situations are different. Consequently, assumptions flowing from Hypothesis 8 about the level of conflict should take into consideration the possibility that different weighting has been attached to structural and attitudinal sources of conflict.

These results imply that the level of conflict has reached a stage where the importance of structural differences is not confined to latent conflict situations, (Hypothesis 1d), but has begun to influence perceived conflict situations. It was established that attitudinal sources predominate in perceptions of macro and micro levels of affective conflict (Hypothesis 2c and 3c) and that attitudinal sources are more correlated with perceptions of macro than micro conflict situations (Hypotheses 2a and 2b). It would seem reasonable to conclude that the importance of structural factors as sources of conflict have only begun to emerge in the macro perceived stage of conflict. Some support exists for this in the comparison of respondent group means with the mid-points in Appendix 3.3.

This suggests the need for channel leaders to attend to factors which influence the structural relationships within the dyad before these structural sources of conflict begin to permeate micro perceived conflict, felt conflict and ultimately, manifest conflict.

5.6.2.4. Hypothesis 4: Sources of Conflict compared with Macro/Micro levels of Manifest Conflict

The question that initiated this set of hypotheses was whether or not the attitudinal and structural sources of conflict would correlate differently between perceptions of *macro* and *micro* levels of the manifest stage of conflict. The research hypotheses stated:

H4a Attitudinal Sources of Conflict are more correlated with perceptions of Manifest Conflict at Micro levels than with perceptions of manifest conflict at macro levels.

H4b Structural Sources of Conflict are more correlated with perceptions of Manifest Conflict at Micro levels than with perceptions of manifest conflict at Macro levels.

H4c Perceptions of Manifest Conflict at both Macro and Micro levels are more correlated with structural sources of conflict than with attitudinal sources of conflict.

The following combination of sources and stages of conflict as predictor and criterion variables, respectively, were used in eight separate canonical correlation analyses.

1. attitudinal and structural sources versus macro manifest conflict (outcma/behvma);
2. attitudinal and structural sources versus micro manifest conflict (freqmi/ntnsmi/NBcemi);
3. attitudinal sources versus micro manifest conflict (freqmi/ntnsmi/NBcemi);
4. attitudinal sources versus macro manifest conflict (outcma/behvma);
5. structural sources versus micro manifest conflict (freqmi/ntnsmi/NBcemi);
6. structural sources versus macro manifest conflict (outcma/behvma);
7. attitudinal sources versus manifest conflict (manimi/manima);
8. structural sources versus manifest conflict (manimi/manima).

The results for the first two analyses are presented in Table 5.15. The results of the remainder are summarized in Appendix 3.4.

The results of the canonical correlation analyses provided support for Hypotheses 4a and 4c but rejected Hypothesis 4b. Observation of the correlation coefficients contained in Appendix 3.5. provided support for Hypothesis 4a for all respondents and all four of the respondent groups. There was no conclusive evidence to support or reject either of the other two hypotheses.

The results contained in Table 5.15. revealed relationships that enabled the following additional conclusions to be reached.

TABLE 5.15. Indicators of Association between Canonical Measures of Sources of Conflict and Macro/Micro Levels of Manifest Conflict							
	Canonical Coefficients	Loadings	Relative Squared Loadings	Canonical Coefficients	Loadings	Relative Squared Loadings	
<i>Predictor Variables:</i>	Sources of Conflict			Sources of Conflict			
Attitudinal Sources							
Clarity	.0748	.282	.0286	.1441	.368	.0418	
Dr NonF	.1470	.435	.0682	.1712	.547	.0922	
Ph NonF	.2095	.587	.1242	.3353	.699	.1506	
Expectations	-.2611	.439	.0694	-.0309	.598	.1102	
Perceptions	.5911	.834	.2505	.5223	.870	.2334	
Communications	.0253	.431	<u>.0669</u>	-.0126	.500	<u>.0770</u>	
		Total	60.78%		Total	70.50%	
Structural Sources							
Goals	-.1233	.524	.0989	.2080	.673	.1396	
Autonomy	.2781	.505	.0918	.0691	.380	.0444	
Competition	.5407	.748	<u>.2015</u>	.2151	.597	<u>.1110</u>	
		Total	39.22%		Total	29.50%	
		Redundancy Index =	.03611		Redundancy Index =	.03711	
<i>Criterion Variables:</i>	Macro Manifest Conflict			Micro Manifest Conflict			
Outcma	.9458	.973	.9547	Freqmi	.5020	.839	.3119
Behvma	-.2344	.212	<u>.0453</u>	Ntnsmi	-.1954	.798	.2823
		Total	100.00%	NBcemi	1.1820	.957	<u>.4058</u>
		Redundancy Index =	.05801		Total	100.00%	
					Redundancy Index =	.07754	
Canonical Coefficient (R) =	.3421			Canonical Coefficient (R) =	.3210		
Canonical Root =	.1170			Canonical Root =	.1030		

1. Attitudinal sources of conflict were the most important in both macro and micro perceptions of the manifest stages of conflict. These conflict sources contributed 60.78% of the relative squared loadings of the macro manifest situation and 70.50% of the micro manifest conflict situation.
2. The most important sources of macro manifest conflict were differences in perceptions, competition for scarce resources and nonfulfillment of roles by pharmacists.
3. In the micro manifest conflict state, the most important sources of conflict were differences in perceptions, goal divergence, and nonfulfillment of roles by pharmacists.

Manifest conflict is predominantly concerned with positive rather than normative phenomena. Since perceptions of actual conflict behaviour were being measured, it had been proposed that the sources of conflict would be more correlated with perceptions of micro than with macro levels. This was contrary to the relationship proposed and supported for affective stages of conflict in which sources of conflict correlated more with macro than with micro perceptions of conflict (Hypotheses 2a and 2b). The rejection of Hypothesis 4b suggests that sources of conflict are more correlated with perceptions of macro levels than with micro levels in both affective and manifest conflict situations, except when compared with attitudinal sources of manifest conflict situations.

One of the important aspects of these results is that attitudinal sources of conflict between retail pharmacy managers and doctors are the major factors contributing to both macro and micro manifest conflict perceptions. (This was established in Hypothesis 1c for manifest conflict as a whole but not specifically for macro or micro perceptions.) With the exception of threshold conflict, attitudinal sources prevail in all conflict states at both macro and micro levels. There appears to be scope to improve channel relations through strategies designed to improve attitudes and reduce communication noise that adversely influences attitude formation.

5.6.3. The Major Sources of Conflict

The main objective of this project was to determine whether or not a particular source of conflict may act as a predictor of a specific type or stage of conflict. Linked to this was the ancillary question whether or not different sources were associated with different stages of the conflict process, macro or micro perceptions of these stages, and different respondent groups. The sources of conflict, the antecedent conditions to which an effect or outcome can be attributed, are associated with a set of circumstances, both attitudinal and structural, which throughout this project have been referred to as the *sources* of conflict (refer Section 2.3.6.1).

Conflict Sources	Perceptions of Stages of Conflict																										
	Manifest			Affect			Threshold			Perceived			Felt			Affmi			Affma			Manimi			Manima		
	R	L	A	R	L	A	R	L	A	R	L	A	R	L	A	R	L	A	R	L	A	R	L	A	R	L	A
Attitudinal																											
Clarity						2																			1	2	
Dr NonF										1	1						2			2					2		
Ph NonF															2	2	2		2								
Expectations																											
Perceptions	1	2	2		1	1	1		1					1	1	1		1	1	1	1	1	1	1	1	2	
Comms											1									2							
Structural																											
Goals	2		1		2					2	2						2		2		2			2		2	
Autonomy		1				2			1	1		2							1								
Competition								2	2	2															1	1	1

Table 5.16. has been compiled from the percentage contributions to the relative squared loadings of the canonical correlation analyses in Tables 5.10., 5.11., 5.12., 5.14. and 5.15. It reflects the two most important sources of conflict for *all* respondents identified in each conflict state analysed. The rankings of the two most important sources are the same as those obtained from the correlation coefficients for all respondents in Appendix 3.5.

In addition, the table identifies the two most important sources of conflict as ranked by the *leader* group and the *affected* group. These were compiled by applying canonical correlation procedures to analyse the same variables for the Affected and Leader groups as had been used for all respondents.

From the results contained in the table, and the results reported during the discussions on the Hypotheses 1 to 4, several important conclusions can be summarized.

1. Attitudinal sources of conflict were the most important in affective and manifest stages of conflict whilst structural sources were the most important in threshold conflict situations for all respondents.
2. The most important sources of conflict in affective and manifest conflict situations for all respondents were first, perceptual divergence and second, differences in goals. The third most important sources were shared between competition for scarce resources, and nonfulfillment of roles by pharmacists and doctors.
3. In the threshold conflict stage, the most important sources for all respondents were the drive for autonomy and competition for scarce resources respectively. This is a substantially different ranking from the affective and manifest stages.

4. The ranking of importance by the leader group revealed three interesting features. First, this group was the only group to give any prominence to communication difficulties as an important source of conflict. Second, although all respondents rated goal differences as the second most important source of conflict, in none of the stages of conflict did the leader group consider goal differences to be a major source of conflict. Third, the leader group more frequently ranked attitudinal sources as important than did all respondents. This may suggest that the leader group identifies attitudinal rather than structural problems as being the most serious and is particularly sensitive to communication problems between dyad partners.

5. The ranking of importance of the sources of conflict by the affected group revealed one feature of note, namely, the emphasis on attitudinal sources in the micro manifest conflict situation. Greater emphasis on structural sources of conflict may have been expected.

6. Although competition for scarce resources did emerge as an important source of conflict, it did not dominate the perceptions of the respondents, particularly the affected group who, by definition, may have been expected to be preoccupied with this source. The concern expressed about goal differences particularly in the threshold stage, and the lack of autonomy from the doctor appeared to be the main sources of structural differences amongst the respondents. This suggests that the retail pharmacy managers are not as concerned about the financial threats as the desire to be more economically independent from the doctor. This may explain the increasing emphasis on non-prescription items or "front-shop" trade.

7. The prominence of goal differences as a source of conflict emphasizes the pharmacists' concern to be allowed to practice the professional functions for which he/she has been trained.

8. The objective of identifying a causal relationship between sources of conflict and different stages of conflict was achieved over all the different stages. Reservations concerning the direction of causality acts as an inhibiting factor in speculating extensively. The statement by Etgar (1979) that structural sources of conflict are more correlated with manifest conflict than with affective conflict was not verified. This project explored a variety of different measures of the stages of conflict and partitioned these into macro and micro levels. In only one of these stages, the threshold stage, did the relationship observed by Etgar (1979) occurred.

In conclusion, measures of the state of conflict in the retail pharmacy manager/doctor dyad indicated that it was relatively free of dysfunctional conflict and a considerable degree of harmony and satisfaction existed between dyad partners. Attitudinal differences were found to be the most significant sources of conflict and this provides channel leaders with an extensive option to improve channel relations through strategies to change attitudes. Structural differences do exist and require attention to ensure that conflict does not escalate to a disruptive level on a wide scale.

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Chapter 6

CONCLUSIONS AND IMPLICATIONS OF THE RESEARCH PROJECT

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Chapter 6

CONCLUSIONS AND IMPLICATIONS OF THE RESEARCH PROJECT

6.1. Introduction to the Final Conclusions

The primary objective of this research project was to explore the nature of the relationships between a comprehensive list of sources of conflict and the covert and overt states of conflict within a marketing channel dyad. In order to test the relationships, a conflict process model was developed based on three covert and one overt stage in the conflict process, namely threshold, perceived, felt and manifest conflict. Macro and micro levels of perceptions of the channel dyad relationship were examined. Finally, the perceptions of two respondent groups, the leader and affected groups were used to analyse the relationship between sources and stages of conflict. The results have been analysed and discussed in the preceding chapter. It is now possible to draw final conclusions.

6.2. The Secondary Hypotheses

In an attempt to describe and classify the phenomena to be studied, a comprehensive partitioning of the conflict process, the sources of conflict, the respondents, and their perceptions was formulated. It was proposed that the classification model used would contribute to the explanation and understanding of the questions that had prompted the major research hypotheses. The results of tests indicated that there were statistically significant differences between the dichotomous variables.

6.2.1. Macro/Micro perceptions

Not only were the perceptions of micro conflict different from macro conflict, but perceptions of micro conflict were less intense than perceptions of macro conflict for all groups. This situation held for perceived, felt and manifest conflict for all respondent groups. The exception was threshold conflict for which no statistically significant differences were indicated for any of the respondent groups. It was concluded that the macro/micro measures represented important analytical dimensions for investigating marketing channel conflict.

6.2.2. Leader/Non-Leader Groups

The results indicated that the leader group had different perceptions from the non-leader group of the stages of conflict but not the sources of conflict. In view of the role of the leader group in influencing channel strategy, and the existence of these perceptual differences, it was concluded that this classification of respondents was useful for analytical purposes.

6.2.3. Affected/Non-Affected Groups

Differences in perceptions of both sources and stages of conflict were established between the affected and non-affected groups. The affected group was considered to be an important feature of marketing channel conflict since their opinions about defensive and/or offensive strategies would probably attract the most attention from channel decision makers. It was concluded that identifying the extent to which their perceptions differed from the non-affected group would contribute to the understanding of the relationship between sources and stages of conflict.

6.2.4. The States and Stages of Conflict

Statistically significant differences were established between threshold, perceived, felt and manifest states of conflict. Furthermore, evidence suggested that these behavioural states revealed a hierarchical ranking in the conflict process. This has important implications for the identification of the intensity of channel conflict. For example, using a threshold conflict measure would indicate considerable dissatisfaction whereas a manifest conflict measure or a felt conflict measure may reveal a relatively conflict-free channel relationship. It was concluded that the use of the four conflict process measures supported by perceptions of macro and micro channel dyad relations provided a useful dimension for the analysis of channel conflict intensity.

6.3. The Major Hypotheses

6.3.1. Stages of Conflict versus Attitudinal and Structural Sources

It was established that attitudinal sources of conflict were more important than structural sources of conflict in the majority of the behavioural states analysed. However, threshold conflict and perceived conflict (the latter in comparison with felt conflict), were more correlated with structural than with attitudinal sources. This illustrates the usefulness of the process approach to the analysis of conflict.

6.3.2. Macro and Micro levels of Conflict versus Attitudinal and Structural Sources

An analysis of the relationship between sources of conflict and the stages of conflict revealed that sources of conflict were more correlated with macro perceptions than with micro perceptions of the conflict states. However, micro perceptions were more important when comparing attitudinal sources of conflict with combinations of macro and micro perceptions of manifest conflict. This indication of heightened awareness of personal concern provides another useful indicator for channel leaders.

6.4. Major Sources of Conflict

The complexity of identifying the causes of conflict in a conflict situation was illustrated in this investigation. The importance of a particular source was found to differ depending upon the stage of conflict and the respondent group. The classification between attitudinal and structural sources provided a worthwhile dichotomy, and in this channel, the predominance of attitudinal sources affords channel leaders with guidelines into the most appropriate conflict resolution strategies. The more detailed classification of sources of conflict within the attitudinal and structural categories offers a clearer understanding of the issues which are perceived to disturb channel relationships.

6.5. Three Dichotomies Paradigm

The macro/micro dichotomy specified in this paradigm provided a useful framework for investigating marketing channel conflict states. The positive/normative dichotomy was appropriate to the process model of conflict in which a distinction was made between the normative considerations of threshold conflict, the positive and normative factors in felt and perceived conflict, and the assessment of actual occurrences (positive) in manifest conflict. The profit/non-profit dichotomy in marketing channel conflict addresses the question of the extent to which the channel may be regarded as a single unit with profit motives. Whilst this aspect is important, the political economy paradigm was considered to offer a more appropriate framework with which to address this and related issues.

6.6. Political Economy Paradigm

The emphasis on the dyad as the unit of analysis, and the influence of both political and economic factors, internal and external to the dyad overcame conceptual difficulties regarding the definition of the marketing channel and marketing channel conflict. In particular, it helped resolve the problem of whether or not competition should be included in the analysis of conflict.

6.7. Conflict Process Model

The three dichotomies paradigm and the political economy paradigm formed the basis for defining marketing channels, marketing channel conflict and the development of a model depicting key aspects of the conflict process in marketing channels. The results obtained in this research project provide support for the discriminant validity of the variables specified and their importance in relation to the analysis of marketing channel conflict. Some support was also provided for the hierarchical sequence of the selected behavioural states.

6.8. Implications of the Research

6.8.1. Intensity of Conflict

One of the most interesting results obtained in this research project was the fact that the relationship between retail pharmacy managers and doctors was relatively conflict free as measured by feelings, perceptions and manifest conflict. These measures indicated relative harmony, satisfaction and infrequent conflict behaviour. In addition, perceptions of macro levels of conflict intensity were generally greater than perceptions of micro levels.

Three implications flow from these perceptions. There appears to be a depth of goodwill and understanding at micro dyad levels on which to base conflict resolution strategies. Second, the perspective being presented to retail pharmacy managers about their colleagues is overstated and may in itself contribute to the intensity of conflict. Third, the low level of manifest conflict measured may result from unwieldy or ineffective procedures through which to address grievances. This implies that the manifest measure of conflict is suspect as a measure of conflict intensity, and the results should be interpreted together with other measurements of the conflict relationship. The difficulties of measuring manifest conflict were discussed in Section 4.5.4.5. of Chapter 4.

6.8.2. Attitudinal Sources of Conflict

The sources of conflict were primarily attitudinal when analysed in the felt, perceived and manifest conflict states. This suggests that there is much to be gained by reviewing every aspect of the communication system that influences attitude formation between retail pharmacy managers and doctors. This would include consideration of new prescribing methods, revised policies and improved technology for two-way communication between pharmacists and doctors and proactive strategies by pharmacists to improve information-flow at micro levels. Macro strategies which influence attitude formation should be designed to promote rather than antagonize dyadic relationships.

There are few alternatives, other than retail pharmacy, for pharmacists seeking a professional career which involves self employment. Efforts to preserve and develop this channel dyad relationship seem warranted, particularly from a long term point of view. Consequently, efforts to improve pharmacist/doctor communications and attitudes from the commencement of training appear to be justified.

6.8.3. Structural Sources of Conflict

Structural sources of conflict were more important than attitudinal sources when the latent or threshold state of conflict was considered. This indicated that fundamental norms and values of retail pharmacy managers were being offended and that they would support major structural changes given the opportunity to do so. This suggested that there was a need for channel decision-makers to give careful consideration to the laws, policies and procedures that govern the channel dyad structure. This is not an unexpected result since the numerous commissions and boards of inquiry, both in South Africa and overseas have been attempting to resolve this problem for decades (refer Chapter 3).

What is important, however, is that structural sources were not considered to be as important as expected, and neither the leader group nor the affected group of retail pharmacy managers were excessively concerned with structural problems. It is also interesting that the concern for preserving the authority to practice the profession of pharmacy was considered to be more important than competition for scarce resources, even by the affected group. This feature may assist channel leaders attempting to resolve the problem of the dispensing/trading doctor.

6.9. Directions for Further Research

This research project was inspired by the conflict process model of Pondy (1967), the comprehensive classification of sources of marketing channel conflict by Etgar (1979) and the attempt by Etgar (1979) to establish a relationship between the sources and stages of conflict in marketing channels. A detailed model was developed and tested in this research project.

Several research issues merit further study. First, the model needs to be tested in channels with contrasting political/economic environments to allow clearer comparisons of conflict related variables.

Second, a comparison of the perceptions of *both* members of the channel dyad may provide a clearer picture of attitudinal and structural differences and a more precise basis for developing conflict resolution strategies.

Third, developing a measure of channel member performance which could be linked to perceptions of the stages of conflict would provide a basis for identifying when conflict had reached dysfunctional levels. In addition, it would contribute to the understanding of the relationship between the stages of conflict.

A key feature of marketing channel behaviour is the concept of power. Definitions of power are concerned with perceptions of interdependence, independence, authority, and power bases, all of which are closely associated with the structural and attitudinal features described in this research project. A fourth area for investigation is to explore the relationship between the sources of power and stages in the conflict process model.

Finally, threshold conflict was operationalised in a manner that could be regarded as a measure of the desire for countervailing power by the aggrieved party. An interesting study would be to identify the relationship between the different sources of conflict, the perceived power of the opposing dyad member and a more fully developed measure of countervailing power.

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APPENDIX 1: Questionnaire used in the Mail Survey

AN INVESTIGATION INTO THE CAUSES AND TYPES OF CONFLICT



BETWEEN RETAIL PHARMACY MANAGERS
AND MEDICAL DOCTORS IN SOUTH AFRICA



QUESTIONNAIRE

(for completion by the Pharmacy Manager)

1. Your response to this questionnaire will be kept strictly confidential.
Neither you nor your pharmacy will be identified. Only the aggregate results of the survey will be published.
2. The questionnaire is divided into three sections. Please attempt to answer all questions asked after carefully reading the introductory remarks to each section.
3. On completion of the questionnaire, please return it to the Department of Business Administration, Rhodes University, Grahamstown. A pre-paid, addressed envelope has been provided for this purpose.
4. If at all possible, the complete return should be despatched before Monday, 20 July, 1987.
5. Should you wish to provide additional written comments on any of the issues involved, these will be most welcome.

Your contribution to the success of this investigation will be sincerely appreciated.

Willy Futter

W. T. Futter

School of Pharmaceutical Sciences
RHODES UNIVERSITY

P.O. Box 94, Grahamstown, 6140 South Africa
Telephone (0461) 2-7213/2-2023 Ext. 190/191

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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SECTION 1

Please provide the following information about yourself and the pharmacy that you manage. Place a cross (X) in the space provided to indicate your answer.

1.1 Personal particulars

1.1.1 Sex	<input type="checkbox"/> Male 1	<input type="checkbox"/> Female 2	1.1.2 Home language	<input type="checkbox"/> English 1	<input type="checkbox"/> Afrikaans 2	<input type="checkbox"/> Other 3
1.1.3 How long have you been registered as a pharmacist?						
<input type="checkbox"/> 5 years or less						
<input type="checkbox"/> between 6 and 20 years						
<input type="checkbox"/> more than 20 years						
1.1.4 As the manager of this pharmacy, to what extent are you responsible for the financial success of the business?						
<input type="checkbox"/> entirely responsible						
<input type="checkbox"/> largely responsible						
<input type="checkbox"/> nominally responsible						
<input type="checkbox"/> not responsible						
1.1.5 What is the extent of your financial interest in this pharmacy?						
<input type="checkbox"/> sole owner						
<input type="checkbox"/> greater than 10% participation in profits and losses						
<input type="checkbox"/> 10% or less participation						
<input type="checkbox"/> nil						
1.1.6 Do you have a financial interest in more than one pharmacy?						
<input type="checkbox"/> Yes						
<input type="checkbox"/> No						
1.1.7 Have you at any stage of your career, served on a <u>national</u> committee representing pharmacists?						
<input type="checkbox"/> Yes						
<input type="checkbox"/> No						
1.1.8 Have you in the previous two years served on the <u>regional</u> or <u>local</u> committees of either of the following bodies?						
<input type="checkbox"/> Pharmaceutical Society of South Africa (PSSA), and/or S.A. Association of Retail Pharmacists (SAARP)						
<input type="checkbox"/> neither						

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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1.2 Business Particulars

1.2.1 Describe the type of pharmacy you manage.

- 1 retail pharmacy
 2 private hospital dispensary

1.2.2 Please indicate where your pharmacy is situated.

- | | | |
|---|--|---|
| <input type="checkbox"/> 1 East Rand | <input type="checkbox"/> 5 Rest of Transvaal | <input type="checkbox"/> 9 Durban |
| <input type="checkbox"/> 2 West Rand | <input type="checkbox"/> 6 Cape Town | <input type="checkbox"/> 10 Rest of Natal |
| <input type="checkbox"/> 3 Johannesburg | <input type="checkbox"/> 7 Port Elizabeth | <input type="checkbox"/> 11 O.F.S. |
| <input type="checkbox"/> 4 Pretoria | <input type="checkbox"/> 8 Rest of Cape Province | <input type="checkbox"/> 12 S.W.A. & T.B.V.C. countries |

1.2.3. Describe the location of your pharmacy.

- Environment? 1 town or city environment
 2 "platteland" or rural environment
- Situation? 1 town or city centre (C.B.D.)
 2 suburban shopping centre
 3 other

1.2.4. Has there been an increase in the dispensing activities of doctors in your area over the past two years?

- 1 No 2 Yes 3 Don't know

1.2.5 How severely has your business been affected by the dispensing activities of these doctors?

- 1 No adverse impact
 2 Slightly adverse effect
 3 Significant effect
 4 Crippling impact

1.2.6 Please provide some indication of this pharmacy's trading activities during 1986 and your estimates for 1987. Select + or - to indicate the direction of change (eg. a 15% increase is shown as 15%)

	1986	1987 Forecast
No. of items dispensed	<input type="checkbox"/> 1 + <input type="checkbox"/> % <input type="checkbox"/> 2 - <input type="checkbox"/> %	<input type="checkbox"/> 1 + <input type="checkbox"/> % <input type="checkbox"/> 2 - <input type="checkbox"/> %
Dispensary sales	<input type="checkbox"/> 3 + <input type="checkbox"/> % <input type="checkbox"/> 4 - <input type="checkbox"/> %	<input type="checkbox"/> 3 + <input type="checkbox"/> % <input type="checkbox"/> 4 - <input type="checkbox"/> %
Total sales	<input type="checkbox"/> 5 + <input type="checkbox"/> % <input type="checkbox"/> 6 - <input type="checkbox"/> %	<input type="checkbox"/> 5 + <input type="checkbox"/> % <input type="checkbox"/> 6 - <input type="checkbox"/> %
*Net Profit/Loss	<input type="checkbox"/> 7 + <input type="checkbox"/> % <input type="checkbox"/> 9 / 10 <input type="checkbox"/> %	<input type="checkbox"/> 7 + <input type="checkbox"/> % <input type="checkbox"/> 8 - <input type="checkbox"/> %

*delete inapplicable

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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SECTION 2

This section contains statements about the relationships between pharmacists and doctors. Please read each statement carefully and consider the extent to which you would agree or disagree with the statement.

Then circle the number that best reflects your sentiment using the following code:

- 1 = Completely Disagree
- 2 = Mostly Disagree
- 3 = Slightly Disagree
- 4 = Slightly Agree
- 5 = Mostly Agree
- 6 = Completely Agree

Eg.: Pharmacists perform a valuable role in the provision of community health care. 1 2 3 4 5 ⑥

Most pharmacists would select 6 (completely agree) as the number that best reflects their response to this statement.

	Completely Disagree	Mostly Disagree	Slightly Disagree	Slightly Agree	Mostly Agree	Completely Agree
1. In the provision of community health care, the duties of the pharmacist and the doctor are clearly defined; only rarely is it not known who should perform a specific function.	1	2	3	4	5	6
2. Pharmacists and doctors generally accept that the doctor is primarily responsible for checking patient records to prevent drug interactions.	1	2	3	4	5	6
3. There is general acceptance that the pharmacist is responsible for monitoring patient compliance.	1	2	3	4	5	6
4. There is no consensus between the doctor and the pharmacist as to who is responsible for informing patients about drug administration and side effects.	1	2	3	4	5	6
5. For diagnosis, doctors thoroughly examine the physical and emotional symptoms of the patient, together with patient's medical history.	1	2	3	4	5	6

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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	<i>Completely Disagree</i>	<i>Mostly Disagree</i>	<i>Slightly Disagree</i>	<i>Slightly Agree</i>	<i>Mostly Agree</i>	<i>Completely Agree</i>
6. Doctors are usually very careful in prescribing the most suitable drug to meet both the therapeutic and financial needs of their patients.	1	2	3	4	5	6
7. Doctors do not pay enough attention to the therapeutic monitoring and drug compliance of their patients.	1	2	3	4	5	6
8. Doctors do not usually counsel patients on drug regimens, toxicity and side effects.	1	2	3	4	5	6
9. Doctors carefully observe the legal and professional requirements covering the dispensing of medicine.	1	2	3	4	5	6
10. Doctors frequently complain that pharmacists do not maintain well-stocked dispensaries.	1	2	3	4	5	6
11. Doctors strongly appreciate the role of the pharmacist in providing a check on the accuracy of their prescriptions.	1	2	3	4	5	6
12. Doctors in general respect the pharmacist's knowledge on drugs and drug interactions.	1	2	3	4	5	6
13. Most doctors are satisfied with the extent to which pharmacists counsel patients on drug administration, precautions and side effects.	1	2	3	4	5	6
14. Doctors are generally very satisfied with the quality of the professional services provided by pharmacists to them and their patients.	1	2	3	4	5	6
15. Doctors and pharmacists have very different opinions about the role that the pharmacist will play in the health care delivery system of the future.	1	2	3	4	5	6
16. Pharmacists and doctors often have different opinions on the role of drugs as a means of solving health care problems.	1	2	3	4	5	6
17. Doctors usually expect their prescribed drug treatments to perform better than they actually do.	1	2	3	4	5	6

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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	Completely Disagree	Mostly Disagree	Slightly Disagree	Slightly Agree	Mostly Agree	Completely Agree
18. Doctors seldom expect the pharmacist to play a meaningful role in contributing to the successful outcome of a prescribed drug therapy.	1	2	3	4	5	6
19. Doctors make unrealistic assumptions about the extent to which their patients will comply with a drug therapy.	1	2	3	4	5	6
20. Most doctors do not regard pharmacists as fellow health care professionals.	1	2	3	4	5	6
21. Pharmacists are often more knowledgeable about drugs than doctors expect.	1	2	3	4	5	6
22. Pharmacists and doctors often view each other as professional rivals where one can gain only at the expense of the other.	1	2	3	4	5	6
23. Pharmacists and doctors often have different opinions on the role of drugs as a means of resolving health care problems.	1	2	3	4	5	6
24. Doctors rarely give pharmacists credit for being anything more than "pill counters".	1	2	3	4	5	6
25. Doctors believe that they have an inalienable right to dispense.	1	2	3	4	5	6
26. Doctors seldom bother to inform pharmacists when they decide to change their prescribing habits.	1	2	3	4	5	6
27. Despite the increased risk of dispensing errors, most doctors make no effort to ensure that their prescriptions are legible.	1	2	3	4	5	6
28. Doctors usually encourage telephone calls from pharmacists to clarify prescription irregularities and inconsistencies.	1	2	3	4	5	6
29. Most doctors will, on request, readily supply confidential clinical information to pharmacists.	1	2	3	4	5	6

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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	Completely Disagree	Mostly Disagree	Slightly Disagree	Slightly Agree	Mostly Agree	Completely Agree
30. Pharmacists seldom communicate with doctors to provide feedback on patient compliance, regimen efficacy, alternate drug therapy, drug interactions, side effects, over consumption and abuse.	1	2	3	4	5	6
31. Sales representatives provide doctors and pharmacists with equal information regarding new drugs (efficacy, mechanism, availability, price etc.).	1	2	3	4	5	6
32. Most doctors prescribe branded medicine without considering the patient's ability to pay.	1	2	3	4	5	6
33. Doctors have a traditional, inalienable right to dispense medicine.	1	2	3	4	5	6
34. Most doctors accept that pharmacists have a traditional right to substitute a cheaper generic equivalent in place of the branded drug prescribed by the doctor.	1	2	3	4	5	6
35. Doctors generally accept that pharmacists should be allowed to prescribe schedule 3 and 4 medicine.	1	2	3	4	5	6
36. Doctors frequently prescribe drugs that are not appropriate for their patients.	1	2	3	4	5	6
37. Most doctors believe that pharmacists pay far too much attention to their front shop to be regarded as true health professionals.	1	2	3	4	5	6
38. Doctors seldom spend enough time with their patients to identify real causes of illness; the consequential treatment of symptoms results in large scale overprescribing.	1	2	3	4	5	6
39. Most doctors are opposed to pharmacists diagnosing and treating minor ailments.	1	2	3	4	5	6
40. Few pharmacists have any say over the brands and range of drugs they carry; these are determined by the prescribing whims of the doctors.	1	2	3	4	5	6

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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	Completely Disagree	Mostly Disagree	Slightly Disagree	Slightly Agree	Mostly Agree	Completely Agree
41. Pharmacists are forced to involve themselves with sales of non-medicinal products to decrease their dependence on the prescribing whims of doctors.	1	2	3	4	5	6
42. Pharmacists are constrained by ethical rules from encroaching on the domain of doctors, but doctors seem to be free of these constraints.	1	2	3	4	5	6
43. Notwithstanding the objections of doctors, pharmacists should be given greater scope to use their expertise in the diagnosis and treatment of disease states.	1	2	3	4	5	6
44. Dispensing doctors should not be allowed to dispense without being checked to ensure that they observe the appropriate statutory and ethical rules.	1	2	3	4	5	6
45. Vigorous campaigns such as the Pharmacy Professional Awareness Campaign should be pursued to counter the impact of the trading doctor.	1	2	3	4	5	6
46. Pharmacists should be allowed to conduct pregnancy tests, blood pressure tests and other diagnostic tests for which they have received the appropriate instruction.	1	2	3	4	5	6
47. Doctors oppose any legislative changes that would grant pharmacists increased recognition as health care professionals.	1	2	3	4	5	6
48. Doctors are concerned that their authority over patients and other health care professionals would be reduced if pharmacists were allowed to prescribe schedule 3 and 4 medicines.	1	2	3	4	5	6
49. Rescheduling of certain schedule 3 and 4 substances (e.g. oral contraceptives) is vigorously opposed by doctors mainly because they are concerned about their potential loss of customers.	1	2	3	4	5	6
50. The trading activities of dispensing doctors, although harmful to some pharmacies, are not a major competitive threat to pharmacy as a whole.	1	2	3	4	5	6
51. The introduction of generic substitution is regarded by doctors as a challenge to their status as the key decision makers in the health care process.	1	2	3	4	5	6

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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SECTION 3

This section investigates two separate features. Firstly your views of the relationships between all retail pharmacists and doctors and secondly, your relationship with the doctors involved in your practice.

Where numbers are provided, please indicate your choice of answer by circling the appropriate number.

3.1 Firstly, consider the general attitudes of the retail pharmacists in South Africa.

3.1.1 To what extent do you believe that retail pharmacists are generally satisfied with the performance of doctors in each of the following categories:-

	Perfectly Satisfied	Mostly Satisfied	Neither Satisfied nor Dissatisfied	Mostly Dissatisfied	Extremely Dissatisfied
diagnostic practices	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
prescribing habits	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
dispensing standards	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
patient monitoring	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>

3.1.2 How do you perceive the relationship between retail pharmacists and doctors?

most friendly	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	most unfriendly
extremely cooperative	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	most uncooperative
high degree of professional respect	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	complete lack of professional respect
very harmonious	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	full of conflict

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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Consider the general relationships between pharmacists and doctors over the past two years, specifically any disputes that occurred.

3.1.3 How many of these disputes have resulted in a serious fall in the dispensary turnover of the pharmacy concerned?

none	hardly any	quite a few	many	a large number
------	------------	-------------	------	----------------

1 2 3 4 5

3.1.4 As far as you are aware, how often did pharmacists take one or more of the following actions in response to the disputes.

none	seldom	occasionally	often
------	--------	--------------	-------

a) submit a formal complaint to the PSSA or SAARP

1 2 3 4

b) take legal action against the doctor

1 2 3 4

Carefully consider the possibility of changes taking place in the relationships that are being considered.

3.1.5 Given the opportunity to do so, to what extent do you believe that retail pharmacists would actually support legislation that would:

Strongly Support	Support	Do not feel strongly	Oppose	Strongly Oppose
------------------	---------	----------------------	--------	-----------------

permit generic substitution

1 2 3 4 5

allow pharmacists to prescribe schedule 3 and 4 medicine

1 2 3 4 5

permit diagnosing by pharmacists

1 2 3 4 5

eliminate dispensing for profit by doctors

1 2 3 4 5

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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3.2 Secondly, consider the professional relationships that exist between you and local doctors with whom you have dealings on a regular basis.

3.2.1 To what extent are you personally satisfied with the professional practices of these doctors in each of the following categories?

	Perfectly Satisfied	Mostly Satisfied	Neither Satisfied nor Dissatisfied	Mostly Dissatisfied	Extremely Dissatisfied
diagnostic practices	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
prescribing habits	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
*dispensing standards	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
patient monitoring	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>

* if these doctors do not dispense, please insert "X" in this space

3.2.2 How would you describe your relationship with these doctors?

most friendly	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	most unfriendly
extremely cooperative	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	most uncooperative
high degree of professional respect	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	complete lack of professional respect
very harmonious	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	full of conflict

3.2.3. Consider those occasions where you (or your dispensing staff) became involved in verbal exchanges or more serious conflict behaviour with doctors (eg. exchange of letters, legal action etc.).

Please examine the following list and indicate the frequency of this type of dispute. If the disagreements did not result in an exchange of words or more serious behaviour, circle ① in the scale provided.

	no disputes	very seldom	more than a few occasions	fairly often	often	extremely frequently
legibility of prescriptions	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
readiness to accept advice on prescribing errors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
changes in prescribing patterns	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
over-prescribing	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
generic substitution	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
dispensing /trading activities of doctors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>

APPENDIX 1: Questionnaire used in the Mail Survey (continued)

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3.2.4. Where verbal disputes or more serious reactions have occurred, indicate their importance.

	no disputes	not serious	fairly important	important	considerable importance	extremely serious
legibility of prescriptions	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
readiness to accept advice on prescribing errors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
changes in prescribing patterns	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
over-prescribing	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
generic substitution	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
dispensing /trading activities of doctors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>

3.2.5. Where verbal disputes or more serious reactions have occurred, indicate the intensity of these disagreements.

	no disputes	very mild exchange	fairly heated exchange	heated exchange	extreme agitation	intense conflict
legibility of prescriptions	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
readiness to accept advice on prescribing errors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
changes in prescribing patterns	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
over-prescribing	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
generic substitution	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
dispensing /trading activities of doctors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>

3.2.6 Given the opportunity to do so, to what extent would you personally support legislation that would:-

	Strongly Support	Support	Do not feel strongly	Oppose	Strongly Oppose
permit generic substitution	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
allow pharmacists to prescribe schedule 3 and 4 medicine	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
permit diagnosing by pharmacists	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
eliminate dispensing for profit by doctors	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>

APPENDIX 2: Supporting Documentation

APPENDIX 2.1. Letter Accompanying the Questionnaire



School of Pharmaceutical Sciences

RHODES UNIVERSITY

P.O. Box 94, Grahamstown, 6140 South Africa

Telegrams 'Rhodescol' Telex 24-4211 Telephone (0461) 2-7213/2-2023 Ext. 190/191

3 July 1987

Dear Pharmacy Manager

I am reading for a Master of Commerce Degree under the supervision of Professor Staude, head of the Department of Business Administration at Rhodes University.

In partial fulfilment of the degree requirements, I am undertaking a national survey. I would be extremely grateful if you would participate in this project by taking the trouble to complete the attached questionnaire.

I am investigating, in a South African context, the causes and types of conflict between Retail Pharmacy Managers on one hand and Medical Doctors on the other.

Politicians and health-care administrators are applying increasing pressure on retail pharmacy to change in order to survive. Recent experiences, however, have shown that without a clear understanding of the doctor/pharmacist relationship, innovative strategies may in fact be counter-productive (e.g. the introduction of generic substitution).

I believe that the results of this project will provide guidance in the selection and effective implementation of appropriate strategies for those bodies concerned with the future of retail pharmacy.

It has been alleged by some pharmacists that the decisions taken by the leaders of pharmacy are not representative of the sentiments of pharmacists in general. May I urge you therefore, to complete this questionnaire in order to provide evidence of the overall opinion of the profession by practising pharmacists.

This survey is being conducted with the support and co-operation of the Pharmaceutical Society of South Africa, for which I am extremely grateful.

Yours sincerely

W.T. Futter

W.T. Futter

1 FCT11050

APPENDIX 2.2. First Reminder Postcard

10 July 1987

Dear Pharmacy Manager

PLEASE WILL YOU HELP ME?

Last week I wrote to you asking if you would take part in a national survey concerning conflict between retail pharmacy managers and medical doctors. I asked if you would please post your completed questionnaire to me by Monday 20 July, if possible.

I am particularly keen to establish whether the views of pharmacy leaders differ significantly from those of pharmacists not directly involved in making strategic decisions on behalf of the profession. In order to do this, I need your completed questionnaire. Could I trouble you to send it to me at your earliest convenience?

Cost?.....a small donation of your time.

I sincerely believe that the results of this survey will provide important guidelines for the future development of the profession.

Thank you for your interest.

Billy Futter

W T Futter

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APPENDIX 2.3. Second Reminder Postcard

17 July 1987

Dear Pharmacy Manager

NATIONAL SURVEY

A few weeks ago you were invited to participate in a country-wide survey of all retail pharmacy outlets. This major investigation into the conflict situation between retail pharmacists and doctors is being undertaken with the support of the PSSA.

The deadline for the despatch of your completed questionnaire was set at Monday 20 July. Since many pharmacists have been affected by the school holidays, this deadline has been extended by a few days. If you are concerned about the future of retail pharmacy, please complete and return the questionnaire at your earliest convenience.

You may feel that surveys are a waste of time or that you are too busy. In this event could you please return your partially completed or uncompleted questionnaire in the envelope provided. If you have already sent off your questionnaire, please accept my sincere thanks. I hope to publish the results as soon as possible.

Yours sincerely

Billy Futter

W T Futter

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APPENDIX 3.1. Comparison of Group Perceptions of Sources and Stages of Conflict using Hotelling T Square					
Conflict Measures	Comparison of Mean Vectors using Hotelling T Square				
	AFFECTED/NON-AFFECTED GROUP		LEADER/NON-LEADER GROUP		
	Hotelling T Square	p-value	Hotelling T Square	p-value	
Stages					:
Threshold	0.8069	.6688	8.0498	.0183	:
Affective	142.6217	.0000	12.6256	.0140	:
Manifest	78.1569	.0000	29.5572	.0000	:
All Stages	152.5995	.0000	40.3110	.0000	:
Sources					:
Attitudinal	51.1148	.0000	8.0215	.2413	:
Structural	49.5495	.0000	8.0970	.0451	:
All Sources	75.5970	.0000	15.5317	.0827	:

Highly significant if p-value < .01

APPENDIX 3.2. Comparison of Affected/Non-Affected Group and Leader/Non-Leader Group Perceptions of Stages and Sources of Conflict using Student's t test

Note - The level of significance in the following tables was reduced by dividing the significance level by the number of individual t-tests performed (Miller, 1981).

APPENDIX 3.2.1. Comparison of Affected/Non-Affected Group and Leader/Non-Leader Group Perceptions of Attitudinal and Structural Sources of Conflict

Conflict Measures	Affected Groups				Leader Groups			
	AFFECTED	NON-AFFECTED			LEADERS	NON-LEADERS		
	Mean values	t statistic	p-value		mean values	t statistic	p-value	
Sources								
Attitudinal								
Clarity	3.35	3.23	1.48	.1387	3.26	3.26	0.05	.9586
Dr NonF	4.33	4.19	1.73	.0841	4.48	4.18	2.47	.0167
Ph NonF	2.96	2.72	2.74	.0063	2.82	2.87	-0.34	.7366
Expect	4.58	4.28	4.05	.0001	4.50	4.40	0.83	.4091
Percp	4.89	4.29	6.90	.0000	4.62	4.54	0.53	.5964
Comms	4.54	4.38	2.28	.0229	4.43	4.45	-0.16	.8706
Structural								
Goals	4.66	4.44	3.69	.0003	4.64	4.52	1.24	.2206
Autonomy	5.49	5.26	4.36	.0000	5.47	5.35	1.75	.0847
Competition	5.26	4.80	6.67	.0000	5.29	4.96	3.59	.0007

Hypothesis $H_0: \mu_a = \mu_b$ μ_a denotes the mean of measures of conflict in Affected or Leader groups

$H_a: \mu_a \neq \mu_b$ μ_b denotes the mean of measures of conflict in non-affected or non-leader groups.

Significant if p-value < .0056

Highly significant if p-value < .0011

APPENDIX 3.2.2. Comparison of Affected/Non-Affected Group & Leader/Non-Leader Group Perceptions of Threshold, Perceived, Felt, Affective and Manifest Conflict and Macro and Micro perceptions of Affective and Manifest Conflict									
Conflict Measures	RESPONDENT GROUPS								
	Affected Groups				Leader Groups				
	AFFECTED	NON-AFFECTED	t statistic	p-value	LEADERS	NON-LEADERS	t statistic	p-value	
mean values		mean values							
<u>Stages</u>									
Threshold	4.38	4.32	1.01	.3121	:	4.46	4.28	2.56	.0133
Perceived	3.17	2.71	9.07	.0000	:	3.02	2.91	1.20	.2368
Felt	2.79	2.28	8.26	.0000	:	2.42	2.49	-0.74	.4624
Affect	2.98	2.49	10.09	.0000	:	2.72	2.70	0.23	.8197
Affma	3.19	2.91	5.24	.0000	:	3.11	3.02	0.98	.3315
Affmi	2.77	2.07	11.83	.0000	:	2.33	2.40	-0.61	.5429
Manifest	2.11	1.68	7.27	.0000	:	2.30	1.82	3.98	.0002
Manima	2.52	2.08	5.15	.0000	:	2.56	2.22	2.28	.0269
Manimi	1.86	1.44	6.12	.0000	:	2.04	1.58	3.01	.0040
Hypothesis Ho: $\mu_a = \mu_b$ μ_a denotes the mean of measures of conflict in Affected or Leader groups									
Ha: $\mu_a \neq \mu_b$ μ_b denotes the mean of measures of conflict in non-affected or non-leader groups.									
Significant if p-value < .0056									
Highly significant if p-value < .0011									

APPENDIX 3.2.3. Comparison of Affected/Non-Affected Group and Leader/Non-Leader Group Perceptions of Macro and Micro Stages of Threshold, Perceived, Felt and Manifest Conflict.									
Conflict Measures	RESPONDENT GROUPS								
	Affected Groups				Leader Groups				
	AFFECTED	NON-AFFECTED	t statistic	p-value	LEADERS	NON-LEADERS	t statistic	p-value	
mean values		mean values							
<u>Stages</u>									
<u>Threshold</u>									
Threshma	4.42	4.36	1.21	.2252	:	4.44	4.31	1.66	.1018
Threshmi	4.37	4.33	0.76	.4487	:	4.51	4.27	3.00	.0040
<u>Perceived</u>									
Percma	3.32	3.10	4.00	.0000	:	3.41	3.18	2.68	.0099
Percmi	3.04	2.34	10.68	.0000	:	2.70	2.68	0.23	.8203
<u>Felt</u>									
Feltma	3.06	2.75	4.40	.0000	:	2.88	2.89	-0.05	.9620
Feltmi	2.50	1.83	9.00	.0000	:	2.03	2.13	-0.75	.4582
<u>Manifest</u>									
<u>Manima</u>									
Behvma	2.12	1.97	1.44	.1507	:	2.51	1.99	3.15	.0027
Outcma	2.93	2.15	7.41	.0000	:	2.55	2.47	0.43	.6725
<u>Manimi</u>									
Freqmi	1.88	1.56	4.18	.0000	:	2.14	1.66	3.16	.0027
NBcemi	1.96	1.45	6.01	.0000	:	2.26	1.65	2.98	.0045
Ntnsmi	1.67	1.27	6.12	.0000	:	2.04	1.58	3.01	.0040
Hypothesis Ho: $\mu_a = \mu_b$ μ_a denotes the mean of measures of conflict in Affected or Leader groups									
Ha: $\mu_a \neq \mu_b$ μ_b denotes the mean of measures of conflict in non-affected or non-leader groups.									
Significant if p-value < .0045									
Highly significant if p-value < .0009									

APPENDIX 3.3. Identifying the Existence of Positive or Negative Perceptions for Stages and Sources of Conflict by comparing means and mid-points				
Note:- Positive values indicate some degree of conflict whilst negative values are associated with degrees of satisfaction				
Conflict Measures	RESPONDENT GROUPS			
	Affected z-statistic	Non-affected z-statistic	Leaders z-statistic	Non-Leaders z-statistic
<u>Stages</u>				
Threshold	44.102	34.077	: 21.514	64.190
Threshma	44.379	35.760	: 19.220	63.077
Threshmi	38.619	29.542	: 19.822	55.661
Perceived	5.021	-7.674	: 0.212	4.225
Percma	6.390	2.360	: 4.916	8.080
Percmi	0.890	-13.831	: - 2.892	-11.818
Felt	- 4.810	-16.415	: - 5.399	-20.080
Feltma	1.426	- 4.642	: - 1.099	- 3.933
Feltmi	- 8.880	-23.193	: - 7.379	-28.533
Affect	- 0.587	-14.476	: - 3.277	-14.552
Affma	5.265	- 2.292	: 1.183	0.763
Affmi	- 5.254	-22.638	: - 6.315	-24.423
Manifest	-22.587	-37.784	: - 6.933	-58.959
Manima	- 3.851	-10.372	: - 1.290	-15.877
Behvma	- 5.346	- 6.734	: 0.066	-12.709
Outcma	- 0.933	-11.287	: - 2.358	-12.543
Manimi	-29.769	-51.074	: - 9.538	-75.164
Freqmi	-26.278	-40.615	: - 8.993	-62.420
Nbcemi	-22.412	-40.835	: - 6.169	-49.567
Ntnsmi	-34.204	-64.352	: -10.614	-59.008
			:	
<u>Sources</u>				
<u>Attitudinal</u>				
Clarity	- 2.703	- 4.536	: - 1.817	-8.046
Dr NonF	17.138	11.411	: 8.389	26.607
Ph NonF	- 8.857	-13.084	: - 4.582	-18.578
Expect	23.418	13.027	: 8.329	29.795
Percp	26.345	11.422	: 8.492	29.354
Comms	25.086	16.816	: 8.981	37.023
<u>Structural</u>				
Goals	31.885	19.550	: 11.822	44.252
Autonomy	58.343	45.715	: 30.174	90.400
Competition	43.356	22.656	: 20.622	51.960
Hypothesis Ho: $\mu_a = \text{midpoint}$				
Ha: $\mu_a \neq \text{midpoint}$				
Level of Significance .0020 (5%)				
.0003 (1%)				

APPENDIX 3.4. Canonical Coefficients and Redundancy Indices showing the Relationship between Sources and Stages of Conflict.					
CANONICAL CORRELATIONS FOR ALL RESPONDENTS					
Predictor Variables	Criterion Variables	Canonical Coefficients	Redundancy Indices		
			First Set	Second Set	
	Sources	Conflict Stages	(R)		
1.	Attitudinal	Manimi/Manima	.32712	.04091	.06421
2.	Attitudinal	Affmi/Affma	.58466	.14497	.26376
3.	Structural	Manimi/Manima	.29868	.05147	.05460
4.	Structural	Affmi/Affma	.44668	.10855	.15341
5.	Attitudinal	Affect/Manifest	.58790	.16044	.14753
6.	Structural	Affect/Manifest	.45954	.10241	.11638
7.	Attitudinal	Threshmi/Threshma	.18684	.00891	.03050
8.	Structural	Threshmi/Threshma	.42166	.08503	.15392
9.	Attitudinal	Percmi/Feltmi	.47590	.09208	.17669
10.	Attitudinal	Percma/Feltma	.56784	.13645	.22045
11.	Structural	Percmi/Feltmi	.36651	.06916	.10167
12.	Structural	Percma/Feltma	.44185	.10826	.13659
13.	Attitudinal	Feltmi/Feltma	.56541	.12502	.23522
14.	Attitudinal	Percmi/Percma	.48788	.09911	.18108
15.	Structural	Feltmi/Feltma	.39143	.08244	.11064
16.	Structural	Percmi/Percma	.40936	.08933	.12752
17.	Attitudinal	Affective (Perceived/	.59368	.19507	.14624
18.	Structural	Affective Felt)	.46065	.11799	.11561
19.	Attitudinal	Manimi	.31081	.03872	.07202
20.	Attitudinal	Manima	.30958	.03360	.04436
21.	Structural	Manimi	.24236	.03289	.04674
22.	Structural	Manima	.27649	.04426	.04251
23.	Attitudinal	Manifest	.37811	.05737	.05271
24.	Structural	Manifest	.31206	.04019	.05731

APPENDIX 3.5. Tables of Correlation Co-efficients between Sources and Stages of Conflict for all respondents, leader and non-leader groups, affected and non-affected groups.

APPENDIX 3.5.1. All Respondents									
Sources			Stages of Conflict						
Conflict	Threshold	Threshma	Threshmi	Affmi	Affma	Percieved	Felt	Manima	Manimi
Attitudinal									
Clarity	.021	.015	.027	.141	.223	.193	.171	.042	.101
Dr NonF	.093	.083	.094	.293	.401	.406	.292	.126	.142
Ph NonF	.014	.003	.018	.327	.384	.288	.409	.120	.210
Expect	.128	.116	.123	.264	.346	.320	.292	.082	.189
Percp	.166	.147	.156	.408	.440	.349	.487	.189	.277
Comms	.044	.054	.018	.298	.362	.313	.352	.107	.161
Structural									
Goals	.131	.126	.123	.344	.404	.392	.361	.176	.231
Autonomy	.411	.358	.408	.159	.236	.236	.169	.156	.113
Competition	.264	.249	.255	.231	.305	.242	.281	.199	.177

APPENDIX 3.5.2. Affected Group									
Sources			Stages of Conflict						
Conflict	Threshold	Threshma	Threshmi	Affmi	Affma	Percieved	Felt	Manima	Manimi
Attitudinal									
Clarity	-.002	-.024	.032	.165	.253	.176	.234	.104	.235
Dr NonF	.110	.078	.117	.271	.415	.413	.284	.100	.178
Ph NonF	.097	.070	.109	.250	.333	.203	.359	.085	.162
Expect	.211	.197	.220	.151	.252	.215	.182	-.024	.152
Percp	.167	.146	.145	.333	.434	.320	.432	.057	.261
Comms	.014	.018	-.001	.249	.332	.303	.280	.104	.212
Structural									
Goals	.121	.104	.118	.261	.366	.330	.299	.132	.244
Autonomy	.397	.319	.409	.117	.191	.187	.128	.130	.097
Competition	.248	.231	.247	.250	.321	.250	.310	.158	.200

APPENDIX 3.5.3. Leader Group									
Sources			Stages of Conflict						
Conflict	Threshold	Threshma	Threshmi	Affmi	Affma	Percieved	Felt	Manima	Manimi
Attitudinal									
Clarity	.110	.001	.204	.206	.191	.208	.198	-.047	.331
Dr NonF	-.186	-.271	-.056	.231	.420	.366	.289	.109	.167
Ph NonF	-.062	-.064	-.045	.358	.376	.255	.469	-.031	.377
Expect	.238	.192	.235	.300	.282	.295	.297	.151	.374
Percp	.266	.202	.276	.475	.444	.349	.567	.130	.473
Comms	-.116	-.072	-.135	.406	.404	.497	.341	.197	.221
Structural									
Goals	.108	.040	.158	.286	.404	.380	.319	.039	.110
Autonomy	.163	.084	.220	.167	.477	.350	.288	.405	.439
Competition	.184	.105	.228	.125	.219	.109	.223	.158	.206

APPENDIX 3.5. (continued) Tables of Correlation Coefficients

APPENDIX 3.5.4. Non-Affected Group									
Sources	Stages of Conflict								
Conflict	Threshold	Threshma	Threshmi	Affmi	Affma	Percieved	Felt	Manima	Manimi
Attitudinal									
Clarity	.005	.002	.017	.075	.235	.179	.134	-.042	-.138
Dr NonF	.161	.133	.176	.323	.435	.472	.310	.094	.066
Ph NonF	-.022	-.034	-.007	.285	.335	.274	.344	.011	.170
Expect	.127	.110	.152	.228	.350	.310	.270	.088	.134
Percp	.101	.081	.126	.369	.394	.255	.471	.151	.243
Comms	.078	.053	.092	.243	.324	.222	.363	.172	.104
Structural									
Goals	.176	.180	.191	.440	.432	.446	.417	.095	.232
Autonomy	.461	.443	.445	.195	.273	.286	.161	.131	.052
Competition	.259	.254	.238	.163	.265	.223	.218	.214	.145

APPENDIX 3.5.5. Non-Leader Group									
Sources	Stages of Conflict								
Conflict	Threshold	Threshma	Threshmi	Affmi	Affma	Percieved	Felt	Manima	Manimi
Attitudinal									
Clarity	.012	.015	.007	.124	.215	.184	.159	.041	.082
Dr NonF	.104	.103	.096	.308	.430	.435	.311	.116	.127
Ph NonF	.028	.019	.027	.337	.384	.285	.427	.130	.212
Expect	.145	.136	.130	.276	.361	.333	.312	.066	.164
Percp	.156	.137	.142	.410	.450	.356	.495	.177	.261
Comms	.066	.079	.027	.301	.368	.306	.375	.094	.148
Structural									
Goals	.157	.160	.135	.359	.422	.393	.394	.178	.244
Autonomy	.407	.350	.402	.169	.221	.226	.176	.146	.089
Competition	.270	.260	.258	.255	.317	.249	.314	.208	.164

APPENDIX 3.6. Correlation Matrix showing the Correlation Coefficients between the various Stages and Sources of Conflict

APPENDIX 3.6.1. Correlation Matrix showing the correlation coefficients between the variables of the Stages of Conflict

	Percma	Feltma	Outcma	Behvma	Threshma	Percmi	Feltmi	Freqmi	NBcemi	Ntnsmi	Threshmi
Percma	1.000										
Feltma	.383	1.000									
Outcma	.205	.367	1.000								
Behvma	.067	.110	.395	1.000							
Threshma	.179	.055	.119	.038	1.000						
Percmi	.512	.396	.300	.058	.088	1.000					
Feltmi	.262	.502	.294	.055	.080	.562	1.000				
Freqmi	.183	.197	.246	.053	.043	.279	.300	1.000			
NBcemi	.208	.226	.261	.069	.035	.265	.326	.704	1.000		
Ntnsmi	.234	.268	.291	.076	.064	.301	.349	.688	.830	1.000	
Threshmi	.119	.038	.089	.045	.773	.062	.072	.064	.049	.081	1.000

APPENDIX 3.6.2. Correlation Matrix showing the correlation coefficients between variables of the Sources of Conflict.

	Clarity	DrNonF	PhNonF	Expect	Percp	Comms	Goals	Auton	Comp
Clarity	1.000								
Dr NonF	.274	1.000							
Ph NonF	.296	.281	1.000						
Expect	.201	.359	.332	1.000					
Percp	.157	.343	.414	.591	1.000				
Comms	.211	.349	.404	.374	.396	1.000			
Goals	.158	.424	.361	.445	.517	.416	1.000		
Auton	.013	.160	.065	.260	.327	.155	.317	1.000	
Comp	.128	.233	.231	.369	.443	.240	.449	.451	1.000

APPENDIX 3.6.3. Correlation Matrix comparing the Sources and Stages of Conflict

	Clarity	DrNonF	PhNonF	Expect	Percp	Comms	Goals	Auton	Comp
Percmi	.136	.311	.235	.268	.342	.259	.327	.181	.200
Percma	.218	.375	.244	.284	.255	.276	.337	.238	.222
Feltmi	.109	.186	.306	.199	.373	.264	.258	.126	.195
Feltma	.173	.270	.384	.292	.466	.324	.319	.170	.297
Freqmi	.050	.134	.156	.144	.241	.097	.187	.109	.137
NBcemi	.072	.104	.155	.157	.220	.125	.181	.105	.139
Ntnsmi	.115	.162	.203	.176	.255	.148	.195	.123	.180
Outcma	.086	.154	.185	.123	.268	.122	.183	.186	.252
Behvma	-.016	.060	-.000	-.021	.034	.008	.079	.083	.069
Threshmi	.034	.089	.007	.135	.156	.008	.122	.413	.262
Threshma	.032	.078	-.007	.141	.166	.057	.140	.368	.264

APPENDIX 3.7. Chi Square Tests to test the Independence of Respondent Groups with respect to certain attributes

Note: The variables are drawn from Section 1 of the questionnaire.
The appropriate question number is given in each case.

APPENDIX 3.7.1. Observed Frequency Tables for the Affected Group variables

Ques. 1.1.1.	Variable	Non-Affected	Affected	Total
SEX	Male	204	263	: 467
	Female	27	30	: 57
	Total	231	293	: 524

Pearson Chi-square = .280 p-value = .5968
Yates Corrected Chi-square = .150 p-value = .6982

Ques. 1.1.2.	Variable	Non-Affected	Affected	Total
LANGUAGE	English	139	169	: 308
	Afrikaans	90	112	: 202
	Other	3	10	: 13
	Total	232	291	: 523

Pearson Chi-square = 2.463 p-value = .2919

Ques. 1.1.3.

Variable	Non-Affected	Affected	Total
LENGTH OF REGISTRATION			
5 years -	36	46	: 82
6 to 20 years	127	159	: 286
20 years +	68	88	: 156
Total	231	293	: 524

Pearson Chi-square = .029 p-value = .9858

Ques.1.1.4.

Variable	Non-Affected	Affected	Total
FINANCIAL RESPONSIBILITY			
Entirely	161	208	: 369
Largely	59	71	: 130
Nominal	9	10	: 19
Not Responsible	0	3	: 3
Total	229	292	: 521

Pearson Chi-square = 2.566 p-value = .4634

Ques. 1.1.5.

Variable	Non-Affected	Affected	Total
FINANCIAL INTEREST			
Sole Owner	139	194	: 333
10% + interest	62	52	: 114
10% or less	7	10	: 17
Nil	24	36	: 60
Total	232	292	: 524

Pearson Chi-square = 6.100 p-value = .1068

Ques. 1.1.6.

Variable	Non-Affected	Affected	Total
MORE THAN ONE PHARMACY			
Yes	62	60	: 122
No	169	233	: 402
Total	231	293	: 524

Pearson Chi-square = 2.927 p-value = .0871

Yates Corrected Chi-square = 2.582 p-value = .1081

Ques. 1.1.7.

Variable	Non-Affected	Affected	Total
NATIONAL LEADER			
Yes	10	33	: 43
No	222	259	: 481
Total	232	292	: 524

Pearson Chi-square = 8.388 p-value = .0038

Yates Corrected Chi-square = 7.486 p-value = .0062

Ques. 1.1.8.

	Variable	Non-Affected	Affected	Total
LOCAL LEADER	Yes	27	44	: 71
	No	205	247	: 452
	Total	232	291	: 523

Pearson Chi-square = 1.334 p-value = .2481
 Yates Corrected Chi-square = 1.054 p-value = .3046

Ques. 1.2.2.

	Variable	Non-Affected	Affected	Total
PLACE	East Rand	29	22	: 51
	West Rand	10	11	: 21
	Johannesburg	31	22	: 53
	Pretoria	5	17	: 22
	Transvaal	54	37	: 91
	Cape Town	4	41	: 45
	Port Elizabeth	8	16	: 24
	Rest of Cape	26	61	: 87
	Durban	19	17	: 36
	Rest of Natal	28	25	: 53
	O.F.S.	14	19	: 33
	S.W.A./Homelands	4	5	: 9
	Total	232	293	: 525

Pearson Chi-square = 54.221 p-value = .0000

Ques. 1.2.3.a

	Variable	Non-Affected	Affected	Total
LOCATION - ENVIRONMENT	City/town	147	192	: 339
	Rural	80	91	: 171
	Total	227	283	: 510

Pearson Chi-square = .539 p-value = .4630
 Yates Corrected Chi-square = .409 p-value = .5225

Ques. 1.2.3.b)

	Variable	Non-Affected	Affected	Total
LOCATION - ENVIRONMENT	City Centre	96	133	: 229
	Suburban	101	102	: 203
	Other	31	49	: 80
	Total	228	284	: 512

Pearson Chi-square = 3.955 p-value = .1384

APPENDIX 3.7.2. Observed Frequency Tables in respect of the Leader Group
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Ques. 1.1.1.	Variable	Leaders	Non-Leaders	Total
SEX	Male	51	7	: 758
	Female	1	12	: 122
	Total	52	828	: 880

Pearson Chi-square = 6.598 p-value = .0102
 Yates Corrected Chi-square = 5.579 p-value = .0182

Ques. 1.1.2.	Variable	Leaders	Non-Leaders	Total
LANGUAGE	English	29	486	: 515
	Afrikaans	22	321	: 343
	Other	1	20	: 21
	Total	52	927	: 879

Pearson Chi-square = .278 p-value = .8701

Ques. 1.1.3.	Variable	Leaders	Non-Leaders	Total
LENGTH OF REGISTRATION	5 years -	2	163	: 165
	6 to 20 years	22	433	: 455
	20 years +	28	234	: 262
	Total	52	830	: 882

Pearson Chi-square = 18.287 p-value = .0001

Ques. 1.1.4.	Variable	Leaders	Non-Leaders	Total
FINANCIAL RESPONSIBILITY	Entirely	38	568	: 606
	Largely	12	215	: 227
	Nominal	0	34	: 34
	Not Responsible	2	7	: 9
	Total	52	824	: 876

Pearson Chi-square = 6.714 p-value = .0816

Ques. 1.1.5.	Variable	Leaders	Non-Leaders	Total
FINANCIAL INTEREST	Sole Owner	34	502	: 536
	10% + interest	17	186	: 203
	10% or less	0	31	: 31
	Nil	1	110	: 111
	Total	52	829	: 881

Pearson Chi-square = 9.365 p-value = .0248

Ques. 1.1.6.

Variable	Leaders	Non-Leaders	Total
MORE THAN ONE PHARMACY			
Yes	21	185	: 206
No	31	644	: 675
Total	52	829	: 881

Pearson Chi-square = 8.917 p-value = .0028

Yates Corrected Chi-square = 7.937 p-value = .0048

Ques. 1.2.3.a)

Variable	Leaders	Non-Leaders	Total
LOCATION - ENVIRONMENT			
City/town	37	572	: 609
Rural	11	228	: 239
Total	48	800	: 848

Pearson Chi-square = .697 p-value = .4036

Yates Corrected Chi-square = .449 p-value = .5029

Ques. 1.2.3.b)

Variable	Leaders	Non-Leaders	Total
LOCATION - ENVIRONMENT			
City Centre	28	348	: 376
Suburban	18	351	: 369
Other	5	111	: 116
Total	228	284	: 512

Pearson Chi-square = 2.831 p-value = .2428

Ques. 1.2.2.

Variable	Leaders	Non-Leaders	Total
PLACE			
East Rand	4	80	: 84
West Rand	0	32	: 32
Johannesburg	5	88	: 93
Pretoria	11	57	: 68
Transvaal	6	129	: 135
Cape Town	3	81	: 84
Port Elizabeth	3	33	: 36
Rest of Cape	7	129	: 136
Durban	4	51	: 55
Rest of Natal	2	85	: 87
O.F.S.	7	48	: 55
S.W.A./Homelands	0	18	: 18
Total	52	831	: 883

Pearson Chi-square = 25.050 p-value = .0090

Ques. 1.2.4.	Variable	Leaders	Non-Leaders	Total
INCREASE IN DR. DISPENSING	No	5	227	: 232
	Yes	46	531	: 577
	Don't know	1	71	: 72
	Total	52	829	: 881

Pearson Chi-square = 12.957 p-value = .0015

Ques. 1.2.5.	Variable	Leaders	Non-Leaders	Total
EFFECT OF DR. DISPENSING	None	12	241	: 253
	Slight	19	312	: 331
	Significant	17	234	: 251
	Crippling	4	32	: 36
	Total	52	819	: 871

Pearson Chi-square = 2.693 p-value = .4415

APPENDIX 3.8. Factor Analysis on the Stages and Sources of Conflict

APPENDIX 3.8.1. Factor Analysis on All Macro Stages of Conflict

Stage	Question Number	Factors			
		1. Feltma	2. Percma	3. Threshma	4. Behvma/Outcma
Feltma	3.1.2.1.	.822	.000	.000	.000
Feltma	3.1.2.2.	.824	.000	.000	.000
Feltma	3.1.2.3.	.796	.000	.000	.000
Feltma	3.1.2.4.	.825	.000	.000	.000
Percma	3.1.1.1.	.000	.683	.000	.000
Percma	3.1.1.2.	.279	.649	.000	.000
Percma	3.1.1.3.	.000	.623	.000	.348
Percma	3.1.1.4.	.000	.637	.000	.000
Threshma	3.1.5.1.	.000	.000	.529	.000
Threshma	3.1.5.2.	.000	.000	.766	.000
Threshma	3.1.5.3.	.000	.000	.751	.000
Threshma	3.1.5.4.	.000	.000	.405	.000
Behvma	3.1.4.1.	.000	.000	.000	.820
Outcma	3.1.3.1.	.316	.000	.000	.746

The above factor loading matrix has been rearranged so that the columns appear in decreasing order of variance explained by the factors. The rows have been rearranged so that for each successive factor, loadings greater than .500 appear first. Loadings less than .250 have been replaced by zero.

APPENDIX 3.8.2. Factor Analysis of All Micro Stages of Conflict								
Stage	Section 3 Question	Factors						
		1. NBcemi/ Ntnsmi	2. Feltmi	3. NBcemi/ Ntnsmi	4. Freqmi	5. NBcemi/ Ntnsmi	6. Percmi	7. Threshmi
Ntnsmi	3.2.5.4.	.793	.000	.000	.255	.000	.000	.000
NBcemi	3.2.4.3.	.785	.000	.000	.297	.000	.000	.000
NBcemi	3.2.4.4.	.772	.000	.000	.303	.000	.000	.000
Ntnsmi	3.2.3.3.	.768	.000	.000	.292	.000	.000	.000
Ntnsmi	3.2.5.2.	.723	.000	.000	.000	.393	.000	.000
NBcemi	3.2.4.2.	.685	.000	.000	.000	.468	.000	.000
NBcemi	3,2,4,5,	.618	.000	.491	.000	.000	.000	.000
Ntnsmi	3.2.5.5.	.606	.000	.507	.000	.000	.000	.000
Feltmi	3.2.2.2.	.000	.872	.000	.000	.000	.000	.000
Feltmi	3.2.2.4.	.000	.862	.000	.000	.000	.000	.000
Feltmi	3.2.2.1.	.000	.854	.000	.000	.000	.000	.000
Feltmi	3.2.2.3.	.000	.804	.000	.000	.000	.271	.000
NBcemi	3.2.4.6.	.359	.000	.813	.000	.000	.000	.000
Ntnsmi	3.2.5.6.	.369	.000	.807	.000	.000	.000	.000
Freqmi	3.2.6.6.	.000	.000	.706	.406	.000	.000	.000
Freqmi	3.2.6.4.	.345	.000	.000	.775	.000	.000	.000
Freqmi	3.2.6.3.	.386	.000	.000	.759	.000	.000	.000
Freqmi	3.2.6.5.	.000	.000	.323	.612	.000	.000	.000
Freqmi	3.2.6.2.	.382	.000	.000	.560	.388	.000	.000
Freqmi	3.2.6.1.	.000	.000	.000	.375	.751	.000	.000
NBcemi	3.2.5.1.	.505	.000	.000	.000	.670	.000	.000
Ntnsmi	3.2.4.1.	.524	.000	.000	.000	.614	.000	.000
Percmi	3.2.1.1.	.000	.000	.000	.000	.000	.786	.000
Percmi	3.2.1.2.	.000	.324	.000	.000	.000	.695	.000
Percmi	3.2.1.4.	.000	.291	.000	.000	.000	.688	.000
Threshmi	3.2.6.2.	.000	.000	.000	.000	.000	.000	.780
Threshmi	3.2.6.3.	.000	.000	.000	.000	.000	.000	.770
Threshmi	3.2.6.1.	.000	.000	.000	.000	.000	.328	.480
Threshmi	3.2.6.4.	.000	.000	.000	.000	.000	.000	.494

The above factors loading matrix has been rearranged so that the columns appear in decreasing order of variance explained by the factors. The rows have been rearranged so that for each successive factor, loadings greater than .500 appear first. Loading less than .250 have been replaced by zero.

APPENDIX 3.8.3. Factor Analysis on All Structural Sources of Conflict

Source	Section 1 Question	Factors					
		1 Comp	2 Auton	3 Goals	4 Auton	5 Goals	6
Comp	47	.754	.000	.000	.000	.000	.000
Comp	48	.797	.000	.000	.000	.000	.000
Comp	49	.749	.000	.000	.000	.000	.000
Comp	51	.448	.000	.000	.000	.402	.000
Auton	40	.000	.672	.000	.000	.254	.000
Auton	41	.000	.655	.000	.000	.000	.000
Auton	42	.000	.459	.000	.000	.000	.289
Goals	36	.000	.000	.718	.000	.000	.000
Goals	38	.000	.288	.667	.000	.000	.000
Goals	32	.000	.000	.629	.000	.000	.000
Goals	39	.348	.463	.310	.000	.000	.000
Goals	37	.000	.453	.361	.000	.000	.000
Auton	45	.000	.000	.000	.663	.000	.000
Auton	43	.277	.000	.000	.563	.000	.000
Auton	46	.333	.000	.000	.536	.000	.000
Auton	44	.000	.000	.000	.483	.343	.000
Goals	34	.000	.000	.000	.000	.747	.000
Goals	35	.286	.000	.000	.000	.639	.000
Goals	33	.000	.000	.000	.000	.000	.759
Comp	50	.000	.276	.000	.000	.639	.592

The above factor loading matrix has been rearranged so that the columns appear in decreasing order of variance explained by the factors. Loadings less than .2500 have been replaced by zero.

APPENDIX 3.8.4. Factor Analysis on All Attitudinal Sources of Conflict									
Source	Section 1 Question Number	Factors							
		1. Ph NonF	2. Expect/ Percp	3. Comms	4. Dr NonF	5. Dr NonF	6. Clarity	7. Clarity	8. Comms
Ph NonF	14	.732	.000	.000	.000	.000	.000	.000	.000
Ph NonF	13	.698	.000	.000	.000	.000	.265	.000	.000
Ph NonF	12	.694	.000	.000	.000	.000	.000	.000	.000
Comms	28	.591	.000	.000	.000	.000	.000	.000	.284
Expect	16	.000	.710	.000	.000	.000	.000	.000	.000
Expect	17	.000	.679	.000	.000	.000	.000	.000	.000
Expect	19	.000	.631	.000	.000	.000	.000	.000	.000
Percp	20	.439	.548	.347	.000	.000	.000	.000	.000
Expect	18	.000	.514	.000	.000	.000	.000	.000	.000
Expect	15	.000	.459	.277	.000	.000	.265	.000	.000
Percp	20	.433	.466	.447	.000	.000	.000	.000	.000
Percp	22	.380	.407	.372	.000	.000	.000	.000	.000
Percp	21	.000	.346	.290	.317	.000	.000	.366	.000
Comms	26	.000	.000	.683	.000	.000	.000	.000	.000
Comms	27	.000	.000	.669	.000	.000	.000	.000	.000
Dr NonF	7	.000	.000	.000	.820	.000	.000	.000	.000
Dr NonF	8	.000	.000	.000	.820	.000	.000	.000	.000
Dr NonF	5	.000	.000	.000	.000	.685	.000	.000	.000
Dr NonF	6	.000	.000	.255	.000	.617	.000	.000	.000
Clarity	3	.000	.000	.000	.000	.000	.657	.000	.000
Clarity	1	.000	.000	.000	.000	.000	.599	.000	.000
Clarity	2	.000	.000	.000	.000	.000	.000	.674	.000
Clarity	4	.000	.258	.000	.000	.000	.000	-.556	.000
Comms	29	.417	.000	.000	.000	.000	.000	.000	.547
Comms	31	.000	.000	.000	.000	.000	.000	.000	.517
Ph NonF	10	.281	.000	.000	.000	.462	.000	.000	-.375
Dr NonF	7	.000	.000	.377	.000	.000	.000	.000	.477
Comms	30	.000	.000	.000	.000	.000	.000	-.418	.000

The above factor loading matrix has been rearranged so that the columns appear in decreasing order of variance explained by factors. Loadings less than .250 have been replaced by zero.

APPENDIX 4. Previous Investigations into the Pharmaceutical Industry in South Africa.
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1. **The Bremer Report (1951)**
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2. **The Board of Trade and Industry Report (1962)**
Monopolistic Conditions in the Supply and Distribution of Pharmaceutical Products: Report No. 985 of 19 December 1962.
3. **The Snyman Report (1962)**
 Republic of South Africa. *Report of the Commission of Inquiry into [the] High Costs of Medical Services and Medicines*. Pretoria: The Government Printer. 1962.
4. **Commission of Inquiry into Trade Licensing and Allied Problems (1964)**
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5. **Steenkamp Commission Report (1978)**
 Republic of South Africa. *Report of the Commission of Inquiry into the Pharmaceutical Industry* Pretoria: The Government Printer. (January 1978)
6. **Meyer Feldberg Report (1978)**
 Meyer Feldberg Associates. *The Future of Retail Pharmacy in South Africa*. Confidentially prepared for the Pharmaceutical Society of South Africa.
7. **Syncom Reports, I, II, III .**
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8. **Sutherland, D.G. 1985**
Plans for the Greater Involvement of the Private Sector in the Supply of Pharmaceutical Services in the Republic of South Africa. Johannesburg.
9. **Peimer, S. 1985.**
The Role of the Pharmacist - Future Trends. MBA Technical Report. Graduate School of Business, University of Cape Town.
10. **Strategic Information Services (Pty) Ltd. 1985.**
A Glimpse of the Future - Turmoil in Retail Pharmacy: Change to Business Strategy? confidential survey. Johannesburg.
11. **Strategic Marketing Services. 1986.**
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12. **The Browne Commission (1987).**
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