# The Influence of Psychological Distance and Personal Relationship of Channel Members on Conflict, Satisfaction and Performance

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#### Abstract

This study aims to find out the influence of psychological distance and personal relationship of channel members on conflict, satisfaction and performance. And we also study the connection between psychological distance and personal relationship and the influence of personal relationship on organizational trust. Besides, we discuss the substitution effect of personal relationship to organizational relationship, in the specific business environment of China, especially in the cooperation between small distributors and large suppliers. The trust on the salesmen of suppliers from the dealers may have more influence on their decision and behaviors than the trust on the supply organization. So the influence of organizational trust may not be very significant in our study. Our data are from 200 gas stations of Sinopec. And we design panel data regressions of several dimensions for every research variable, to study it objectively and comprehensively. Based on the results of regressions, this study try to explain the effect of psychological distance and personal relationship on the factors of channel, and put forward some advice to company operation. The conclusion of our study may be different from many traditional theories, because we find that the organizational trust doesn't affect conflict, satisfaction and performance significantly.

**Keywords**: Channel members, Psychological distance, Personal relationship, Conflict, Satisfaction, Performance, Organizational trust

### 1. Introduction

We mainly discuss the different factors that will influence conflict, satisfaction and performance in channel. The most important two factors are psychological distance (Federico de Gregorio, Yunjae Cheong, & Kihan Kim, 2012) and personal relationship (Don Y. Lee & Philip L. Dawes, 2005), each can also be divided into several elements.

What's more, we test the influence of organizational trust on channel relation (Stephen A. Samaha, Robert W. Palmatier, & Rajiv P. Dant, 2011, Keith G. Provan & Steven J. Skinner, 1989), because this factor is usually considered as a significant one. However, our result may challenge the previous conclusions. And we will explain the reason in our research, based on the particularity of China's business environment and traditional culture (Don Y. Lee & Philip L. Dawes, 2005).

Besides, the factors have interactive effect as well. For example, psychological distance has positive effect on personal relationship and personal relationship has positive effect on organizational trust. Those are also exciting discovery in our study, which will be mentioned later.

We also find out the different effect of every element of personal relationship. For instance, the willingness of trust may be more powerful than the behavior of trust, about affecting the trust relationship. The reason might be that the willingness can reflect the sense of trust better than the behavior of trust. (Robert M. Morgan & Shelby D. Hunt, 1994)

After conclude the results of all the tests and examine all the hypotheses, we come up with some implications for the application area, which will be useful to the distributors and suppliers.

We have organized the remainder of this article as follows.

**Part 1:** An introduction for this paper.

Part 2: This part provides a literature review and the research background.

Part 3: This part describes the hypotheses.

Part 4: In this section, the researcher explains the data analyses and the results of tests.

Part 5: Here the researcher summarizes the paper and comes up with some implications and shortages.

Part 6: Some references.

#### 2. Literature Review

**Conflict:** A lot of literature talked about the conflict and performance in channel, most of the views believe that internal conflict will affect performance. This effect may be positive or negative, depending on the origin of conflict. (Bert Rosenbloom, 1973)

There are two kinds of conflict in channel, calling constructive conflict and destructive conflict. Constructive conflict will have positive influence on performance, because the members of channel may try to find out a way to solve problems. On the contrary, destructive conflict will have negative effect on performance, because members will bring personal dispute into work, which may reduce the work efficiency. The factors that influence conflict are centralization, formalization, internal volatility, team spirit and psychology distance. Psychology distance is usually the differences of values and way of thinking between channel members. The members who have a long psychology distance will be easier to conflict with each other. Those who have a close psychology distance will get along with each other better, which will lead to less conflict and higher performance. (Federico de Gregorio, Yunjae Cheong, & Kihan Kim, 2012)

Conflict can be defined as either perceived differences on perspectives that can impede goals between parties (Gaski and Nevin, 1985) or perceived experiences describing psychological states about the relationship (Dant et al., 2006). Conflicts can arise from many areas in the relationship, including differences regarding priorities, time perspectives, and forms of earning (Garg and Rasheed, 2006; Shane and Cable, 1997). Consequently, differences on fundamental issues or perceptions about relationships are unlikely to be quickly resolved, leading to heated disputes, and creating destructive or dysfunctional conflict. Dysfunctional, enduring conflict can increase distractions, obstruct goal alignment, reduce synergy between partners (Anderson and Narus, 1990; Gaski, 1984), threaten the survival of the relationship (Grünhagen and Dorsch, 2003), and lead to costly litigation for both parties. Due to the delicate balance between franchisor control and franchisee autonomy, franchise success is strongly determined by the ability of the franchisor to manage conflict arising from the balance between the parties (Fulop and Forward, 1997).

**Trust:** Trust can be defined as franchisee confidence in accepting a calculated level of risk with the franchisor (Coleman, 1990), allowing franchisees to cope with vulnerability in their relationships with their franchisors. This calculation of trust is based on criteria of trustworthiness. Previous models of trust in channels research have identified competency and integrity as potential criteria (Davies and Prince, 2005; Dickey et al., 2007; Mayer et al., 1995).

Unfair in channel relationship will reduce organizational trust, leading to intensify of conflict and opportunism, which may influence the relationship and performance. The direct reason of conflict is lack of organizational trust, and conflict will reduce the performance. As a result, we can see that organizational trust will affect performance. (Stephen A. Samaha, Robert W. Palmatier, & Rajiv P. Dant, 2011)

Trust will reduce dysfunctional conflict, but strengthen functional conflict. If we only consider the harmful conflict in channel relationship, then trust will have negative influence on conflict. In other word, good trust condition will lead to less dysfunctional conflict. (Graham R. Massey & Philip L. Dawes, 2007)

The influence of organizational trust on performance is always a popular research topic. The relationship between distributors and suppliers will be affected by organizational trust to a great extent. When the organizational trust decrease, opportunism will increase. Using power to manage the relationship can ease the overt conflict, but the covert conflict and opportunism will still be unavoidable. In a word, organizational trust is quite important to both sides of channel. (Keith G. Provan & Steven J. Skinner, 1989)

Some researchers summarize lots of views of organizational management theory. They analyze and test every kind of channel management method. Good organizational management can reduce conflict, improve satisfaction and performance. (Jan B. Heide, 1994)

Sometimes, the willingness of trust may be more powerful than the behavior of trust, about affecting the trust relationship. The reason might be that the willingness can reflect the sense of trust better than the behavior of trust. The behavior of trust is perhaps to maintain relationship, rather than to show their real trust from heart. In another word, it is easier to build a trust relationship when someone or some organizations have willingness of interaction of

others. (Robert M. Morgan & Shelby D. Hunt, 1994)

Excepting for the influence of organizational trust to conflict, satisfaction and performance, we can also see that personal relationship or personal trust is quite important. The effect of personal relationship will be extremely significant in the contact between the salesman of supplier and the distributor, especially in the situation of small distributors.

**Personal relationship:** Personal relationship and trust will have obvious effect on the cooperation of companies. China is a special country, because relationship of persons is more useful than organization relationship. Personal relationship will not only affect the channel connection, but also influence the organizational trust. The relation between the salesman of supplier and the distributor is easier to control and more practical. The premise of cooperation between suppliers and distributors is trust with each other, which is based on the personal relationship of boundary-spanners. In Chinese market, many decisions of purchase are made by the salesman, which means that the personal relationship will affect the business decisions and behaviors more significantly and efficiently. However, this kind of personal relationship can be a double-edged sword. For example, if one day the salesman leaves this company, he may also take away his customers. Unfortunately, in the special business environment of China, this is a risk which the suppliers have to take. (Don Y. Lee & Philip L. Dawes, 2005)

The personal trust of distributors on the suppliers will be important to the compliance of them, affecting the channel conflict and performance. (Mark A.P. Davies, Walfried Lassar, Chris Manolis, Melvin Prince, & Robert D. Winsor, 2011)

## 3. Hypotheses

Based on the literature above, we can see that previous research mainly focus on the effect of organizational trust in channel. However, there are little analyses and tests about the influence of psychological distance and personal relationship on conflict, satisfaction and performance in channel. Most of the description and study is just in theory. The existing literature only put forward that psychological distance and personal relationship will respectively affect channel relationship, but it never mentioned the question that how these two factors make a difference. What's more, it didn't consider the interactive relationship between psychological distance and personal relationship.

In our study, when we mention conflict, we only consider the dysfunctional conflict, which is harmful to the channel relationship. (Graham R. Massey & Philip L. Dawes, 2007)

We want to focus on the effect of psychological distance and personal relationship on conflict, satisfaction and performance. Besides, we also use organizational trust to make this study more objective.

**Psychological distance**: From the previous literature, we can see that the psychological distance will have significant effect on conflict, satisfaction and performance. Psychological distance mostly refers to the differences of value and way of thinking between channel members. he members who have a long psychology distance will be easier to conflict with each other. Those who have a close psychology distance will get along with each other better, which will lead to less conflict and higher performance. In our study, we divide psychological distance into two factors, calling value and strategy. The strategy means the differences of the cognitive idea for the company strategy. (Federico de Gregorio, Yunjae Cheong, & Kihan Kim, 2012)

Psychological distance may also be influential on the personal relationship, because people with similar value are easier to be good friends. And good personal relationship leads to better channel relation and operation performance, so psychological distance will have direct or indirect influence on channel relation and performance.

Based on the discussion above, we can have Hypothesis 1, Hypothesis 2a and Hypothesis 2b:

H<sub>1</sub>: Psychological distance has positive effect on personal relationship. The closer the psychological distance is, the better the personal relationship will be.

 $H_{2a}$ : Psychological distance has negative effect on conflict. The closer the psychological distance is, the weaker the conflict will be.

 $H_{2b}$ : Psychological distance has positive effect on satisfaction and performance. The closer the psychological distance is, the higher the satisfaction and performance will be. Here the influence of psychological distance on performance is indirect.

**Personal relationship**: Personal relationship is a very typical factor in China's market, which will have a great influence on channel internal relationship. To study this factor, we choose the data from Sinopec and its 200 gas stations to do the research. As a huge supplier, Sinopec sends customer managers to communicate with their

distributors, 200 gas stations. As a result, the personal relationship here mainly refers to the relation between customer managers and the distributors. (Don Y. Lee & Philip L. Dawes, 2005)

Discussing personal relationship, we usually use two kinds of elements, calling the personal relation condition and the communication frequency.

**Personal relation condition**: The personal relation condition can be the connection situation, trust degree and private feeling. We can divide it into two factors, calling the fact of relationship and the willingness of contact. The personal relation condition is a qualitative assessment about the personal relationship.

**Communication frequency**: The communication frequency consists of the frequency of meeting and the frequency of calling. The frequency can measure the intimate level of channel members and make an accurate evaluation about the personal relationship quantitatively. (Robert M. Morgan & Shelby D. Hunt, 1994)

The personal relationship should also be influential on organizational trust, especially in the situation of our research, in which customer managers are the most important bridges to both sides.

On the whole, personal relationship has direct regulating effect on conflict. And it also affects performance directly by strengthen the communication. Besides, the direct influence of personal relationship on conflict and performance will transfer into indirect influence of psychological distance, because the psychological distance has effect on personal relationship.

Personal relationship will have direct effect on satisfaction because it can improve the level of trust. However, the influence of psychological distance on satisfaction should be indirect. The two factors of psychological distance, calling value and strategy, will not improve channel relation or distribution fairness, so they cannot affect satisfaction directly. As a result, psychological distance will influence satisfaction indirectly, through the effect of personal relationship. People with close psychological distance will have better personal relationship, leading to higher channel satisfaction.

Based on the discussion above, we can have Hypothesis 3a and Hypothesis 3b:

 $H_{3a}$ : Personal relationship has negative effect on conflict. The better the personal relationship is, the weaker the conflict will be.

# $H_{3b}$ : Personal relationship has positive effect on satisfaction and performance. The better the personal relationship is, the higher the satisfaction and performance will be.

Many researchers emphasize the importance of organizational trust on conflict, satisfaction and performance. However, the cooperation of Sinopec and gas stations is based on the personal social network of customer managers, so the significance of the effect by organizational trust is uncertain. Actually, personal relationship can improve organizational trust, so we should know whether the personal relationship affect channel relation and behaviors directly or indirectly, through organizational trust. (Stephen A. Samaha, Robert W. Palmatier, & Rajiv P. Dant, 2011, Keith G. Provan & Steven J. Skinner, 1989)

In other word, we can know the mode of action of personal relationship to channel relation and behaviors by doing research on the relation among organizational trust and conflict, satisfaction and performance. If organizational trust has significant influence on conflict, satisfaction and performance, we can say that personal relationship's effect is indirect. If the results are not significant, then the influence of personal relationship on conflict, satisfaction and performance should be direct.

Based on the discussion above, we can have Hypothesis 4a, Hypothesis 4b and Hypothesis 5:

 $H_{4a}$ : Organizational trust has negative effect on conflict. The stronger the organizational trust is, the weaker the conflict will be.

 $H_{4b}$ : Organizational trust has positive effect on satisfaction and performance. The stronger the organizational trust is, the higher the satisfaction and performance will be.

 $H_5$ : Personal relationship has positive effect on organizational trust. The better the personal relationship is, the stronger the organizational trust will be.

Generally speaking, we can have a picture for all the hypotheses below:



#### 4. Data Analyses and Results

The data of our study come from 200 questionnaires of gas stations. We collected these data by sending questionnaires to the principals of all the gas stations. Every question is answered by a score from 1 to 5. Score 1 means strongly disagreeing, and score 5 means strongly agreeing.

For psychological distance, we test it by two factors, calling value and strategy. About value, we ask questions such as "Whether the customer manager of Sinopec has similar commercial values with us?" About strategy, we ask questions such as "Whether do we have the same sales strategy as the customer manager of Sinopec?"

For personal relationship, we test it by two factors, calling the personal relation condition and the communication frequency. About the personal relation condition, we examine questions according to two elements, calling the fact of relationship and the willingness of contact. About the communication frequency, we examine questions according to two elements, calling the frequency of meeting and the frequency of calling.

For organizational trust, we test it by 5 dimensionalities. The reference questions are as below: 1. Is Sinopec worth being trusted? 2. Do we believe that Sinopec will treat us sincerely? 3. Will we cooperate with Sinopec, even though the contract or policy is uncertain? 4. Do we always trust the explanation from Sinopec? 5. Does Sinopec ever get benefit by damaging our interests?

For conflict, we test it by 5 dimensionalities. The reference questions are about all kinds of conflict between Sinopec and the gas stations, such as the conflict in operation policy, promises keeping, pricing, promotion and risk taking.

For satisfaction, we test it by 5 dimensionalities. The reference questions are as below: 1. Generally speaking, do we feel satisfied of Sinopec? 2. Do we admire of the contribution Sinopec made to us? 3. Are we happy to cooperate with Sinopec? 4. Do we regret about cooperating with Sinopec? 5. Do we choose Sinopec again if we make the decision another time?

For performance, we test it by 4 dimensionalities. The reference questions are about capability, skills, operation ability and knowledge.

Then let's test all the hypotheses with quantitative method.

# 4.1 Test 1

In this part, we will study the influence of psychological distance on each factor of personal relationship separately. There are two factors of psychological distance, calling value and strategy. The personal relationship consists of two factors, calling the personal relation condition and the communication frequency. And the personal relation condition can be separated into two parts, the fact of relationship and the willingness of contact. At the same time, the communication frequency of calling.

In a word, we are going to test the respective influence of value and strategy on 4 factors, calling the fact of relationship, the willingness of contact, the frequency of meeting or the frequency of calling.

Firstly, let's test the effect of value and strategy on two factors of the personal relation condition, calling the fact of relationship (fact), the willingness of contact (willingness).

fact	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.327636	.1218921	2.69	0.009	.0855477	.5697242
strategy	.1834695	.1297275	1.41	0.161	0741806	.4411196
_cons	1.892348	.3966719	4.77	0.000	1.104523	2.680173
	I					
willingness	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.1833671	.0895878	2.05	0.044	.005438	.3612963
strategy	.3237261	.0953467	3.40	0.001	.1343594	.5130929
_cons	2.115613	.2915445	7.26	0.000	1.53658	2.694646

We can see that psychological distance has significant effect on personal relation condition.

Then let's see the effect of value and strategy on two factors of the communication frequency, calling the frequency of meeting (meet) or the frequency of calling (call).

1]	Interval	[95% Conf.	P> t	t	Std. Err.	Coef.	meet
35	.836313	.3048694	0.000	4.26	.1337918	.5705914	value
88	.37238	1932183	0.531	0.63	.1423922	.0895848	strategy
68	1.77956	.0500961	0.038	2.10	.4353969	.914832	_cons
.]	Interval	[95% Conf.	P> t	τ	Std. Err.	Coef.	call
_	Interval	[95% Conf.	P> t  0.223	t 1.23	Std. Err.	Coef.	call value
8		•					

As we can see, value has positive effect on the frequency of meeting, and strategy has positive effect on the frequency of calling.

According to the analyses above, we can say that Hypothesis 1 is supported, that is psychological distance has positive effect on personal relationship. The closer the psychological distance is, the better the personal relationship will be.

## 4.2 Test 2

First, let's study the influence of two factors of psychological distance, calling value and strategy on 5 dimensionalities of conflict.

conflict1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.2874846	.1711673	1.68	0.096	0524684	.6274376
strategy	3658275	.1821702	-2.01	0.048	7276333	0040217
_cons	2.547834	.5570275	4.57	0.000	1.44153	3.654139
conflict2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.287041	.1794106	1.60	0.113	0692839	. 6433659
strategy	489733	.1909434	-2.56	0.012	8689631	110503
_cons	3.124164	.5838535	5.35	0.000	1.96458	4.283747
conflict3	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.1505821	.1818093	0.83	0.410	2105069	.5116711
strategy	3000624	.1934963	-1.55	0.124	6843628	.084238
_cons	2.805893	.5916597	4.74	0.000	1.630806	3.98098
	_					
conflict4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.2888887	.1869203	1.55	0.126	0823511	.6601284
strategy	4187418	.1989358	-2.10	0.038	8138455	0236381
_cons	2.888682	.6082922	4.75	0.000	1.680561	4.096803
conflict5	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.3405062	.1794014	1.90	0.061	0158004	.6968128
strategy	5515786	.1909336	-2.89	0.005	9307892	1723679
_cons	3.18345	.5838236	5.45	0.000	2.023926	4.342974

We can see that Hypothesis 2a is partly supported, that is psychological distance has negative effect on conflict. The closer the business values are, the weaker the conflict will be.

Then let's see the influence of two factors of psychological distance, calling value and strategy on 5 dimensionalities of satisfaction.

satisf1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.1433328	.1188878	1.21	0.231	0927886	.3794543
strategy	.3950196	.1265301	3.12	0.002	.1437198	.6463194
_cons	1.882837	.3868951	4.87	0.000	1.11443	2.651244

satisf2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.2921501	.1061862	2.75	0.007	.0812551	.5030451
strategy	.4427176	.1130121	3.92	0.000	.2182659	.6671693
_ <sup>cons</sup>	1.003359	.3455605	2.90	0.005	.317046	1.689672
satisf3	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.2610519	.0939306	2.78	0.007	.0744975	.4476062
strategy	.2241083	.0999686	2.24	0.027	.025562	.4226547
_cons	2.304518	.3056772	7.54	0.000	1.697417	2.91162
satisf4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.2694419	.0925475	2.91	0.005	.0856347	.4532491
strategy	.2047834	.0984966	2.08	0.040	.0091608	.4004061
_cons	2.317013	.301176	7.69	0.000	1.718852	2.915175
satisf5	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
value	.2502925	.09652	2.59	0.011	.0585954	.4419896
	.3014762	.1027245	2.93	0.004	.0974564	.5054959
strategy						

Next, we can test the influence of two factors of psychological distance, calling value and strategy on 4 dimensionalities of performance.

performance1	Coef.	Std. Err.	t	₽> t	[95% Conf.	Interval]
value	.2139048	.0737542	2.90	0.005	.0674225	.360387
strategy	.2978394	.0784953	3.79	0.000	.141941	.4537377
cons	2.279046	.2400174	9.50	0.000	1.802351	2.755741
performance2	Coef.	Std. Err.	t	₽> t	[95% Conf.	Interval]
value	.2026872	.072703	2.79	0.006	.0582927	.3470816
strategy	.2362278	.0773765	3.05	0.003	.0825515	.3899042
_cons	2.566233	.2365964	10.85	0.000	2.096332	3.036134

performance3	Coef.	Std. Err.	t	P> t	[95% Conf.	Intervall
value	.1698095	.0892909	1.90	0.060	00753	.3471489
strategy	.3503052	.0950307	3.69	0.000	.1615661	.5390443
_cons	2.168054	.2905782	7.46	0.000	1.590941	2.745168
performance4	Coef.	Std. Err.	t	P> t	[95% Conf.	Intervalj
value	.2640062	.0854382	3.09	0.003	.0943184	.4336939
strategy	.2690178	.0909304	2.96	0.004	.0884222	.4496133
_cons	2.125885	.2780406	7.65	0.000	1.573672	2.678097

As we can see, value and strategy both have positive effect on satisfaction and performance. So we can conclude that Hypothesis 2b is supported, that is psychological distance has positive effect on satisfaction and performance. The closer the psychological distance is, the higher the satisfaction and performance will be. Here the influence of psychological distance on performance is indirect.

#### 4.3 Test 3

In this part, we will study the influence of two factors of personal relationship, calling the personal relation condition and the communication frequency on 5 dimensionalities of conflict.

Because the personal relation condition and the communication frequency both have two elements, we can have the results of the regressions below:

conflict1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.092529	.2138151	0.43	0.666	3322519	.51731
willingness	2315638	.2847844	-0.81	0.418	7973378	.3342101
meet	.0200954	.1926888	0.10	0.917	3627146	.4029054
call	.03595	.1998606	0.18	0.858	3611079	.4330079
_cons	2.59988	.7486705	3.47	0.001	1.112516	4.087245
conflict2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.1584825	.2264489	0.70	0.486	2913978	.6083629
willingness	2608497	.3016117	-0.86	0.389	860054	.3383546
meet	.144688	.2040744	0.71	0.480	2607414	.5501175
call	1504564	.2116699	-0.71	0.479	5709756	.2700629
_cons	2.800143	.7929078	3.53	0.001	1.224893	4.375392
conflict3	Coef.	Std. Err.	t	₽> t	[95% Conf.	Interval]
fact	1048198	.2254454	-0.46	0.643	5527063	.3430668
willingness	.0697006	.300275	0.23	0.817	5268482	.6662494
meet	.027325	.20317	0.13	0.893	3763076	.4309577
call	0801388	.2107318	-0.38	0.705	4987944	.3385167
_cons	2.520489	.7893938	3.19	0.002	.9522203	4.088758

conflict4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.0418284	.2336286	0.18	0.858	4223156	.5059724
willingness	2023313	.3111744	-0.65	0.517	8205336	.4158711
meet	.1184306	.2105447	0.56	0.575	2998531	.5367144
call	1211517	.218381	-0.55	0.580	5550036	.3127003
_cons	3.049204	.8180473	3.73	0.000	1.42401	4.674397
conflict5	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.1409999	.2274436	0.62	0.537	3108565	.5928562
willingness	3427134	.3029365	-1.13	0.261	9445496	.2591228
meet	.1375927	.2049708	0.67	0.504	2696175	.5448028
call	1596501	.2125996	-0.75	0.455	5820164	.2627161
_cons	3.283596	.7963905	4.12	0.000	1.701427	4.865764
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As we can see, personal relationship does not have significant effect on conflict, so Hypothesis 3a is refused.

Then let's see the influence of two factors of personal relationship, calling the personal relation condition and the communication frequency on 5 dimensionalities of satisfaction.

satisf2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	0127197	.1500997	-0.08	0.933	3109191	.2854796
willingness	.5092147	.1999207	2.55	0.013	.1120373	.9063922
meet	.0950924	.135269	0.70	0.484	173643	.3638279
call	.0976455	.1403036	0.70	0.488	181092	.3763831
_cons	1.154116	.5255721	2.20	0.031	.1099756	2.198257
satisf3	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.198383	.1230708	1.61	0.110	0461186	.4428846
willingness	.019931	.1639203	0.12	0.903	3057254	.3455874
meet	.0785018	.1109106	0.71	0.481	1418416	.2988451
call	.1531314	.1150386	1.33	0.187	0754129	.3816757
_ <sup>cons</sup>	2.51237	.4309306	5.83	0.000	1.656251	3.368489
satisf4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.1349074	.1160981	1.16	0.248	0957418	.3655565
willingness	.2321871	.1546333	1.50	0.137	0750189	.5393932
meet	.1380311	.1046269	1.32	0.190	0698285	.3458907
call	.0193032	.108521	0.18	0.859	1962928	.2348992
_cons	2.140833	.4065159	5.27	0.000	1.333218	2.948448

satisf5	Coef.	Std. Err.	t	₽> t	[95% Conf.	Interval]
fact	.2639671	.1230742	2.14	0.035	.0194587	.5084755
willingness	.1745605	.1639249	1.06	0.290	151105	.5002259
meet	.0875709	.1109137	0.79	0.432	1327786	.3079204
call	.0549151	.1150418	0.48	0.634	1736356	.2834658
_cons	1.941619	.4309426	4.51	0.000	1.085476	2.797761

We can see that personal relationship does not have a significant effect on satisfaction.

Next, we can test the influence of two factors of personal relationship, calling the personal relation condition and the communication frequency on 4 dimensionalities of performance.

performance1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.1551544	.0936582	1.66	0.101	030914	.3412227
willingness	.3396853	.1247452	2.72	0.008	.0918573	.5875134
meet	.0818964	.0844042	0.97	0.335	0857873	.2495801
call	0156576	.0875457	-0.18	0.858	1895823	.1582671
_cons	2.060099	.3279429	6.28	0.000	1.408584	2.711615
performance2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.2032875	.0822561	2.47	0.015	.0398714	.3667036
willingness	.20499	.1095585	1.87	0.065	0126671	.422647
meet	.0954735	.0741287	1.29	0.201	0517961	.2427431
call	.0685547	.0768877	0.89	0.375	0841961	.2213056
_cons	2.069568	.2880186	7.19	0.000	1.497369	2.641767
performance3	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.0730788	.1141045	0.64	0.524	1536097	.2997673
willingness	. 4230609	.151978	2.78	0.007	.1211302	.7249917
meet	0003605	.1028303	-0.00	0.997	2046508	.2039298
call	.0960322	.1066575	0.90	0.370	1158617	.307926
_cons	1.838357	.3995353	4.60	0.000	1.04461	2.632103
performance4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.3086588	.1100146	2.81	0.006	.0900956	. 527222
willingness	.1525226	.1465306	1.04	0.301	1385859	.4436311
meet	.0361516	.0991445	0.36	0.716	1608162	.2331194
call	.0463965	.1028346	0.45	0.653	1579023	.2506953

We can see that the personal relation condition has significant effect on performance, but the communication frequency does not have significant effect on performance.

Generally speaking, Hypothesis 3b is partly supported, that is personal relationship does not have significant influence on satisfaction, but the personal relation condition has significant influence on performance, meaning that personal relationship may have effect on performance.

# 4.4 Test 4

In this part, we will study the influence of 5 elements of organizational trust on 5 dimensionalities of conflict.

Interval	[95% Conf.	P> t	t	Std. Err.	Coef.	conflict1
.2149992	4855817	0.445	-0.77	.176293	1352913	CT1
.2608475	5708005	0.461	-0.74	.2092745	1549765	CT2
. 695678	.0163471	0.040	2.08	.1709457	.3560126	CT3
.3456451	3635225	0.960	-0.05	.1784538	0089387	CT4
.0349841	678702	0.077	-1.79	.1795909	3218586	CT5
4.590729	1.959403	0.000	4.95	.6621426	3.275066	_cons
[Interval]	[95% Conf.	P> t	t	Std. Err.	Coef.	conflict2
.4170376	3190039	0.792	0.26	.1852163	.0490169	CT1
.1439591	7297837	0.186	-1.33	.2198672	2929123	CT2
.4891338	2245822	0.463	0.74	.1795983	.1322758	CT3
.2745661	4704968	0.603	-0.52	.1874864	0979653	CT4
.12917	6206407	0.196	-1.30	.1886811	2457353	CT5
5.444110	2.679603	0.000	5.84	.6956576	4.061859	_ <sup>cons</sup>
Interval	[95% Conf.	DN I + I	+	Std. Err.	Coof	conflict?
Interval	[95% Conr.	P> t	t	Std. Err.	Coef.	conflict3
.205037	5543535	0.363	-0.91	.1910919	174658	CT1
.336846	5646146	0.617	-0.50	.2268421	1138842	CT2
.605963	1303941	0.203	1.28	.1852957	.2377845	CT3
.278433	4902656	0.585	-0.55	.1934341	1059163	CT4
.299068	4745283	0.653	-0.45	.1946667	0877298	CT5
4.65291	1.800703	0.000	4.50	.7177261	3.22681	_cons
Interval]	[95% Conf.	P> t	t	Std. Err.	Coef.	conflict4
.2124527	5761426	0.362	-0.92	.1984408	181845	CT1
.3909597	5451688	0.744	-0.33	.2355658	0771045	CT2
.5473103	2173654	0.394	0.86	.1924217	.1649725	CT3
.4365628	3616981	0.853	0.19	.200873	.0374324	CT4
.183213	6201346	0.283	-1.08	.2021531	2184608	CT5
4.958109	1.996208	0.000	4.67	.745328	3.477159	_cons
Interval	[95% Conf.	P> t	t	Std. Err.	Coef.	conflict5
.205636	5490401	0.368	-0.90	.1899055	1717019	CT1
. 422730	4731336	0.911	-0.11	.2254337	0252017	CT2
	451273	0.644	-0.11	.1841453	0853803	CT3
280512	. 401270			.1922331	.0513673	CT4
.280512	- 3305958					
.433330	3305958 - 6050898	0.790	0.27			
	3305958 6050898 2.7065	0.257	-1.14	.1934581 .71327	2206927 4.123752	CT5 cons

As we can see, all of the 5 elements of organizational trust do not have significant effect on conflict, so Hypothesis 4a is refused.

	1					
satisf1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.1411588	.1247239	1.13	0.261	1066649	.3889825
CT2	.2349973	.1480577	1.59	0.116	0591902	.5291847
CT3	.056344	.1209408	0.47	0.642	1839628	.2966507
CT4	.1417894	.1262526	1.12	0.264	1090718	.3926506
CT5	.0541656	.1270571	0.43	0.671	1982942	.3066254
_cons	1.456768	.4684531	3.11	0.003	.5259613	2.387574
	1					
satisf2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.3407237	.1103471	3.09	0.003	.1214663	.5599811
CT2	.0357497	.1309913	0.27	0.786	2245272	.2960266
CT3	055277	.1070001	-0.52	0.607	2678839	.15733
CT4	.2941462	.1116996	2.63	0.010	.0722014	.516091
CT5	.189045	.1124114	1.68	0.096	034314	.4124041
	. 6432513	.4144551	1.55	0.124	1802623	1.466765
satisf3	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.0443438	.0945404	0.47	0.640	143506	.2321935
CT2	.239031	.1122274	2.13	0.036	.0160377	.4620244
CT3	.003745	.0916728	0.04	0.968	1784069	.1858969
CT4	.2259346	.0956992	2.36	0.020	.0357824	.4160868
CT5	.0571498	.096309	0.59	0.554	1342141	.2485137
_cons	1.93058	.3550863	5.44	0.000	1.225031	2.636129
satisf4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.1397287	.0854122	1.64	0.105	0299835	.3094408
CT2	.1380794	.1013914	1.36	0.177	0633832	.3395419
CT3	.061894	.0828215	0.75	0.457	1026705	.2264585
CT4	.1547647	.0864591	1.79	0.077	0170276	.326557
CT5	.1533574	.08701	1.76	0.081	0195296	.3262444
_cons	1.587	.3208014	4.95	0.000	.9495744	2.224426
satisf5	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.4208166	.0984634	4.27	0.000	.2251719	.6164613
CT2	0613711	.1168843	-0.53	0.601	2936176	.1708755
CT3	0239303	.0954768	-0.25	0.803	2136407	.1657801
CT4	.1025527	.0996702	1.03	0.306	0954899	.3005953
CT5	.1770841	.1003054	1.77	0.081	0222205	.3763887
_cons	1.658785	.3698207	4.49	0.000	.9239591	2.393611
	1					

Then we can see the influence of 5 elements of organizational trust on 5 dimensionalities of satisfaction.
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We cannot see significant effect of organizational trust on satisfaction.

performance1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.2896502	.0861693	3.36	0.001	.1184336	.4608668
CT2	039043	.1022902	-0.38	0.704	2422914	.1642054
CT3	.1061021	.0835556	1.27	0.207	0599211	.2721254
CT4	.1848393	.0872255	2.12	0.037	.0115242	.3581544
CT5	0554091	.0877813	-0.63	0.530	2298286	.1190105
_cons	2.272783	.3236451	7.02	0.000	1.629707	2.915859
performance2	Coef.	Std. Err.		DNI+I	[95% Conf.	Intorvall
periormancez	COEL.	Stu. Err.	t	P> t	[95% CONT.	Incervalj
CT1	.2291721	.0834872	2.74	0.007	.0632848	.3950594
CT2	0276245	.0991063	-0.28	0.781	2245466	.1692976
CT3	.0344694	.0809549	0.43	0.671	1263862	.195325
CT4	.1889257	.0845105	2.24	0.028	.0210051	.3568462
CT5	016573	.085049	-0.19	0.846	1855636	.1524176
_cons	2.607229	.3135714	8.31	0.000	1.984169	3.230289
performance3	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.3475261	.0966098	3.60	0.001	.1555644	.5394877
CT2	227976	.1146839	-1.99	0.050	4558506	0001015
CT3	.1911323	.0936795	2.04	0.044	.0049932	.3772714
CT4	.1069252	.0977939	1.09	0.277	0873893	.3012396
CT5	.0800364	.0984171	0.81	0.418	1155163	.2755891
_cons	2.184585	.3628589	6.02	0.000	1.463592	2.905578
	1					
performance4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
CT1	.2705488	.1005705	2.69	0.009	.0707173	.4703802
CT2	1613251	.1193856	-1.35	0.180	3985417	.0758916
CT3	0025107	.09752	-0.03	0.980	1962809	.1912595
CT4	.2283624	.1018032	2.24	0.027	.0260817	.4306432
CT5	.0931366	.1024519	0.91	0.366	1104331	.2967064
_cons	2.486731	.3777349	6.58	0.000	1.736179	3.237282

Next, let's test the influence of 5 elen	nents of organizational trust c	on 4 dimensionalities of performance.

We cannot see significant effect of organizational trust on performance.

Generally speaking, we can say that Hypothesis 4b is refused, that is organizational trust does not have significant influence on satisfaction or performance.

#### 4.5 Test 5

In this part, we will study the influence of two factors of personal relationship, calling the personal relation condition and the communication frequency on 5 dimensionalities of organizational trust.

Because the personal relation condition and the communication frequency both have two elements, we can have the results of the regressions below:

CT1	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	3861454	.1447799	-2.67	0.009	6737758	0985149
willingness	.7082709	.1928351	3.67	0.000	.3251703	1.091371
meet	.049734	.1304747	0.38	0.704	2094768	.3089448
call	.1038859	.1353309	0.77	0.445	1649726	.3727443
_ <sup>cons</sup>	2.364143	.5069446	4.66	0.000	1.357009	3.371277
CT2	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	1785557	.152022	-1.17	0.243	4805739	.1234625
willingness	.414611	.202481	2.05	0.044	.0123472	.8168749
meet	0405921	.1370013	-0.30	0.768	312769	.2315849
call	.181148	.1421004	1.27	0.206	1011591	.4634552
_cons	2.572247	.5323028	4.83	0.000	1.514735	3.62976
СТЗ	Coef.	Std. Err.	t	P> t	[95% Conf.	Intervall
	COEI.	Stu. EII.		10101	[55% CONT.	Incervarj
fact	1882197	.1649649	-1.14	0.257	5159512	.1395117
willingness	.5011099	.2197199	2.28	0.025	.064598	.9376218
meet	0176854	.1486653	-0.12	0.906	3130351	.2776642
call	.3057113	.1541985	1.98	0.050	000631	.6120536
_cons	1.528033	.5776221	2.65	0.010	.3804862	2.675581
CT4	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact	.179166	.1566455	1.14	0.256	1320378	. 4903697
willingness	.3914497	.2086392	1.88	0.064	0230485	.805948
meet	.1845597	.141168	1.31	0.194	0958953	.4650146
call	0622472	.1464222	-0.43	0.672	3531404	.228646
_cons	1.126757	.5484922	2.05	0.043	.0370818	2.216433
СТ5	Coef.	Std. Err.	t	P> t	[95% Conf.	Interval]
fact willingness meet call _cons	0871691 .6432939 0649666 .307948 .5289047	.1689012 .2249628 .1522128 .157878 .5914053	-0.52 2.86 -0.43 1.95 0.89	0.607 0.005 0.671 0.054 0.374	4227209 .196366 3673638 0057043 6460252	.2483826 1.090222 .2374307 .6216002 1.703835

We can see that the willingness of contact has significant effect on organizational trust, but other factors do not have significant effect on it. As a result, we can say that Hypothesis 5 is partly supported, that is personal relationship may have positive effect on organizational trust. The better the personal relationship is, the stronger the organizational trust will be.

#### 5. Conclusion and Discussions

We collect the data from 200 gas station of Sinopec, to study the influence of psychological distance and personal relationship of channel members on conflict, satisfaction and performance.

The result of our study show up several results below:

1. Psychological distance has positive influence on personal relationship, satisfaction and performance. The closer the psychological distance is, the better the personal relationship will be, and the higher the satisfaction and performance will be. Psychological distance has negative influence on conflict. The closer the psychological distance is, the weaker the conflict will be.

Psychological distance refers to the differences of values and ways of thinking. The effect of value and strategy on personal relationship is not surprising, which is supported by the reference. Those who have closer psychological distance will be easier to understand each other and cooperated with each other, leading to higher satisfaction and performance. Conflict has nothing to do with values, but has some relation with operation strategy, which may help channel members reach an agreement and reduce conflict. (Federico de Gregorio, Yunjae Cheong, & Kihan Kim, 2012)

2. One part of personal relationship, calling the personal relation condition has positive influence on performance. The better the personal relation condition is, the higher the performance will be.

The impact of personal connection is quite obvious in China's business environment and traditional culture. Sometimes, the distributors can hardly know whether the suppliers are reliable or not, but they can judge this from the customer managers. Good personal relationship condition will give them confidence of the organization the boundary-spanners belonging to, so that the performance will be higher. For the distributors, the fact of relationship and the willingness of contact are very important, because they show that the distributors do not only try to cooperate with suppliers, but also be willing to do that. However, the communication frequency doesn't affect the channel relationship and operation process, so it will not have significant effect on performance.

3. One element of personal relationship, calling the willingness of contact has positive influence on organizational trust. The higher the willingness of contact is, the higher the organizational trust will be.

Sometimes, the willingness to communicate is more important than the behavior of communication, because willingness reflects the trust and feeling of closeness but the behavior may come from judgment of reality. The behavior of trust is perhaps to maintain relationship, rather than to show their real trust from heart. In another word, it is easier to build a trust relationship when someone or some organizations have willingness of interaction of others. This description has the same viewpoint as our research, that the principal of the gas station may improve the organizational trust on Sinopec because of the good feeling of the customer manager. (Robert M. Morgan & Shelby D. Hunt, 1994)

4. Organizational trust does not have significant influence on conflict, satisfaction or performance.

Many previous references mentioned the improvement effect of organizational trust on channel relationship. However, we cannot see that in our study. The reason could be very complicated. The particularity of China business environment will strengthen the influence of personal trust, which is the trust between distributor and the customer manager in our research. Personal relationship is more simple and practical, especially for those small distributors. In China, the trust of distributors on the salesmen from suppliers will be more significant on their decisions and behaviors than the trust on the organization of suppliers. The reason may be that small distributors usually can hardly know about the large suppliers, so they choose to believe in persons. In conclusion, the effect of organizational trust on conflict, satisfaction and performance can be easily replaced by the personal relationship, when we are discussing China's business environment, with small players of distributors. (Don Y. Lee & Philip L. Dawes, 2005)

Here we can see some implications for the suppliers in China. Not as usual, we cannot see significant effect of organizational trust on conflict satisfaction or performance. The reason may be that in the cooperation between little distributors and large suppliers in China, organizational relationship is usually replaced by personal relationship. As a result, the suppliers should not ignore the importance of boundary-spanners, like customer managers or salesmen. Personal relationship can lead to organizational trust, by the hard work of staffs in the long term. This conclusion conforms to the reality in China's business environment.

However, the advantage of personal relationship can be the disadvantage during some situation. For example, if one day the salesmen or customer managers leave the company, the suppliers may face the risk of losing some of distributors.

On the other hand, our study still has some shortages, which can be improved during future research. First, we can pay more attention to discussing the differences of every influence factor, which will be more interesting. Second, if we can have more diversified data, the result will be more convincing. Third, we cannot find much theory support for psychological distance, which should be added to in the future. Fourth, we should try to find more details to explain the unusual effect of organizational trust in our research.

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