

CITY UNIVERSITY OF HONG KONG
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**Relationship of Power and Cooperation:
The Franchise Channel of Playboy in China**

**權力與合作之關係：
以中國花花公子之特許經營為例**

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Abstract

In the last decade, the power between channel members has shifted from upstream to downstream; the upstream channel members have traditionally had more power than downstream members. This power shift has created more conflicts than in the past and has made channel members fight each other instead of cooperating with each other. These channel conflicts exist in China distribution channels without exception, and have been extended to franchise channels. This situation has deteriorated channel relationships and caused a high turnover rate in the franchise industry.

This research extends Relationship Commitment and Trust theory (Morgan & Hunt, 1994) and the concept of Power and Dependence Relationship (Coughlan et al, 2001). The research attempts to develop a new concept for channel member relationships that shifts power to cooperation through relationship commitment and trust. At the same time, the research also tries to find out whether the channel dependent party between members is willing to have long-term cooperation with other channel members.

The research design uses a mixed methodology including qualitative and quantitative methods that includes interviews with 30 Playboy franchisees in Beijing, Shanghai and Shenzhen and questionnaires from Playboy franchisees in China, 158 returned valid out of 580. After conducting structural equation models, the empirical test found that the hypotheses of power to trust, power to cooperation, power to dependence, trust to commitment and cooperation to commitment are supported. Interestingly, the hypotheses of dependence to trust, dependence to cooperation, dependence to relationship commitment and trust to cooperation are not supported in

this research. These important findings will alert practitioners to increase the level of dependence and other dependent factors into the channel system in order to maintain long term cooperation among channel members.

Keywords: franchise, relationship, power, dependence, cooperation, relationship commitment, trust, *guanxi*, distribution channel