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The dual effects of perceived unfairness on opportunism in channel relationships

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ABSTRACT

Opportunism has long-term negative consequences for channel relationships. The extant research has traditionally focused on economic forces in studying opportunism. However, social exchange theory stresses the role of social forces in shaping opportunistic behavior. In this study, we integrate transaction cost economics and justice theory to theorize and examine the impact of 'perceived unfairness' on distributor opportunism. We uncover the 'dual' effects of perceived unfairness on opportunism, i.e., 1) directly enhancing opportunism and 2) aggravating (positively moderating) the effects of economic forces on opportunism. Matched data on 247 supplier-distributor dyads in India provide empirical support for our theoretical model and research hypotheses. We find differential effects of the three dimensions of perceived unfairness (distributive, procedural, and interactional) on opportunism. We discuss the implications of our findings for theory and practice and present avenues for future research.

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