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Curbing opportunism in marketing channels: The roles of influence strategy and perceived fairness

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ABSTRACT

Opportunism is vital in marketing channel relationships and existing research has identified several influential factors as antecedents of opportunism. Nonetheless, we have little specific knowledge of how manufacturer's influence strategies or how reseller's fairness perception affects reseller's opportunistic behavior. This study examines the independent and interactive effects of influence strategies and fairness perception on the resellers' opportunism tendency. Empirical evidence shows that the manufacturer's use of coercive influence strategy increases the resellers' opportunism tendency whereas manufacturer's use of noncoercive influence strategy reduces it. The results also suggest that distributive and procedural fairness perceptions moderate the relationship between influence strategies and opportunism tendency. In particular, procedural fairness perception strengthens the effect of noncoercive influence on opportunism tendency. Contrary to our hypothesis, distributive fairness worsens the harmful effect of coercive influence on the reseller's opportunism tendency. The latter counterintuitive finding provides directions for future research along with insights for channel management.

1. Introduction

Marketing channel relationships can be complex, ambiguous, and uncertain, especially in emerging markets, which are dynamic and heterogeneously driven by continuous social, economic and firm transitions (Dong, Tse, & Hung, 2010; Sharma, Cosguner, Sharma, & Motiani, 2020). Thus, it is of great importance to manage the dark side of marketing channel relationships. The great majority of research on the dark side of interorganizational relationships is about conflict, opportunism, and unethical practices; and the most widely studied manifestation of the dark side of interorganizational relationships is opportunism (Oliveira & Lumineau, 2019). *Opportunism*, defined as "self-interest seeking with guile" (Williamson, 1975, p. 6), has long been recognized as a primary factor that endangers marketing channel relationships. It involves "the art, policy, or practice of taking advantage of opportunities or circumstances often with little regard for principles or consequences" in spite of promises made *ex ante* (Merriam-Webster Dictionary).

In the context of marketing channels, opportunism occurs when a channel member shows crafty behavior, such as lying, stealing, and cheating, to advance its self-interests at the expense of its partner (Wathne & Heide, 2000). One party's opportunistic behavior may result in a short-term gain for themselves while harming other parties' interests, eventually undermining the economic interests of all parties, resulting in lower channel performance. Thus, understanding how to curb opportunism in marketing channels is critical for firms to maintain healthy and sustainable channel relationships and improve relationship performance.

Past research has suggested that managerial practices such as influence strategies directly affect the degree of opportunism in interorganizational relationships. Opportunism arises when the firms in a channel do not have the same goals (Jap & Anderson, 2003; Kang & Jindal, 2015; Wang & Yang, 2013). Due to such goal incongruities, one firm's motivation to maximize its own benefits becomes an obstacle for the other

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parties. The use of influence strategies has been proposed to control channel member opportunism through alignment and compliance of both parties' goals (Frazier & Summers, 1984; John, 1984; Payan & McFarland, 2005). The literature suggests that coercive strategies increase the opportunism of the target firm, but noncoercive ones reduce it (Handley & Benton, 2012; John, 1984; Zhao, Huo, Flynn, & Yeung, 2008).

Building on the literature on fairness perception in a channel context, we propose that the target firm's fairness perception — perceived distributive fairness and perceived procedural fairness — will affect target firm opportunism, given the important role of fairness in cooperative behavior (Hewstone, Argyle, & Furnham, 2010). In addition, we propose that these fairness perceptions will moderate the relationship between influence strategies and target firm opportunism. Fairness in channel management studies refers to the perceived fairness between firms; that is, the perceptions of members in a dyadic channel about the exchange relationship reflects each party's input into the relationship and the outcome or value produced out of it. In exchange relationships fairness has important implications for relational and behavioral outcomes (Brown, Cobb, & Lusch, 2006). Influence attempts made by a source firm perceived as fair by the target may be more effective, whereas those made by a source firm perceived as unfair may exacerbate the channel relationship, which is manifested by increased opportunism.

As an emerging economy, China offers an interesting and important setting to examine opportunism in marketing channels. As the largest emerging market in the world, China shares many characteristics with other emerging economies, such as its rapid speed of economic development and policies that support the adoption of a free-market system (Li, Poppo, & Zhou, 2008). China's emerging economy is undergoing fast growth with immense volatility, providing an appropriate platform to examine the influence strategy-perceived fairness-opportunism relationship in high-growth and uncertain market environments. Secondly, based on collectivist cultures, China has a long tradition of using ties or engaging in networks to coordinate transactions, which cause some to refer to ties as the 'lifeblood' of business conduct in Chinese society (Xin & Pearce, 1996). This may drive some channel members to assume a friend role in their relationships, hence may curb opportunistic behavior. However, challenged by intense competition and market dynamics (Li, Poppo, & Zhou, 2008), channel members may be increasingly forced to use coercive influence and demonstrate opportunistic behavior. The conflicting forces between rapid economic development and traditional *guanxi* culture generate a complex context that enables us to investigate the strategies in curbing opportunism in channel relationships. Finally, most industries in China are undergoing structural transformation, which provides complex industrial dynamics that significantly affect firm behavior and outcome (Luo, 2006). In summary, China provides an important and distinct setting to conduct a study about influence strategy, perceived fairness, and opportunism.

Our present research paper contributes to the interorganizational relationship management literature by examining how perceived fairness on the part of the target firm and influence strategies jointly affect target firm opportunism. It provides insight into understanding opportunism and its antecedents by emphasizing that the choice of influence strategies needs to take into consideration the target's attitudes and perceptions to achieve the intended effects. Second, this research distinguishes between distributive and procedural fairness in the empirical investigation. Distributive fairness focuses on the allocation outcome among the parties involved, whereas procedural fairness focuses on the process of resource allocation. The differential effects of distributive and procedural fairness, well documented in other contexts, are examined here in a marketing channel for their effects on curtailing opportunism, adding to the growing body of literature on fairness and justice in channel relationship management. Finally, the interacting effects of influence strategy and fairness perception on opportunism extend the understanding of the boundary conditions of strategies for curbing opportunistic behavior in marketing channels. The next section reviews relevant literature and develops the hypotheses.

2. Conceptual framework and hypothesis development

2.1. Opportunism in marketing channel relationships

Studies of opportunism primarily build on transaction cost economics (TCE), which conceptualizes opportunism as self-interest seeking with guile (Williamson, 1975, p. 6). What sets opportunism apart from other self-interest seeking behaviors are the promises made ex ante, otherwise known as the "guile" element. In other words, all self-interest seeking behaviors are not considered opportunistic unless there is an explicit contract or relational agreement or some form of promises. Williamson (1993) further clarified the status of opportunism in contracting and suggested giving it the same status as bounded rationality and an essential assumption about human behavior. While bounded rationality makes contracts naive and incomplete, opportunism is the motivator for economic agents to take advantage of such naivety and incompleteness whenever it is "feasible and profitable" (John, 1984, p. 278).

In marketing channels, a firm may behave opportunistically to gain short-term, unilateral benefits (John, 1984). As to the consequences of opportunistic behavior, the opportunism by one firm can harm the long-term gains for both parties in a dyadic relationship (Brown, Grzeskowiak, & Dev, 2009). Partner-based opportunism is negatively associated with performance, norms, satisfaction (Jap & Anderson, 2003), and communication (Crosno & Dahlstrom, 2008) and leads to value co-destruction in the form of termination of the relationship, conflict, and business liquidation (Wathne & Heide, 2000). Joint venture partners' opportunism decreases their own financial returns and sales growth (Luo, 2007) and international joint venture's continuity (Chang, Bai, & Li, 2015). The potential danger of opportunism poses a great threat to the execution of contracts and increases transaction costs. Drawing on the TCE assertion that opportunism increases transaction costs, partners incur additional costs following opportunistic behaviors or unethical behavior by their counterparties (Kaynak, Sert, Sert, & Akyuz, 2015).

In addition, the influential factors from different perspectives demonstrate interacting effects on opportunism. For example, Grandinetti (2017) explores the two different types of the dark side – trap (power imbalance) and secret (information asymmetry) – and their influences on opportunism. Interactions between the dimensions of bureaucratic structure (formalization and participation) and relational norms (solidarity, role integrity, and mutuality) are found to influence opportunism among channel members (Paswan, Hirunyawipada, & Iyer, 2017). Liu, Liu, & Li (2014) investigate the moderating effects of a firm's network embeddedness and a partner's transactional specific investments (TSIs) on relationships between the firm's TSIs and its partner's strong- and weak-form opportunism. Luo (2007) reports that the interaction between industry growth and law unenforceability is significant and negative in relation to both foreign and Chinese parties' opportunism. The effect of contracts on mitigating opportunism is less effective under low network embeddedness and more effective when regulatory uncertainty is high (Wang, Zhang, Wang, & Sheng, 2016).

As to the influential factors of opportunism, the contract type and control mechanisms influence opportunism in inter-organizational relationships. Relational norms and social ties—through mechanisms of social control—mitigate opportunism in interorganizational relationships (Tangpong, Hung, & Ro, 2010). For international joint ventures, host government resource dependence and policy uncertainty increase foreign partner opportunism (Wang, Sheng, Wu, & Zhou, 2017). Transaction-specific investments increase party's exposure to opportunism; however, relationship specific investments might also operate as a mitigating factor (Huo, Ye, Zhao, Wei, & Hua, 2018).

Opportunism in emerging markets, such as China, is more noteworthy. In emerging markets, the national economy grows rapidly, industries are structurally changing, markets are promising but volatile,

the legal system is weak, and the regulatory framework is undergoing drastic transformations (Luo, 2006). The role of contracts in emerging markets is shown as limited because obligations often derive from personal relationships (Shou, Zheng, & Zhu, 2016). Opportunism includes "strong form" (contractual norm violation) and "weak form" (relational norm violation) (Luo, 2006). Besides the role of contracts, the institutional environment in emerging markets deserves more attention in opportunism research (Yang, Sheng, Wu, & Zhou, 2018). Underdeveloped institutional environments increase the coordination and monitoring costs in supply chain management (Steven & Britto, 2016). The high costs of obtaining reliable market information, measuring and monitoring a business partner's performance, and enforcing contracts often encourage opportunistic behaviors (Hoskisson, Eden, & Wright, 2000).

2.2. Influence strategies and opportunism

This study focuses on interfirm influence strategies, one of the managerial factors such as power and control-related reasons that affect opportunism (Das & Rahman, 2002; Hawkins, Pohlen, & Prybutok, 2013; Provan & Skinner, 1989). Interfirm influence strategies refer to the communications utilized by a source firm's personnel in their influence attempts with target firms (Frazier & Summers, 1984; Johnston, Le, & Cheng, 2017). In other words, influence strategies represent the content and structure of communications that one channel member uses to change the attitudes and behavior of another channel member (Mohr, Fisher, & Nevin, 1996; Payan & McFarland, 2005). The purpose of influence strategies is to "change the target's beliefs concerning the inherent desirability of performing the behaviors in question" (Frazier, 1983, p. 71). The extant literature has mostly analyzed influence strategies as predictors of compliance, dyadic relationalism, and partner satisfaction (Boyle, Dwyer, Robicheaux, & Simpson, 1992; Johnston et al., 2017; Keith, Jackson, & Crosby, 1990).

Raven and Kruglanski (1970) identified six sources of power that are common and important: information, legitimate, referent, expert, reward, and coercive, the first five of which can be categorized as noncoercive strategies. Subsequent empirical research, however, has focused primarily on promises, threats, legalistic pleas, information exchange, recommendations, and requests (Boyle et al., 1992; Frazier & Summers, 1984). Promises, threats, and legalistic pleas operate similarly and are classified as coercive influence strategies, while information exchange, recommendations, and requests are grouped as noncoercive influence strategies (Frazier & Rody, 1991; Hausman & Johnston, 2010; Mishra & Banerjee, 2019).[1] In this study we restrict the use of threat and punishment in cases of noncompliance as the only forms of coercive influence strategy.

Different influence strategies have distinct effects on the target channel member's beliefs, attitudes, and behaviors, including opportunism tendency (John, 1984). Specifically, manufacturer's use of coercive influence increases the resellers' opportunism tendency, whereas noncoercive influence strategies reduce it (Wang, Huo, Tian, & Hua, 2015). First, according to attribution theory (John, 1984; Raven & Kruglanski, 1970), from the viewpoint of the resellers, coercive influence is a relatively "strong" type of influence and produces external attributions of causality. They will regard the change in their own behavior as due to external factors of influence that are not in their control. Resellers' attitudes will become more negative and they are less willing to cooperate, which reduces the restraints on their opportunism tendency.

Second, when the partner firm frequently uses coercive power and threatens the channel member, the channel member is expected to view its partner as exploitative rather than accommodative (Frazier & Summers, 1984), and it will experience lower trust (Geyskens, Steenkamp, & Kumar, 1998). The third reason is that targets of influence view coercion as limiting their autonomy. To exert their autonomy, these targets behave in a manner exactly the opposite of what the influencer desires (Brown et al., 2009). Furthermore, when the manufacturer applies coercive influence on its distributors, it is more likely to focus on its own interests, and the use of coercive influence strategies tends to reduce resellers' overall satisfaction with the relationship (Frazier & Summers, 1984). Therefore, the use of coercive influence induces a cold and tense atmosphere in the channel relationship (Boyle et al., 1992), harming long-term relationships (e.g., Hoppner, Griffith, & White, 2015; Handley & Benton, 2012). When the manufacturer successfully induces compliance from the resellers by coercion, resellers usually need to incur costs to be able to do so. Hence, such compliance often decreases the resellers' satisfaction both in economic and noneconomic aspects, increasing the resellers' desire to retaliate by seeking to take opportunistic actions. We therefore hypothesize that:

H_{1a}: The manufacturer's use of coercive influence strategy is positively correlated with the resellers' opportunism tendency.

In contrast, noncoercive influence such as legitimacy, expert, information exchange, and referent are "weak" types of influence and do not depend on the external factors, but internal processes within the target firm such as identification and internalization of similar values (John, 1984). Prior research has examined the determinants of opportunism in supply chain relationships in emerging markets and has found that buyer coercive power increases supplier opportunism, buyer noncoercive power decreases supplier opportunism (Wang et al., 2015).

Uses of noncoercive influence provide a strong driving force for attributing the resellers' action to internal reasons. Such attribution will positively affect the resellers' public behavior and private beliefs, and enhances their intrinsic motivation, resulting in a more favorable attitude towards the manufacturer. Noncoercive influence strategies help the communication between channel members and improve their mutual understanding (Wang, Ye, & Tan, 2014), which leads to greater channel satisfaction, increased desire to cooperate and better channel efficiency. Communications (instrumental and social) are found to directly reduce channel members' opportunism and restrain the ill effects of opportunism on relationship performance (Trada & Goyal, 2020). Non-coercive influence strategies, such as provision of suggestions intended to help the partner, are found to be positively related to partner satisfaction while coercive strategies such as legalistic pleas are negatively related to satisfaction (Lai, 2007). Liu, Ke, Wei, and Hua (2015) explore power–trust relationship in China from a supply chain perspective and find that coercive-mediated power negatively affects competence and goodwill trust. Effective use of noncoercive influence strategies implemented by a firm with relatively more power may contribute to long-term and solid relationships with other channel members (Hu & Sheu, 2005; Jain, Khalil, Johnston, & Cheng, 2014).

Unlike coercive influence, noncoercive influence strategies will likely lead to the resellers' emphasis on social relationship and make social norms salient (Raven & Kruglanski, 1970; John, 1984). This enhances the resellers' long-term commitment to the channel relationship, which leads to reduced opportunism toward its incumbent supplier (Tse, Wang, & Zhang, 2019). This also reduces such intentions or behaviors that may gain them short-term benefit but harm the relationship in the long run. By engaging in information exchange and providing recommendations, the manufacturer can significantly reduce the communication costs involved in the channel. Resellers' perceptions of such care and concern will encourage them to act more actively in seeking new customers, developing new services, and eventually voluntarily comply with the goals of the manufacturer. Based on a meta-analysis of interfirm opportunism, goal congruence has the largest influence on interfirm opportunism (Wang & Yang, 2013). Moreover, transparent

[1] Alternative ways to categorize these strategies have been proposed; we adopt the coercive–noncoercive dichotomy (Geyskens, Steenkamp, & Kumar, 1999).

information is also perceived as a sign of the manufacturer's sincerity and truthfulness and can be used to ensure resellers of the manufacturer's dependability. Even in case of conflicts, resellers will commit to solving them together with the manufacturer, rather than behaving opportunistically (Geyskens, Steenkamp, & Kumar, 1999). This is formally stated as follows:

H_{1b}: The manufacturer's use of noncoercive influence strategy is negatively correlated with the resellers' opportunism tendency.

2.3. Fairness perceptions and opportunism

Based on organizational fairness theory, previous research on organizational and social fairness has distinguished between two categories of fairness: distributive fairness and procedural fairness. (Duffy, Fearne, Hornibrook, Hutchinson, & Reid, 2013; Huo, Wang, & Tian, 2016). *Distributive fairness* refers to the perceived fairness of resources received (Huo et al., 2016), while *procedural fairness* can be defined as the fairness of the means or the process by which an allocation decision is made (Huo et al., 2016; Kumar & Kumar, 2016). It is found that the procedural and distributive justice of a supplier's policies enhance the long-term orientation and relational behaviors of its distributor (Griffith, Harvey, & Lusch, 2006). In a channel where a manufacturer has a better reputation for being fair to channel members, the channel relationship is more likely to continue (Anderson & Weitz, 1989).

Distributive and procedural fairness perceptions have been shown to exert different effects in marketing channels. Distributive fairness is outcome-based. In the channel context, it refers to channel members' views about what is a fair outcome or distribution of resources within the relationship (Kumar, Scheer, & Steenkamp, 1995; Kumar & Kumar, 2016). Thus, it is especially salient to the economic relationship between channel members as they attempt to enhance effectiveness and efficiency within the marketing channel (Brown et al., 2006). If channel members share and accept a set of norms of distributive fairness, these norms will effectively resolve any coordination problem and promote the efficiency and stability of the channel.

From the perspective of equity theory, resellers' perceptions of fairness may be generated by comparison between their effort and their gains in a given relationship (Samaha, Palmatier, & Dant, 2011). When perceiving distributive unfairness, resellers may show opportunistic acts to compensate their "losses", regain the feeling of "fairness", and restore equity in relationships (Kumar et al., 1995). For example, distributors may constrain sales of the unfair supplier's products, misrepresent products with high prices, create unnecessary stock outs, and make more effort to promote competitor brands with high margins (Trada & Goyal, 2017). Distributive fairness reduces the partner's motivation to behave opportunistically (e.g., Luo, Liu, Yang, Maksimov, & Hou, 2015). Thus, the relationship between perceived distributive fairness and opportunism tendency is hypothesized as follows:

H_{2a}: Greater reseller perceived distributive fairness is associated with lower reseller opportunism tendency.

In marketing channels, procedural fairness refers to "the resellers' perception of the fairness of the supplier's procedures and processes in relation to its resellers" (Kumar et al., 1995, p. 55). Procedural fairness focuses on the processes by which the parties in the dyadic channel reaching agreements and the resellers' perceptions that the manufacturer's resale policy, procedures and methods are fair. It is thus behavior-based, unlike distributive fairness. Brown et al. (2006) have pointed out three reasons why procedural fairness has differential effects than distributive fairness. Specifically, procedural fairness signals channel members that distributive fairness will be attained in the long-term even though not in the short-run; socio-emotionally, it works as a signal of respect, trust, and goodwill; in case of conflicts, it also signals that the channel members can work together to sort things out. Contrarily, unfairness leads to conflict in a relationship, and hence significantly increases opportunism (Kang & Jindal, 2015; Huo et al., 2016). Compared to distributive fairness which is concerned more about the allocation of resources at that specific moment, procedural fairness is more long-term oriented, especially when distribution outcome turns out to be disappointing.

Perceptions of procedural fairness help mitigate "distributive disappointments" (Lind & Tyler, 1988) and can influence commitment to the channel relationship, especially when facing an uncertain environment like shifting demands (Huo et al., 2016). In marketing channels, if the procedures are perceived to be fair, for example, and if the resellers are allowed to participate in allocation decision-making, they realize socio-emotional benefits regardless of material losses or gains. Such procedural fairness will increase their loyalty to the relationship and desire to continue working with the manufacturer (Kaynak et al., 2015; Wang, Craighead, & Li, 2014). However, high levels of procedural unfairness spur doubts among distributors that a supplier will not provide them with fair opportunities to express their concerns and will not seek their participation in important decisions (Luo et al., 2015). Thus, procedural fairness signals that channel members who are valued, respected, and trusted by one another (Lind & Tyler, 1988; Tyler & Lind, 1992) may reduce opportunistic acts.

On the other hand, procedural fairness helps reassure firms that they can work together to address problems fairly (Brown et al., 2006) rather than engaging in opportunistic behavior for its own gains. Procedural fairness can enhance the relational bond between suppliers and distributors and increase the confidence of the distributors that their long-term interests will be protected in such relationships (Trada & Goyal, 2017). With greater procedural fairness perceptions, resellers are less tempted to engage in opportunistic acts. As such, we hypothesize that:

H_{2b}: Greater reseller perceived procedural fairness is associated with lower reseller opportunism tendency.

2.4. Interaction between influence strategies and fairness perceptions

This research also aims to investigate the interaction between manufacturers' use of influence strategies and resellers' fairness perceptions on opportunism. We expand on the research by proposing that high perceptions of distributive and procedural fairness mitigate the unfavorable effect of coercion on opportunism tendency and in the meantime further boost the favorable effect of noncoercive strategies on reseller opportunism.

Fairness perceptions are essentially about the ratio between the efforts put in a relationship and the rewards received from it. When there is a discrepancy in this efforts-rewards link, the resellers may feel they are treated unfairly, and a hostile emotional state may arise (Khattak, Khan, Fatima, & Zulfiqar, 2019). Fairness perceptions may also be reduced because of relational breach (Blessley, Mir, Zacharia, & Aloysius, 2018). When resellers perceive high level of fairness, they would be more likely to behave themselves to maintain a long-term relationship with the manufacturer (Hewstone et al., 2010). Trust and content that come along with a high perception of fairness by resellers will help weaken the negative impact brought by the manufacturer's coercive influence strategies. In other words, if the manufacturer is perceived as being fair to resellers, even though their use of power is coercive and they threaten to punish in case of non-compliance, resellers will not revolt deceptively by engaging in opportunistic behaviors. When coercion exists with perceived fairness, firms may be willing to ignore its existence and assume a certain degree of coercive influence seems unavoidable. Therefore, if channel members get fair distributive outcomes and are treated fairly, they may view coercive influence as normal, day-to-day business activities and not react harshly by initiating opportunistic behavior.

On the other hand, when they feel they are treated unfairly either in terms of the allocation of resources or the procedure by which the allocation decisions are made, they tend to become unsatisfied (Poujol,

Siadou-Martin, Vidal, & Pellat, 2013). Such discontent and lack of satisfaction, when combined with resistance due to the manufacturer's use of coercive influence, is likely to make resellers more opportunistically inclined (Shaikh, Sharma, Vijayalakshmi, & Yadav, 2018). When unfairness occurs, the channel member is likely to attribute negative motives to the observed coercive influence and choose opportunistic behavior as a defensive strategy for coercive influence by the manufacturer. Based on the foregoing reasoning, we develop the following hypotheses:

H_3: The resellers' perception of (a) distributive fairness (b) procedural fairness weakens the positive effect of the manufacturer's use of coercive influence strategies on resellers' opportunism tendency.

Furthermore, we propose that the negative effect of noncoercive influence on channel member's opportunism tendency becomes magnified in the presence of perceived fairness. When channel members perceive greater fairness, they may attribute a greater positive motive to the manufacturer and assume long-term orientation in the channel relationship, hence curbing the opportunistic behavior of seeking short-term interests. On the other hand, when channel members perceive unfairness, they may treat manufacturer's noncoercive influence from a hostile, skeptical view (Khattak et al., 2019). Hibbard and Stern (2001, p. 48) and argue that "perception of being treated unfairly, causes anger and brings with it a desire for retributive justice". Retributive justice can be gained through opportunistic behaviors. Therefore, when noncoercive influence occurs together with fairness perception, the favorable effect of noncoercive influence on opportunism tendency is hypothesized to be strengthened (see Fig. 1).

H_4: The resellers' perception of (a) distributive fairness (b) procedural fairness strengthens the negative effect of the manufacturer's use of noncoercive influence strategies on resellers' opportunism tendency.

3. Method

3.1. Data collection and sample

To empirically test the independent and interactive effects of influence strategy and fairness perception on opportunism in marketing channels, we conducted a survey to collect the data in China. This study is conducted based on the mobile phone industry in China. Compared with other industries, the smartphone industry is an industry wherein brands, prices, and technologies change rapidly (Yan, Chen, & Liu, 2020). This context is an appealing setting to examine how influence strategy and fairness perception affect opportunism in mobile phone manufacturer-reseller relationships. Thus, the current study chooses randomly selected mobile phone resellers to fill in a questionnaire about their relationships with manufacturers. With cooperation from the manufacturer, a total of 773 questionnaires were sent out by mail to these mobile phone resellers and 508 questionnaires were received with a response rate of 65.7%. However, we found some of the collected questionnaires were not fully completed and some of the questionnaires were not filled in seriously, e.g., all the items are scored as 4. Thus, we eliminated incomplete and obviously erroneous questionnaires, the final sample size of effective questionnaires was 348.

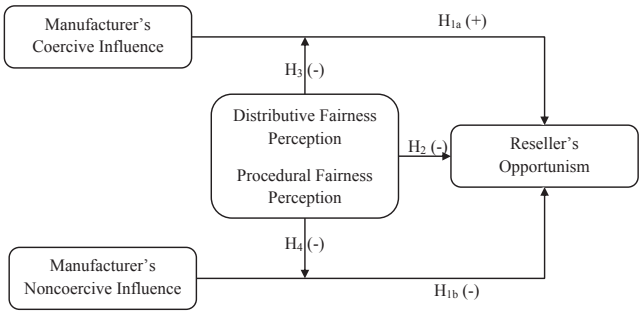

Fig. 1. Conceptual framework.

The final sample of reseller firms included a variety of legal structures, among which, 46.4% of these resellers were limited liability companies, 31.3% individually owned, 15.4% private, unlimited companies, 4.6% state-owned, and the rest 2.3% with other ownership structures. In terms of their main business operations, a majority of the respondent firms (303, or 87.1%) did both wholesaling and retailing; only a small percentage (45, or 12.9%) were pure wholesalers. We requested that the managers (within the reseller firms who would be answering the questionnaires) have direct experience dealing with the manufacturer. In the final sample, most of these personnel were top or mid-level managers (56.6% and 32.0% respectively). Our analysis showed no effects of the firms' legal structure, business scope (pure wholesaler or hybrid), and the rank of the personnel in charge of filling out the questionnaires.

3.2. Measurement

The items and measurement scales are all based on previous literature, with translation into Chinese, using some modification to accommodate certain idiosyncrasies in the Chinese business environment. For example, the original measurement for opportunism contains 9 items. But some of the items are not quite suitable in the Chinese mobile phone manufacturer-reseller relationship context, e.g., "My primary supplier is not always truthful with me, so I am not always completely candid with them." Therefore, 5 of the 9 items were finally chosen for measurement of the opportunism concept. Before designing the survey instrument, we conducted in-depth interviews with 20 resellers in order to ensure the validity of the survey questionnaire. We adopted the 5-point Likert scale, with 1 as "strongly disagree" and 5 as "strongly agree". The main research variables in this scale included *reseller opportunism tendency, manufacturer's coercive influence strategies, the manufacturer's noncoercive influence strategies, resellers' perception for distributive fairness,* and *their perception of procedural fairness*. Table 1 shows the measurement items, reliability test results and the source of the scales used in this study. We also conducted a confirmative factor analysis for the measurement model and the results of the CFA are shown in Table 1.

The model fit of confirmative factor analysis was good (e.g., GFI, CFI and NNFI are all higher than 0.90; RMSEA is between 0.05 and 0.08). Cronbach's alpha values of all research variables were above 0.70, indicating high construct reliability. All standardized loadings were positive and significant, showing that the model has high convergent validity (Bagozzi & Yi, 1988). To test the discriminant validity between research variables, we conducted a chi-square difference test after constricting correlations between pairs of factors equal to each other (Anderson & Gerbing, 1988). All modes' comparison results were significant, indicating high discriminant validity. We calculated the average of all measurement items under each research variable and conducted a multiple regression.

Moreover, we incorporated two control variables, including business scope (0 = wholesale only and 1 = both wholesale and retail), history of cooperation, and purchase frequency (1 = 2–3 times per week; 2 = once per week; 3 = 2–3 times per month; 4 = once per month; and 5 = 5–10 times per year.

4. Results

Table 2 shows the means, standard deviations and correlation matrix of all research variables. The correlation analysis results demonstrate that manufacturer's coercive influence was found to have significant positive association with reseller opportunism (0.18**[2]) while

[2] Note: * p < .10; ** p< .05; *** p< .01, similarly hereinafter.

Table 1
Study variables and measurement items.

Variables and Items	Standardized Loading[a]	Source
Reseller opportunism		Provan and Skinner (1989)
Cronbach's Alpha (α): 0.79		
1) I have sometimes promised to do things without actually doing them later.	0.60	
2) Complete honesty does not pay when dealing with my primary supplier.	0.63	
3) Sometimes I present facts to my primary supplier in such a way that I look good.	0.75	
4) On occasion, I have to lie to my primary supplier about certain things in order to protect my interests.	0.72	
5) Sometimes we have to exaggerate our needs in order to get what we really need from the supplier.	0.70	
Manufacturer's coercive influence		Brown, Lusch, and Nichoson (1995); Frazier and Summers (1984)
Cronbach's Alpha (α): 0.77		
1) We have to comply with the manufacturer's sales policies and follow their dealership arrangement according to the resale contract or selling arrangements.	0.81	
2) The manufacturer often hints that if we did not comply with their requests or policies, they would terminate the supply or even revoke the resale contract.	0.75	
3) The manufacturer often reminds us that we would not receive favorable policies or rewards if we did not comply with their requests or rules.	0.72	
Manufacturer's noncoercive influence		Brown, Lusch, and Nichoson (1995); Frazier and Summers (1984)
Cronbach's Alpha (α): 0.74		
1) The manufacturer provides effective business suggestions. Therefore, we would like to adopt them.	0.61	
2) The manufacturer is better informed about the market conditions than we are. Therefore, we believe in its judgments.	0.82	
3) The manufacturer's brand is well known in the market. Therefore, we would like to be a reseller of its brand.	0.67	
Distributive Fairness		Kumar, Scheer, and Steenkamp (1995)
Cronbach's Alpha (α): 0.86 How fair are your firm's outcomes and earnings compared to:		
1) The effort and investment that you have made to support the supplier's line.	0.76	
2) The roles and responsibilities the supplier assigns to your organizations.	0.84	
3) What other resellers in your industry earn.	0.76	
4) What the supplier earns from sales through your dealership.	0.76	
5) The contributions you make to this supplier's marketing effort.	0.71	
Variables	**Standardized Loading[a]**	**Source**
Procedural Fairness		Kumar, Scheer, and Steenkamp (1995)
Cronbach's Alpha (α): 0.81		
In relationships with their resellers, the supplier and their personnel		
1) Promote bilateral communication with the resellers.	0.69	
2) Do not discriminate but rather treat all resellers equally.	0.62	
3) Sometimes alter their policies in response to reseller objections.	0.62	
4) Seriously consider reseller's objections to the supplier's policies and programs.	0.64	
5) Provide valid reasons for any changes in policies affecting the resellers.	0.70	
Model Fit		
$X^2 = 399.02$ (p = .00) df = 160, X^2/df = 2.49, RMSEA = 0.058, GFI = 0.91, CFI = 0.93, NNFI = 0.91		

Note: a. All standardized loadings are significant at $p < .01$ level.

manufacturer noncoercive influence was significantly negatively related to reseller opportunism (0.17**). Both perceived distributive fairness and procedural fairness were significantly negatively related to their opportunism tendency (−0.12*, −0.19**). Thus, the correlation results provided preliminary support to our hypotheses. As for the control variables, history of cooperation was significantly negative related to reseller opportunism (−0.12*), showing that reseller tends to reduce opportunism behavior with increasing length of cooperation. Purchase frequency was significantly positive related to reseller opportunism (0.14**), suggesting that resellers have a stronger opportunism tendency in a more frequent purchase scenario.

We tested our hypotheses using regression analysis. Regression analyses were performed to evaluate the effects of manufacturer's coercive influence, manufacturer's noncoercive influence, reseller perception of manufacturer distributive fairness, and reseller perception of manufacturer procedural fairness on *reseller* opportunism tendency. We also incorporated the interaction terms for the influence strategies and the fairness perceptions along with such control variables as reseller business scope, history of cooperation between the manufacturer–reseller dyad, and frequency of reseller's purchase from the manufacturer. In order to avoid multicollinearity, we centered all interaction terms using the method in Jaccard and Wan (1995). Results from the multicollinearity test show that all VIF values are significantly lower than 10, indicating no multicollinearity. We also estimated two separate models. In Model 1 only main effects were investigated, whereas Model 2 also included all the interaction terms. Table 3 presents the results from the multiple regressions.

4.1. Main effects of influence strategy and fairness perception on opportunism

Models 1 and 2 showed very similar significant levels in main effects; thus, we will focus on Model 2 hereafter. Model 2, which is the full model with all interactions, had significant overall model fit, F (11, 291) = 3.81 ($p < .01$), F change = 3.01 ($p < .05$), $R^2 = 0.13$. These results showed that the main effects in the full model overall had a significant linear relationship with the dependent variable; adding the interaction terms made Model 2′s incremental validity significant, which was echoed by the change in R^2 (0.04).

Based on the results from the full model, both parts of H_1 are supported. Manufacturer's use of coercive influence has a significantly enhancing effect on the reseller's opportunism tendency ($\beta_1 = 0.13$, $p < .05$), whereas manufacturer's noncoercive influence has a negative relationship with reseller's opportunism tendency at the significance level of 0.10 (β_2 = -0.12, $p < .10$). In the industries of mobile phone manufacturing and marketing, when the manufacturer uses noncoercive influence and changes reseller's attitudes and behavior through encouragement and reward, the resellers would see that it is in their best interest to comply and restrain their opportunism. On the contrary, when the manufacturer uses coercive influence, it is trying to change the

Table 2
Variable descriptive statistics.

	Mean	S.D.	1	2	3	4	5	6	7
1. Reseller opportunism	2.43	0.75	(0.79)						
2. Manufacturer's coercive influence	3.14	0.75	0.18**	(0.77)					
3. Manufacturer's noncoercive influence	3.83	0.60	-0.17**	-0.23**	(0.74)				
4. Resellers' perception of distributive fairness	3.62	1.09	-0.12*	-0.20**	0.38**	(0.86)			
5. Resellers' perception of procedural fairness	3.91	0.68	-0.19**	-0.15**	0.38**	0.54**	(0.81)		
6. History of cooperation	3.61	1.63	-0.12*	0.01	0.05	0.02	0.16**		
7. Purchase frequency	1.87	0.89	0.14**	0.00	0.02	-0.05	-0.05	-0.17**	
8. Scope of business	0.91	0.29	0.02	-0.05	-0.07	0.09	0.07	0.23**	-0.24**

Note: a. ** significant at $p < .01$; *significant at $p < .05$.
b. The values in brackets are Cronbach's alpha.

Table 3
Multiple regression analysis. (Dependent Variable: Reseller's Opportunistic Behavior.)

	Standardized β	
	Model 1 (without interaction)	Model 2 (with interaction)
Main effects:		
Manufacturer's coercive influence (CI)	0.14**	0.13**
Manufacturer's noncoercive influence (NonCI)	−0.10*	−0.12*
Reseller perception of manufacturer distributive fairness (DIS)	0.03	0.02
Reseller perception of manufacturer procedural fairness (PRO)	−0.12*	−0.13*
Interaction effects:		
DIS * CI		0.18***
PRO * CI		−0.09
DIS * NonCI		0.05
PRO * NonCI		−0.16**
Control variables:		
Scope of reseller business	0.08	0.09
History of cooperation	−0.09	−0.07
Purchase frequency	0.13**	0.12**
R^2	0.09	0.13
R^2 Change	0.09	0.04
F	4.16***	3.81***
F Change	4.16***	3.01**

Note: * $p < .10$; ** $p < .05$; *** $p < .01$.

reseller's attitude and behavior directly through threats and punishment. What forces the reseller to comply is fear and possible loss if they do not. This highlights the distinct effects that coercive vs. noncoercive uses of power on the target firms. In other words, noncoercive use of power makes them comply out of their own will; whereas, under coercion, complying is the only choice they face.

H_2 addresses the main effects of reseller perception of manufacturer fairness on their tendency to behave opportunistically and was partially supported. In particular, the results did not support H_{2a} on the main effect of distributive fairness perception; that is, there was no significant relationship between resellers' perceived distributive fairness and their opportunism tendency ($\beta_3 = 0.02$, *insig.*). However, H_{2b} was supported; that is, manufacturer's procedural fairness as perceived by resellers has a significant negative impact on reseller's opportunistic behavior ($\beta_4 =$ -0.13, $p < .10$).

One possible explanation of insignificance of the effect of distributive fairness perception on opportunism tendency is that the opportunism items mainly emphasize weak form opportunism, which involves those behaviors that "violate relational norms not spelled out in a contract but embedded in the common understanding of all members in a specific relationship, which consequently impair another party's interests" (Luo, 2006, p. 123). While the strong form opportunism includes those actions that "violate contractual norms (terms, clauses, and conditions) that are explicitly codified in the main body of a contract as well as in its various supplements signed in later stages" (Luo, 2006, p. 123). Prior research found that distributive justice is negatively linked to strong form opportunism, whereas procedural justice and interactional justice perceptions are negatively related to weak form opportunism (Luo et al., 2015). The opportunism tendency in this research measures mostly whether the resellers violate relational norms rather than contractual norms, hence are not significantly influenced by distributive fairness perception.

Another possible explanation is related to the collectivist culture in China. Prior studies reveal that in curbing opportunism, contractual governance is more effective in individualistic and low uncertainty avoidance cultures. Relational governance is more effective in collectivist and high uncertainty avoidance societies (Handley & Angst, 2015). In addition, it is found that networking expenditure, as informal institution, reduces opportunism through relational governance, yet increases opportunism via lowering contractual governance (Sheng, Zhou, Li, & Guo, 2018). Compared to distributive fairness, procedural fairness demonstrates the more relational part of the fairness in channel relationships. In the Chinese market with the culture of collectivist and high uncertainty avoidance, procedural fairness shows more effective influence in opportunism than distributive fairness does.

4.2. Interacting effects of influence strategy and fairness perception on opportunism

H_3 is concerned with the moderating effect of resellers' fairness perception within the coercion-opportunism relationship. H_{3b} is not supported even though the coefficient has the hypothesized negative sign ($\beta_6 =$ -0.09, *insig.*). Procedural fairness perceived by the resellers does not significantly mitigate the impact of coercion on the reseller's opportunism.

Surprisingly, H_{3a} is rejected ($\beta_5 = 0.18$, $p < .01$). It shows that resellers' perception of distributive fairness enhances the effect of the manufacturer's use of coercive influence strategies on resellers' opportunism tendency. When a reseller is feeling coerced, the more that it perceives the manufacturer as being fair in allocating resources and channel outcomes, the more it tends to behave opportunistically. We conjecture that this rather counterintuitive finding is related to the concepts of distribution fairness perception and opportunism. On the one hand, opportunism is essentially short-term oriented. Once the reseller focuses on the short-term gains and losses, it is tempted to take advantage of opportunities to pursue its own gains. On the other hand, the notion of distributive fairness emphasizes monetary rewards and economic benefit, making the short-term orientation more salient. Such heightened short-term orientation may cause the resellers to behave in an opportunistic and short-term oriented manner.

Another possible explanation for the counterintuitive finding may be related to the specific context of the Chinese mobile phone marketing industry. First, this finding could be due to the short-term orientation of the mobile phone marketing channel. The Chinese mobile phone handset industry is best characterized by short product cycles,

proliferation of brands, and fierce competition. As a result, manufacturers have a short-term dealership policy, which induces resellers to adopt a short-term view. Second, in the Chinese mobile phone handset industry, the manufacturer's toolkit of coercive influence is predicated on the basis of reseller sales performance, especially whether they are able to achieve the minimal sales level. Manufacturers may threaten termination of the reselling contract if threshold sales are not realized. The higher the minimal sales are set, the harder it is to achieve it, the more difficult to keep the reselling contract. It is deemed fair for the manufacturer to enforce such a policy. But it is conceivable that resellers are likely to grow resentful and become inclined to compensate themselves through deceit.

H_4 focuses on the resellers' fairness perception as a moderator for the noncoercion-opportunism relationship and is partially supported. H_{4a} is not supported; that is, we did not find that the resellers' perception of distributive fairness significantly weakens the effect of the manufacturer's use of noncoercive influence strategies on resellers' opportunism tendency ($\beta_7 = 0.05$, *insig.*). H_{4b} is supported ($\beta_8 = -0.16$, $p < .05$). The resellers' perception of procedural fairness strengthens the effect of the manufacturer's use of noncoercive influence strategies on resellers' opportunism tendency. Procedural fairness adds to the effect of noncoercive use of power on reseller opportunism. The more the manufacturer is regarded as employing fair procedures and using noncoercive influence, the less likely the resellers will engage in opportunistic conduct.

Figs. 2 and 3 show the distributive fairness-coercive influence interaction and procedural fairness-noncoercive influence interaction respectively. We also look for the best strategies that a manufacturer can employ to curb the resellers' opportunism tendency. Fig. 2 shows the comparison between the two distributive fairness perception groups. For the high distributive fairness perception group, greater manufacturer's coercive influence is associated with high tendency of reseller opportunism. But this does not hold for the low group. In fact, for the low distributive fairness perception group, there is hardly any difference in reseller opportunism when manufacturer's coercive influence is great or small. We also notice that the low distributive fairness group's reseller opportunism is significantly higher than the high group. When manufacturer coercion is weak, resellers with high perception of distributive fairness will decrease the opportunistic behavior tendency. Resellers engage in opportunistic behavior less if they perceive a high level of distributive fairness. But with the increase of manufacturer's coercive influence, those resellers that would not engage in opportunistic behavior become just as opportunistic as those with low fairness perception. This finding can be understood as a warning for manufacturers that are perceived as distributively fair by resellers since they would lose more if coercion is employed than manufacturers that are not deemed so fair. The best strategy for a manufacturer to prevent channel partner's opportunism is to keep the image of being distributively fair and be very cautious in the use of coercive influence.

The interaction between noncoercive influence and procedural fairness perception is shown in Fig. 3. Again, the influence strategy has greater effect on the high procedural fairness perception group than on the low group. For the low group, the noncoercive influence strategy hardly has any effect. In contrast, the high group is much more sensitive to the noncoercive strategies. These resellers' opportunism tendency decreases significantly when the manufacturer employs the use of noncoercive influence. To minimize reseller opportunism, for a manufacturer that is regarded as procedurally fair, it should use as much noncoercive influence as possible.

5. Discussion

The main premise of this paper is that, in a dyadic channel of distribution, the resellers' opportunism tendency is related to two important interfirm relational factors. One such factor is the choice of coercive vs. noncoercive influence strategies of the powerful manufacturer. The other is the resellers' perception about how (un)fairly their manufacturer treats them in terms of both outcome (distributive fairness) and process (procedural fairness). The research confirms previous findings on the antecedents of channel member's opportunism tendency. In particular, it confirms that resellers are more likely to engage in opportunistic behaviors if a manufacturer uses coercive influence instead of noncoercive influence to achieve compliance. Noncoercive use of power, on the other hand, nurtures the manufacturer–reseller relationship and therefore reduces such opportunism. The findings of this research make important contributions to both the theory and the practice of marketing channel management.

5.1. Theoretical contributions

Our main contribution to the theory of marketing channels lies in the incorporating of fairness perception as a moderating factor in explaining the opportunism tendency. This research is pioneering to introduce resellers' fairness perceptions as a factor that affects their opportunism tendency. Although fairness perceptions have been extensively researched in other topics such as how perceived (un)fairness influence conflict, supplier switch, or relationship quality (e.g., Blessley et al., 2018; Kumar, Scheer, & Steenkamp, 1995; Samaha, Palmatier, & Dant, 2011; Trada & Goyal, 2017), few studies have applied the fairness theory to explain the tendency to act opportunistically. We adopt the dichotomy of fairness and study the distributive and procedural fairness individually. The results show differential impact of the two types of fairness on the coercion-opportunism relationship. The use of

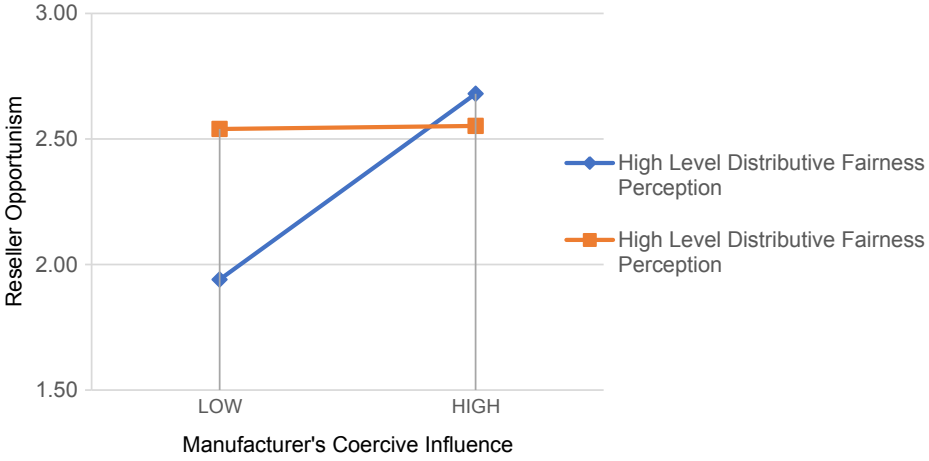

Fig. 2. Moderating effect of distributive fairness perception.

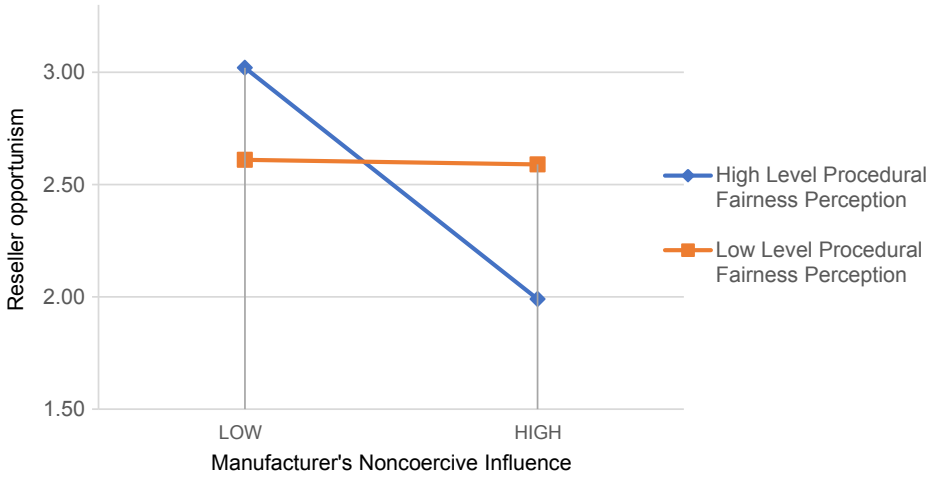

Fig. 3. Moderating effect of procedural fairness perception.

noncoercive influence reduces the likelihood of opportunism and high procedural fairness as perceived by the resellers helps reduce this tendency to an even lower extent.

The surprising finding is on the effect of resellers' distributive fairness perception. When the effects of coercive influence and distributive fairness on opportunism are considered separately, the manufacturer's use of coercion increases the resellers' tendency to act opportunistically, and the distributive fairness perception decreases the reseller's tendency to act opportunistically. When joining the effects of coercive influence and distributive fairness together, the distributive fairness perception, however, serves as a switch for coercive influence to work. Prior study finds that similarities and differences in suppliers' and buyers' distributive fairness perceptions have consequential effects on suppliers' noncoercive power use (Pan, Zang, Hu, & Liu, 2020). Two parties holding different perceptions of distributive fairness in their relationship would motivate one of them to devote more effort (i.e., sharing market information or skills) to improve the relationship (Nyaga, Lynch, Marshall, & Ambrose, 2013). Different from non-coercive influence, coercive power which has immediate and compulsory results through threats or punishment. Thus, with low level of distributive fairness perception, coercive influence may become ineffective in curbing opportunism.

In other words, distributive fairness perception is a premise that coercive influence can take effect on reseller's opportunism tendency. When reseller perceived low level of distributive fairness, the opportunism tendency is high whether the coercive influence is used or not. When reseller perceived high level of distributive fairness, the opportunistic behavior tendency is much lower if manufacturer uses less coercive influence. Fairness perceptions are about responsibility or accountability (Folger & Cropanzano, 2001). Distributive fairness is outcome-based and is usually attributed to the external factor (i.e., the manufacturer) rather than the internal factor (i.e., the sellers themselves). This attribution will reinforce the negative psychological/social impact caused by the coercion from the manufacturer and taking up opportunistic behaviors becomes more likely.

Our results highlight the distinction between distributive and procedural fairness. Prior studies have argued that these two fairness perceptions are essentially very similar in terms of their effect on firm behaviors (e.g., Cropanzano & Ambrose, 2001). Nevertheless, our empirical results show evidence that contradicts these assertions and confirms the differential effects the two types of fairness perception have on opportunism.

5.2. Managerial implications

The findings from this research provide useful insights and guidance to the practice in marketing channel relationship management. First, in practice, use of coercive influence is used more often used by manufacturers to monitor the resellers in order to achieve better sales and compliance with their distribution policies. However, under coercion, the resellers will tend to act opportunistically to retaliate, a manufacturer should be very careful when deciding which type of influence strategy, it wants to use. It needs to understand that heavy-handedness serves as a double-edged sword. On one hand, it can force the resellers into compliance and resellers may seem loyal to the relationship in terms of behaviors in the short run (Geykens et al., 1999); on the other hand, it also induces discontent and even grudges in the resellers, which in turn induces them to act opportunistically to harm the long-term trust and commitment that are vital for channel relationships. As such, manufacturers should be very cautious in using coercive influence. In the meantime, they can adopt noncoercive influence strategies to curb the resellers' opportunism. In buyer–supplier relationships, the powerful party should employ noncoercive influence more often because this approach avoids direct conflicts, laying foundations for long-term relationships (Pan et al., 2020). For example, manufacturers can provide information and make recommendations on reselling strategies to improve their communication with resellers. In this way, resellers will comply with the manufacturers' policies willingly; indeed, loyalty displayed in behaviors is enabled first in changed perceptions.

It is vital that the manufacturer communicate procedures clearly and completely to resellers. Such communication is by itself a noncoercive use of power. If the decision-making process is perceived as fair, it will grow a sense of security in the resellers and prevent them from being tempted by short-term gains from opportunistic behaviors. More importantly, we found that procedural fairness strengthens the restraining effect that the use of noncoercive influence has on the reduction of reseller opportunism. This implies that procedural fairness plays a significant role for improving and sustaining a long-term orientation in the channel. In light of this finding, when manufacturers may actively and clearly explain process-related policies to resellers, listen to their suggestions, invite them to participate more actively in the formulation of the sales policies, show strong respect and understanding towards the resellers, and treat all resellers equally.

Procedural fairness concerns the decision-making process in which the manufacturer and reseller organizations both participate. Thus, the boundary spanners—the channel managers in the manufacturing firm and the procurement personnel in the reselling firms—play an essential role in fairness perception. Therefore, it is also imperative for the manufacturer to introduce proper incentive mechanisms for their boundary personnel and to treat them with respect so that they will do a better job in communicating with resellers. In fact, as resellers' power grows over the years, such clear and respectful communication is becoming ever more important in sustaining a strong and long-lasting

manufacturer–reseller relationship.

The finding that distributive fairness exacerbates the effect of coercive influence use on resellers' opportunism tendency provides a new insight for the manufacturer's channel management efforts. In light of the special characteristics of the mobile phone handsets industry studied here, the manufacturers may continue the fair allocation of resources and outputs but should monitor the resellers more closely. At the same time, coercion should be avoided as much as possible and should only be used after it is confirmed that all noncoercive approaches have failed to achieve the manufacturer's goal.

In emerging markets, the possibility of opportunistic behaviors is quite noteworthy (Liu, Luo, & Liu, 2009). Our findings are particularly useful to understand the idiosyncrasies of manufacturer–reseller relationships in China's mobile phone industry. The mobile phone distribution networks are notoriously complicated and difficult to manage, thus requiring manufacturers to apply sophisticated strategies to the management of such networks. Challenging environmental factors also force manufacturers to rely heavily on support and cooperation from their resellers. Chinese consumers' tastes vary greatly across the population and change very fast. To make matters worse, many of them have little loyalty towards any brand. Instead, consumers are more attracted by novel designs, fancy features, and low prices. Thus, Chinese mobile handset manufacturers are faced with competition from both ends. In the high-end market, they need to compete with giants like Apple and Samsung. In the low-end market, they face fierce competition with small manufacturers that produce relatively low-quality but fashionable-looking pirate handsets. These factors pose extra difficulties to the management and sustaining of an effective and long-lasting reseller relationship.

Noncoercive influence strategies are essential to curb the opportunism in marketing channels, and a high perceived procedural fairness enhances the effect of noncoercive strategies. With the resellers becoming more powerful than ever, manufacturers should resort to effective channel communications and use of control strategies that the resellers are willing to accept. In most industries, weak distributive fairness is taken for granted. This may explain why the effect of distributive fairness on opportunism tendency was found to be insignificant in the study. Nevertheless, when distributive fairness is perceived as high, coercion will generally induce resellers to behave opportunistically. This could be due to the fact that, in China, favoritism rather than fair distribution is expected from a good channel partner. Norms for friend-like relationships, even if in the channel context, are the exchanging of favors rather than being treated merely fairly. If a manufacturer does not do so, resellers may behave opportunistically to make up for their "losses".

5.3. Limitations and future research directions

The current study has three limitations which point out the directions for future research. First, this paper discusses how resellers' opportunism tendency is affected by the manufacturer's use of influence strategy and their own perceptions of manufacturer fairness. All three variables are measured by the reseller's perceptions. Research on fairness in psychology and economics has documented a systematic self-serving bias in fairness judgments and has discussed its implications for impasse in negotiations (e.g., Babcock, Loewenstein, Issacharoff, & Camerer, 1995). To have a complete overview, theoretically and empirically, of the connection between influencers' power use strategies and the influence firms' opportunism tendency, future research should use variables measuring the perceptions of both the manufacturer and the resellers.

Furthermore, the industry concerned in this study is the manufacturing and distribution of mobile phones, which is normally characterized by powerful manufacturers and numerous and highly competitive resellers. Such disadvantageous positioning vis-a-vis the manufacturer may in fact add to the self-serving bias of the resellers, leaving them feel they were treated unfairly or constantly coerced into compliance. Hence, it will be beneficial to investigate those industries with different power structures, including the industries where the power structure is relatively balanced and where the power structure is more in the resellers' favor.

Our results indicate that distributive fairness perception exacerbated the coercion-opportunism relationship. The underlying mechanism, however, is not entirely clear and merits further investigation in future studies. In addition to examining the cultural cause and industrial norms of distributive fairness we mentioned, researchers could explore the institutional, psychological, and social reasons behind the logic. For example, we speculate that institutional arrangements between manufacturer and reseller, such as formal versus informal control, may play a critical role in revealing the unexpected phenomenon.

Lastly, the sample we used in this study came exclusively from the mobile phone industry in China. To enhance the external validity of this research, we may need to look at the distribution channel relationship in other industries and in other countries with different culture. A cross-industry or cross-nation comparison is also likely to provide new insights into the link between industry characteristics and channel relationship management.

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