



An exploratory examination of shared values in channel relationships[☆]

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ARTICLE INFO

Article history:

Received 1 March 2010

Accepted 1 February 2011

Available online 3 March 2011

Keywords:

Shared values

Fairness

Interorganizational relationships

In-role behavior

Extra-role behavior

Franchising

ABSTRACT

Shared values can have a significant influence in motivating channel members to achieve channel objectives. However, limited research examines the role of shared values in influencing channel outcomes and important questions on the role of shared values in channel relationships remain unanswered. Using social influence theory, this study develops a conceptual model that identifies perceived fairness and relationship quality as antecedents of shared values in channel relationships. Data from a franchise context shows that perceived fairness is important in developing relationship satisfaction, trust, and commitment. In addition, shared values motivate channel members to perform role requirements and to rise above and beyond role requirements to perform extra-role behaviors that are beneficial to achieving channel goals. The study also discusses theoretical and managerial implications.

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1. Introduction

The management of channel relationships draws heavily from a research paradigm that focuses on designing procedures for aligning channel member goals, promoting relationship quality, and achieving effective channel outcomes. One way of aligning channel member goals lies in the creation of shared values (Kelman, 1958). Shared values imply that channel members are socialized to have a common set of values and goals that can minimize their divergent interests and enhance their sense of mutual interdependence (Barnard, 1939), thereby helping to achieve channel objectives. The existence of shared values in a distribution channel can, thus, go far in enhancing member compliance because channel members internalize common goals.

Although the notion of shared values is somewhat implied in the notions of relational and cooperative norms and trust (Morgan and Hunt, 1994), little research directly examines the role of shared values in marketing channels as a way of promoting desirable channel member behaviors. Most of the extant research in the area of shared values in marketing primarily examines the construct in either a salesforce (e.g. Brashear et al., 2003; Pullig et al., 2002) or services

(e.g. Hartline et al., 2000; Maxham and Netemeyer, 2003) context. Consequently, important questions on the role of shared values in channel relationships remain unanswered. For example, does the congruence of values between partner organizations affect the downstream channel member's propensity to cooperate fully by not only fulfilling specified role behaviors but also going above and beyond immediate role specifications? Does perceived relationship fairness enhance shared values? What is the role of relationship quality in promoting shared values?

This research integrates the literature on social influence theory (Kelman, 1958), fairness theory (Colquitt et al., 2001), relationship marketing (Morgan and Hunt, 1994), and the extant research on fairness and marketing channel outcomes to forward and empirically test a conceptual framework (Fig. 1) of shared values in marketing channel relationships. In the proposed framework, perceived fairness and relationship quality in the form of trust, satisfaction, and commitment help shape partner values. These shared values motivate channel partners to perform their channel functions, or in-role behaviors, more diligently while prompting them to go above and beyond their role requirements in performing voluntary extra-role behaviors. Channel members can thus generate more effective cooperation from their channel partners by fostering a shared value system, and get channel partners to pursue the interests of the principal even in the absence of formal oversight.

The proposed framework addresses the gap in the extant research by (i) highlighting the importance of shared values in distribution channels, (ii) suggesting the antecedents and consequences of shared values in interorganizational relationships, and (iii) extending the research of Kumar et al. (1995a) by exploring additional consequences of fairness besides relationship quality.

[☆] The authors thank F. Robert Dwyer and Robert Dahlstrom for their comments on previous drafts of this paper.

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A Model of Shared Values In Channel Relationships

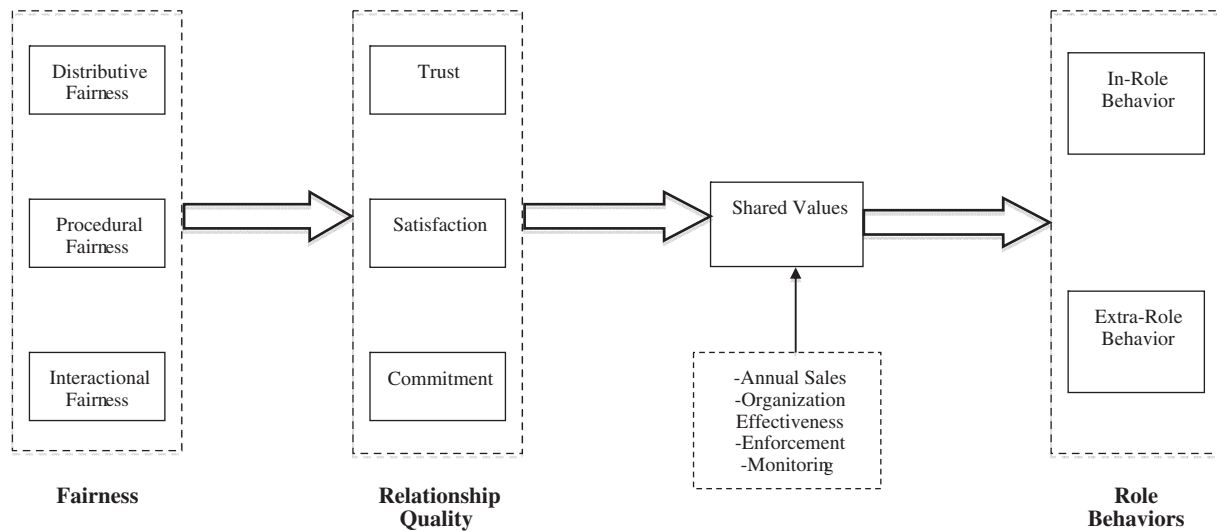


Fig. 1. A model of shared values in channel relationships.

2. Theoretical background and hypotheses

2.1. Fairness in interfirm relationships

Fairness is crucial to maintaining effective interfirm exchange relationships (Kumar et al., 1995a; Yilmaz et al., 2004). Consequently, the proposed model takes into account three distinct types of fairness (distributive, procedural, and interactional) in order to provide an enhanced understanding of exchange relationships. Distributive fairness refers to the perceived fairness of resources received in social exchanges (Adams, 1965). Accordingly distributions are deemed fair to the extent that the allocation of rewards is proportionally matched to contributions and are, hence, equitable (e.g. Jap, 2001). Procedural fairness refers to the perceptions of fairness regarding the processes of a more powerful exchange partner (e.g. Kumar et al., 1995a). Interactional fairness reflects the degree to which parties in an exchange relationship are treated with politeness, dignity, and respect when exchange partners execute procedures for determining outcomes (Greenberg, 1993).

2.2. Fairness and relationship quality

Relationship quality is a global assessment of relationship strength (e.g. Liu et al., 2010; Rauyruen and Miller, 2007) and captures different facets of relationships such as trust, commitment, and satisfaction (Palmatier et al., 2006). Trust is the extent to which a firm believes that its exchange partner is benevolent and motivated to seek joint gains that benefit all involved in the relationship (Geyskens et al., 1998). When a party feels that its exchange partner is equitable in distributing outcomes, it views that partner as being interested in promoting the welfare of all the parties in the exchange relationship. Similarly, fair processes imply that the procedures used in strategic decisions affecting the exchange relationship are unbiased, representative, transparent (Luo, 2008) and assure parties that they will not be exploited in the relationship (Brown et al., 2006). Interactional fairness complements distributive and procedural fairness by integrating social elements and social norms into an economically structured gain-sharing system (Folger and Cropanzano, 1998). According to social exchange theory the development of trust is contingent on social norms, values, and the underlying behavioral assumptions (Blau, 1964). Since interactional fairness includes social norms and associated behaviors such as politeness, dignity, and

respect, such fairness serves to promote trust in exchange relationships. Therefore,

H1. Perceptions of (a) distributive fairness (b) procedural fairness, and (c) interactional fairness are positively related to trust.

Satisfaction is a channel member's positive affective response to an exchange relationship (Geyskens et al., 1999). Exchange partners who perceive a relationship to be fair should be more satisfied than those who do not (e.g. Ramaswami and Singh, 2003). Therefore distributive, procedural, and interactional fairness are proposed to affect satisfaction with the exchange relationship in distinct ways.

In the absence of distributive fairness, parties in an exchange relationship may experience dissatisfaction because the achieved rewards compare poorly to what they deserve and expect (Frazier, 1983). Similarly, Jap (2001) finds a significant positive correlation between equity sharing and satisfaction with the collaboration. Hence, channel member satisfaction is greater in the presence of fair distributive outcomes.

Procedural fairness reflects transparency of a system and signals that parties will be treated fairly (Brown et al., 2006). In doing so, it provides an institutional framework that guides conduct (Luo, 2007). If channel members perceive that the procedures and criteria used to make decisions are biased or not transparent (i.e. unfair), they will likely be dissatisfied. Thus, the presence of procedural fairness will promote satisfaction in the exchange relationship.

Interactional fairness is "embedded in a social exchange climate" (Luo, 2007, p. 649) and reflects the manner in which parties are treated by their exchange partners. In its absence, the interaction between parties becomes solely an economic process without a social mechanism, which is difficult to sustain over the long run (Luo, 2007). Parties that are treated with politeness, dignity, and respect during the implementation of channel management processes will likely be more satisfied with the exchange relationship. Accordingly,

H2. Perceptions of (a) distributive fairness, (b) procedural fairness, and (c) interactional fairness are positively related to satisfaction.

Commitment is a belief "that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it" (Morgan and Hunt, 1994, p. 23). Commitment involves an implicit or explicit pledge of relational continuity between exchange partners (Dwyer et al., 1987). If exchange partners perceive distributions to be inequitable,

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