

# The Performance Aspiration Effect of Dealer Award: Risk Taking, But with Opposing Strategic Actions

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## Abstract

Distributing award is a key tool for the manufacturer to stimulate their dealers. However, will low- and high-awarded dealers engage in similar or distinct strategic actions? Based on the Behavioral Theory of the Firm, we propose a disparate picture among dealers obtaining different levels of award in altering their strategic actions. Low-awarded dealers are more likely to conduct problemistic search and take present-oriented actions while high-awarded dealers are more likely to conduct slack search and take future-oriented actions. Besides, multi-level contingency factors including award dispersion (network-level) and regional economic development (institutional-level) are investigated as the moderators between dealers' award feedback and their strategic actions. We employ a unique sample of dealers in the distribution network of a major automobile manufacturer in China to investigate our proposed framework. The results lend general support to our hypotheses.

**Keywords:** *dealer award; performance aspiration; behavioral theory of the firm*

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