ABSTRACT

The study explored the governance mechanisms of opportunism in the context between manufacturer and supplier from the foundation of transaction cost analysis and relational exchange theory. We found out three kinds of governance mechanisms: selection, asset specificity, and relational norm. Our objectives were to investigate these mechanisms how to mitigate supplier’s opportunism individually and simultaneously through the perspectives of transaction cost analysis and relational exchange theory.

According to our results, we found some hypotheses had demonstrated. When the manufacturer employed selection, asset specificity, or relational norm individually or employed them simultaneously on relational exchange theory perspective, governance mechanisms mitigated supplier’s opportunism statistically significant. And when transaction relation between manufacturer and supplier were with good relational norms and without employing other mechanisms, governance mechanisms mitigated supplier’s opportunism the most effectively.

Keywords : Transaction Cost Analysis ; Relational Exchange Theory ; Governance Mechanism ; Opportunism ; Selection ; Asset Specificity ; Relational Norm

