Steven H. Seggie, David A. Griffith, & Sandy D. Jap

Passive and Active Opportunism in Interorganizational Exchange

This article examines how firms in interorganizational relationships respond differently to active and passive opportunism and observes how these opportunism forms erode satisfaction with the performance of these relationships. The multimethod approach of two experiments and one longitudinal field study demonstrate that firms tolerate more passive opportunism than active opportunism (Study 1) and that transaction costs play a mediating role between opportunism form and satisfaction with performance of the relationship (Study 2). Finally, the field study reveals that, over time, passive opportunism has a more corrosive impact on satisfaction with performance than active opportunism (Study 3). Together, the findings underscore the importance of distinguishing passive and active opportunism and the need to develop a better understanding of its management and consequences.

Keywords: interorganizational relationship management, passive and active opportunism, organizational performance, multimethod approach

Online Supplement: http://dx.doi.org/10.1509/jm.11.0529

In 2000, Wathne and Heide reviewed the conceptual and empirical work on opportunism across multiple disciplines, including economics, organizational theory, and marketing, and proposed that opportunism is composed of both active and passive forms. Importantly, they argued, "The different forms of opportunism are capable of producing different outcomes. Ultimately, both wealth creation and distribution may be affected" (Wathne and Heide 2000, p. 42). Despite numerous citations (as of the time of this writing, there are more than 200 in the Web of Science database and more than 600 in Google Scholar), there has yet to be an empirical test of their most central proposition: that active and passive opportunism may systematically influence the process and performance of exchange relationships differently.[1] Should differences be observed, potential implications for the management of these opportunism forms could provide for a new stream of research.

[1]Perhaps the closest is Ganesan et al. (2010), who compare opportunism with unethical behavior. However, in that research, both opportunism and ethical violations include examples of commission and omission such that the authors do not test active versus passive opportunism.

Steven H. Seggie is Assistant Professor of Marketing, Graduate School of Business, Ozyegin University (e-mail: steven.seggie@ozyegin.edu.tr). David A. Griffith is Professor of Marketing, College of Business and Economics, Lehigh University (e-mail: david.a.griffith@lehigh.edu). Sandy D. Jap is Professor of Marketing, Goizueta Business School, Emory University (e-mail: sjap@bus.emory.edu). The authors thank the Institute for Supply Chain Management, S. Tamer Cavusgil, D. Seyda Deligonul, Ahmet Kirca, and participants at the Ozyegin University Interorganizational Research Camp as well as colleagues at University of Florida, HEC Paris, University of Illinois at Urbana–Champaign, Bocconi University, Iowa State University, and the University of Vienna for comments on previous versions of this article. Inge Geyskens served as area editor for this article.

Opportunism is self-interest-seeking behavior with guile (Williamson 1975). Guile is an unobserved state or motive that implies insidious cunning, duplicity, and deceit in an exchange partner's actions. Active opportunism occurs when a firm engages in a particular behavior to its own benefit that violates certain explicit or implicit restrictions in the relationship or engages in forced renegotiation to its own benefit in response to new circumstances (Wathne and Heide 2000). This direct action leads Wathne and Heide (2000) to conceptualize active opportunism as opportunism by commission, which includes behaviors such as lying (Lee 1998), breaching formal or informal agreements (Achrol and Gundlach 1999), altering facts (John 1984), making false accusations (Jap and Anderson 2003), exaggerating difficulties (Anderson 1988), and using unexpected events to extract concessions from partners (Rokkan, Heide, and Wathne 2003).

Active opportunism is evident in the case of Mattel's toy production supply chain. Mattel subcontracted toy production to Lee Der Industrial, which employed a variety of suppliers. Although Mattel stipulated that all products were to be produced with lead-free paint, Dongxin, a paint supplier of Lee Der Industrial, provided yellow paint pigment tainted with lead (Lee Der Industrial acquired this paint from Dongxin online; the initial supplier had engaged in active opportunism by falsifying the certification for the pigment indicating that it was lead-free) (Lee, Tseng, and Hoyt 2008). Lee Der Industrial then applied the tainted paint to toys under contract for Mattel. Mattel's introduction of these tainted products and others from additional suppliers into the marketplace between September 2006 and August 2007 resulted in a recall of more than one million products as well as a government fine of $2.3 million (Kavilanz 2009).

Whereas the majority of extant scholarship has focused on active opportunism, passive opportunism is pervasive

ISSN: 0022-2429 (print), 1547-7185 (electronic)

and understudied. Passive opportunism occurs when a firm, for its own benefit, evades obligations previously agreed on, either explicitly or implicitly, or refuses to adapt to new circumstances (Wathne and Heide 2000). This avoidance of action drives Wathne and Heide (2000) to conceptualize passive opportunism as opportunism by omission, characterized by behaviors such as not doing as promised (Jap and Anderson 2003; John 1984), hiding information (Dahlstrom and Nygaard 1999), telling incomplete truths (Anderson 1988), neglecting to fulfill obligations (Lee 1998), and failing to provide proper notification (Jap and Anderson 2003).

We can observe passive opportunism within the aforementioned Mattel case as well. Mattel's contract with Lee Der Industrial specified a list of preapproved suppliers that it could use. However, Lee Der Industrial used an unapproved supplier without notifying Mattel (Story 2007). Tang (2008) notes that in this incident, it seems that several suppliers intentionally avoided complying with contract terms, such as identifying subcontractors to Mattel or performing mandated tests on paint. Another example of passive opportunism is the case of Banner Supply, a distributor that sold wallboard to builders in Florida. After purchase, some builders complained that the wallboard's sulfur emissions made it dangerous to human health. When Banner Supply checked with its supplier, it discovered this to be the case and replaced the wallboard of the concerned builders. However, Banner Supply failed to inform builders who did not complain of these health problems arising from the wallboard (Olorunnipa 2011). We find yet another example of passive opportunism in documents leaked to Airbus about suppliers for the Boeing 787. These documents demonstrated that at least one of Boeing's suppliers, Vought Aircraft Industries, did not have the necessary capabilities (e.g., no engineering department; lack of qualified, experienced workers on the line) to produce the parts that Boeing contracted, and yet the supplier did not inform Boeing that this was the case (Gates 2008). As these examples show, the omission of critical information to exchange partners that benefits the withholding party to the other's detriment is a common form of passive opportunism (i.e., opportunism by omission).

We draw on research from multiple disciplines to explain how active and passive opportunism produce differential outcomes. We then examine the recipients' responses to acts of opportunism to shed light on how these forms of opportunism differentially affect wealth creation and distribution. Specifically, we propose that responses to active opportunism (e.g., venting, threatened withdrawal) are harsher than responses to passive opportunism (e.g., passive acceptance, constructive destruction), and we distinguish these responses to initial versus multiple occurrences of opportunism. Finally, we link the recipient's response strategies to increased transaction costs that result from the need for additional bargaining, monitoring, and haggling efforts; these transaction costs ultimately undermine satisfaction with the performance of the relationship.

We empirically test our interdisciplinary investigation with three studies involving more than 550 organizational participants, in which we (1) identify six possible response strategies (passive acceptance, constructive discussion, venting, neglect, threatened withdrawal, and exit) to active and passive opportunism, (2) quantify the degree of toleration to both opportunism forms, (3) provide evidence of the mediating role of transaction costs, and (4) demonstrate the long-term toxic impact of active and passive opportunism on satisfaction with performance of the relationship. In doing so, we deepen our understanding of passive versus active opportunism in three important directions. First, we demonstrate that each opportunism form distinctly undermines satisfaction with the performance of the relationship. In particular, passive opportunism affects relationships more noxiously and over more extended periods of time than active opportunism. Second, we provide empirical evidence that the foregoing differences are partially due to the transaction costs (e.g., monitoring, maladaptation, bargaining) this process generates. Third, we identify a range of response strategies to active and passive opportunism and show how these strategies differ in severity from the first instances of opportunism to accumulated opportunism.

Hypothesis Development

Response Strategies to Active and Passive Opportunism

Response strategies are conceptually akin to responding to relationship deterioration, initially conceptualized by Hirschman (1970) in terms of exit, voice, and loyalty. Hibbard, Kumar, and Stern (2001) and Ping (1993) extend this conceptualization by clarifying response strategy variations in the event that firms are responding to destructive acts, namely, opportunism. Building on these authors' clarifications, we identify six response strategies:

1. Passive acceptance: The buyer remains loyal to the supplier and expects the problem to work itself out.
2. Constructive discussion: The buyer tries to work with the supplier to solve the problem.
3. Venting: The buyer complains somewhat aggressively to the supplier about the problem.
4. Neglect: The buyer disengages from its relationship with the supplier.
5. Threatened withdrawal: The buyer tells the supplier that it is considering ending the relationship, or the buyer begins to make plans to get a new supplier.
6. Exit: The buyer terminates the relationship.

We contend that response strategies to passive opportunism differ from response strategies to active opportunism. The cognitive psychology construct of omission bias underlies the logic of differential responses. Omission bias describes people's tendency to consider the commission of harmful acts worse than equally harmful omissions (Baron 1986; Spranca, Minsk, and Baron 1991; Sugarman 1986). This bias arises from a basic moral premise that people should avoid being the direct cause of harm; thus, omission bias represents the use of a heuristic rule against causing harm through one's actions (Baron 1986). This implies that people view acts of commission as causal (Hilton and Slugoski 1986) and, therefore, more abnormal than acts of omission, because people can easily imagine not taking action (Kahneman and Miller 1986).

Acts of commission, compared with acts of omission, are perceived to involve greater effort (and thus are interpreted to be indicative of greater intentions) and viewed as

deliberate attempts to advance one's own position at the expense of another. Consequently, people view and evaluate acts of commission more harshly than acts of omission, which indicates subsequently harsher repercussions for the former. For example, Wiles et al. (2010) explore investor reaction to violations of U.S. Food and Drug Administration regulations in advertising under omission bias and find that investors penalize firms with negative abnormal returns more severely for commission-based violations (i.e., when pharmaceutical ads misrepresented information) than for omission-based violations (i.e., when pharmaceutical ads failed to mention required information). This finding is consistent with legal precedent, in which the law treats acts of commission more punitively than omission (see, e.g., *Laidlaw et al. v. Organ* 1817).

Omission bias provides compelling logic of differential response strategies to initial acts of commission and omission. Applying this logic, we argue that recipients of initial acts of passive opportunism (i.e., omission-based opportunism) will respond more constructively (i.e., passive acceptance and constructive discussion) than recipients of initial acts of active opportunism (i.e., commission-based opportunism). Consistent with this argument, we theorize that initial acts of active opportunism lead recipients to respond more harshly—that is, through venting, threatened withdrawal, or exit (compared with initial acts of passive opportunism). More formally:

H_{1a}: Initial acts of passive (vs. active) opportunism lead to greater use of passive acceptance and constructive discussion response strategies.

H_{1b}: Initial acts of active (vs. passive) opportunism lead to greater use of venting, threatened withdrawal, and exit response strategies.

Whereas the theory driving $H_{1a–b}$ applies the logic of omission bias, our second hypothesis builds on the logic of payoff and tolerance functions (Bucklin 1973) to examine how firms respond to the accumulation of different opportunism forms, a key issue in the understanding and study of managing ongoing exchange. Bucklin's (1973) theory of channel control posits that firms have both a payoff function and tolerance function. The payoff function reveals the profit that a distributor gains from accepting the authority of the manufacturer. The tolerance function demonstrates the distributor's feeling of burden or sacrifice that results from acquiescing to the authority of the manufacturer. Bucklin argues that, as the intensity of the supplier's control increases (i.e., from persuasion to coercion), the intermediary's tolerance for such control decreases. In other words, the more intense the supplier's attempts to control the intermediary, the greater the intermediary's resistance to these efforts.[2] He further argues that the limitations of the manufacturer's authority are at the intersection of the two functions. At this point, sacrifices made and profits gained balance exactly, indicating that beyond this point, the costs of the relationship for the distributor outweigh the benefits. Simon's (1951) notion of a "zone of indifference" is also consistent with this line of reasoning (Halaby 1986; Heide, Wathne, and Rokkan 2007).

In the context of buyer–supplier relationships, the payoff function is the long-term value that a party can extract from the relationship's continued existence. We argue that recipients of active opportunism should be less tolerant than recipients of passive opportunism (given equivalent payoff functions). The perceived intensity and seemingly heightened severity of active opportunism—consistent with omission bias—build frustration and cause feelings of burden and sacrifice to increase, lessening the recipient's tolerance of future negative actions. In essence, we argue that recipients of active opportunism will move more swiftly along the tolerance function than recipients of passive opportunism. Recipients of active opportunism, in turn, will reach the intersection of the tolerance and payoff function more quickly, ultimately hastening termination of the relationship. Formally stated:

H_2: Firms tolerate more instances of passive than active opportunism before they exit the relationship.

The Impact of Active and Passive Opportunism on Satisfaction with Performance

Satisfaction with the relationship's performance reflects a positive affective state that results from the appraisal of all aspects of the working relationship and is one of the most studied outcome variables in interorganizational research. The buyer or supplier's satisfaction reflects the evaluative complexity of business-to-business relationships. Although there are many specific aspects of satisfaction (see Ruekert and Churchill 1984), we consider its general economic and noneconomic aspects (Geyskens, Steenkamp, and Kumar 1999; Kumar, Stern, and Achrol 1992).

The proposed reduction in the payoff function caused by active opportunism should also reduce overall satisfaction with performance; however, transaction cost economics theorists contend that this occurrence depends on another mechanism that determines the increase in the costs of managing or governing the exchange. Dahlstrom and Nygaard (1999) demonstrate that opportunism increases monitoring, maladaptation, and bargaining costs to ensure that (1) the parties act in the best interests of the channel, (2) information exchange is complete and accurate, and (3) contract terms are modified in response to environmental contingencies and new market information. This finding is consistent with research that shows that responding to destructive acts increases engagement and effort by the parties in the relationship (Hibbard, Kumar, and Stern 2001; Hirschman 1970).

Efforts responding to these acts create costs that may include but are not limited to bargaining, monitoring, and maladaptation. Bargaining costs comprise efforts to negotiate transactions in response to environmental contingencies, new market information, threats, and so on. Monitoring costs arise from expenditures that guarantee contractual fulfillment and ensure that the partner is acting in the best

[2]Bucklin's (1973) key insight is that the supplier can mitigate this intolerance through an increasing payoff function (i.e., if greater reward is offered, the intermediary will tolerate more control). Frazier, Gill, and Kale (1989) further develop this notion of tolerance at a price and suggest that organizational dependence can operate in a manner similar to the payoff function; that is, the firm's tolerance for coercion increases as the intermediary's dependence on the supplier increases.

interest of the exchange (Lal 1990). Maladaptation costs originate from the misalignment of information in the exchange, such as missing, incomplete, or excessively voluminous information that is not useful. Thus, we affirm Dahlstrom and Nygaard's (1999) findings that opportunism increases transaction costs and extend them by proposing that such costs subsequently reduce the recipient's satisfaction with the relationship's performance. In short, we argue for a mediating relationship whereby opportunism creates higher transaction costs and spawns a reduction in satisfaction with relationship performance. Distinguishing the costs associated with a first occurrence of opportunism versus multiple occurrences, we arrive at the consideration of differential rates of costs according to given opportunism forms: active versus passive.

At the first occurrence of opportunism, we propose that active opportunism incurs higher transaction costs than passive opportunism due to omission bias and the associated responses to the two opportunism forms. Given that harsher response strategies, such as venting and threatened withdrawal, generate higher transaction costs, the costs associated with responses to the first occurrence of active opportunism exceed those associated with the first occurrence of passive opportunism. Response strategies to passive opportunism, such as acceptance or constructive discussion, require less bargaining, monitoring, and maladaptation efforts to enforce. Thus, we anticipate that the transaction costs for the first occurrence of active opportunism are higher than those for passive opportunism and that these heightened transaction costs mediate satisfaction with performance of the relationship. Thus:

H_{3a}: At the first occurrence of opportunism, active opportunism has a more negative effect than passive opportunism on satisfaction with the relationship's performance.

H_{3b}: At the first occurrence of opportunism, transaction costs mediate active opportunism's negative effect on satisfaction with the relationship's performance.

Over time, we anticipate that the accumulation of passive opportunism will undermine performance satisfaction more than that of active opportunism. As we noted previously, active (vs. passive) opportunism initially provokes a harsher reaction, necessitating greater bargaining, monitoring, and maladaptation costs. However, as incidences of opportunism accumulate, we expect the overall costs of managing passive opportunism to increase more quickly than the overall costs of managing active opportunism. In other words, the limited response to initial passive opportunism may quickly lead to additional responses as incidences of opportunism increase. As the firm deploys additional efforts to salvage the exchange, these increased bargaining, monitoring, and maladaptation costs further undermine satisfaction with the relationship's performance.

In contrast, the response to active opportunism may lead more quickly to exit or disengagement and, ultimately, to lower transaction costs than passive opportunism. The underlying logic here, drawing on Bucklin (1973), is that the firm's exchange relationship presents a specific downward-sloping payoff function. Because the response intensity is greater for active (vs. passive) opportunism, the firm rapidly progresses to the point at which the upward-sloping tolerance function crosses the payoff function (i.e., beyond the zone of acceptance). As a firm moves beyond the zone of acceptance, it has two choices: either to exit the relationship (as H_2 suggests) or to disengage. Disengagement from the relationship occurs when accumulated opportunism increases beyond the zone of acceptance but relationship exit is not an option (e.g., due to contract terms). Either response reduces the firm's transaction costs.

Together, these arguments form the basis for a counterintuitive result: passive (vs. active) opportunism can indeed lead to higher transaction costs over repeated incidences of opportunism, and these heightened transaction costs mediate satisfaction with the relationship's performance. Formally:

H_{4a}: As occurrences of opportunism accumulate, passive opportunism has a more negative effect on satisfaction with the relationship's performance than active opportunism.

H_{4b}: As occurrences of opportunism accumulate, transaction costs mediate passive opportunism's negative effect on satisfaction with the relationship's performance.

Method

To test our hypotheses, we employed a multimethod research design that incorporated two scenario-based experiments (i.e., Studies 1 and 2) as well as a longitudinal survey study involving ongoing buyer–seller relationships. We began by testing the response strategies to the form and accumulation of opportunism (H_1 and H_2) in Study 1 and then examined the effects of the accumulation of opportunism on transaction costs and satisfaction with the relationship's performance (H_3 and H_4) in Study 2. We provide further validation that the impact of multiple incidences of passive opportunism is more corrosive than active opportunism (H_{4a}) through a longitudinal survey (Study 3) that examines opportunism and satisfaction with relationship performance in ongoing buyer–supplier relationships over a one-year period.

Study 1

We conducted a scenario-based experiment (e.g., Achrol and Gundlach 1999; Dutta and John 1995; Ganesan et al. 2010; Joshi and Arnold 1997) to examine response strategies that firms initiate at the onset of passive and active opportunism (H_1) as well as those they initiate when addressing the accumulation of active and passive opportunism (H_2). Our approach not only confirms the logic of prior studies but also further delineates theoretical relationships between these studies' varying elements to provide better understanding of the particular processes by which firms respond to active and passive opportunism.

The scenario-based approach in which participants confront a dilemma is particularly well suited to the study of socially undesirable behavior such as opportunism (Cavanaugh and Fritzsche 1985); this approach allows for the presentation of sensitive topics in a nonthreatening manner (Rossi 1977). Opportunism can be difficult to

assess accurately because the partner's true guile is almost never completely observable but inferred. Scenarios provide systematic control over specific variables of interest, the representation of stimuli, and the complexity of situations that inform decision dilemmas (Rossi 1977). For example, Clark (1966) finds that executives reported uniformly negative opinions about bribery and price fixing when surveyed, and yet they acted considerably less negatively when assessing and addressing scenarios involving these behaviors.

Experimental Approach

To examine responses to active and passive opportunism, we manipulated a between-subjects factor (opportunism: active or passive) and allowed for the emergence of a within-subject factor (occurrences: Time 1 and subsequent time periods). We solicited the participation of purchasing professionals and managers who are experienced in making informed decisions in the particular experimental setting to increase the results' external and internal validity.

Scenario Development and Treatments

Participants were asked to "assume the role of a purchasing manager responsible for the purchase of microchips for a midsize electronic equipment manufacturer" (Joshi and Arnold 1997, p. 829). We chose microchips because they are purchased on a regular basis and also form a key component in electronic equipment, encouraging instances of ongoing interorganizational exchange (Noordewier, John, and Nevin 1990). Participants were told that there were multiple suppliers in the market, which implies that it would be possible to exit the relationship and enter a new one. Because our theory involves the context of ongoing exchange, we stated that the relationship was two years old and had experienced no problems thus far; this detail assists in controlling for prior opportunistic behavior and relationship length. Transaction cost economics maintains that asset specificity, environmental and behavioral uncertainty, and transaction frequency create transaction costs if they are not properly managed or governed (Williamson 1985). Accordingly, we held these factors constant, along with industry and firm size, to limit the interference of alternative theoretical explanations.

Across both conditions, a supplier was described to have knowingly (1) delivered defective microchips, (2) sent a delivery late, (3) delivered noncompliant microchips, or (4) shorted the buyer's order. We operationalized active opportunism as whether the supplier knowingly engaged in an act of commission toward the buyer (indicated that the microchips met specifications, indicated that the delivery would be on time, indicated that the microchips were compliant, or indicated the nonshorted number on the delivery form) or whether the action was an omission (the supplier did not indicate that the microchips met standards on their forms, failed to mention the delivery would be late, did not indicate the microchips' noncompliance, or did not include the number sent on the delivery form).

Appendix A presents the scenarios and their manipulations. The Web Appendix lists the pretesting procedures. We wanted to ensure that the scenarios were realistic and that participants recalled the scenario context and correctly interpreted the examples of active and passive opportunism. Dependent variables of interest were the response strategy to each opportunism form (active or passive) and the number of incidences tolerated.

Sampling Frame and Procedure

We began with a list of 4,784 purchasing professionals from the Institute for Supply Management, representing all manufacturing industries. After we excluded those with only billing/home addresses as well as those whose telephone numbers were missing, 2,365 purchasing professionals remained. We then randomly contacted individual managers to elicit participation. We gave them a brief explanation of the study and asked if they were willing to participate and were knowledgeable enough to respond. Twenty-four respondents refused to participate, citing reasons such as lack of interest/time and company policy. Sampling continued until 50 purchasing professionals (25 per treatment cell) agreed to participate; the response rate was 68% (50 of 74).

Participants were read the treatment scenario and asked, "What would you do?" Their qualitative response was recorded, the next opportunism occurrence was read, and the participants were asked to describe what they would do. This process continued until the participant indicated that his or her firm would exit the relationship. Participants were then thanked and debriefed.

Manipulation Checks

Participants in both treatments were asked to rate on a seven-point scale (1 = "strongly disagree," and 7 = "strongly agree") the extent to which the supplier knowingly provided false information in the scenario. The results of a Brown–Forsythe test demonstrate that those in the active treatment perceived higher levels of active opportunism than those in the passive treatment ($M_{active} = 5.72$, $M_{passive} = 3.44$; $F(1, 28.938) = 26.613$, $p < .001$).[3] Participants in both treatments were asked to rate on the same scale the extent to which the supplier knowingly provided incomplete information in the scenario. The results of an analysis of variance (ANOVA) revealed that those in the passive treatment perceived higher levels of passive opportunism than those in the active treatment ($M_{active} = 3.64$, $M_{passive} = 6.56$; $F(1, 48) = 65.655$, $p < .001$). Together, these results suggest that the manipulations were effective.

Analysis

Coding the responses. We developed a classification scheme to categorize the observed response strategies into passive acceptance, constructive discussion, venting, neglect, and threatened withdrawal. We included a category for exit to examine when the buyer switched to a new supplier. After each occurrence of opportunism, respondents were asked what they would do. In many cases, responses

[3]We conducted the Brown–Forsythe test because the variances of the two groups were not homogeneous.

characterized more than one of the five possible response strategies (not including the exit response). Therefore, we allowed for combinations of the five categories, such as constructive discussion and venting, constructive discussion and threatened withdrawal, venting and threatened withdrawal, and passive acceptance and threatened withdrawal. Three researchers, not members of the author team, were trained in the classification scheme. Two of these researchers independently coded each response according to the categories in the classification scheme. The interjudge agreement was 90%, and the interrater reliability of the two coders was .94, using Perreault and Leigh's (1989) method. The third researcher resolved differences between the coding of the first two researchers.

The only departure from our classification we encountered was that there were no identifiable instances of neglect. We observed all other categories in the data. Table 1 presents examples for each category and combinations of these categories.

Testing the hypotheses. H_{1a} predicted that initial acts of passive (vs. active) opportunism would cause greater use of passive acceptance and constructive discussion response strategies. To formally test H_{1a}, we estimated a pair of logistic regressions. In the first regression, we coded the dependent variable of response strategy as 1 if there was a single response of constructive discussion or passive acceptance and as 0 otherwise. We coded the independent variable, type of opportunism, as 1 for the passive form and as 0 for the active form. Consistent with our predictions, we found that passive opportunism led to greater use of constructive discussion or passive acceptance responses than did active opportunism ($\beta = 2.77$, $p < .001$, pseudo-$R^2 = .28$), thus confirming H_{1a}. We also tested H_{1a} using a more general specification. In the second regression, we coded the dependent variable as 1 if there was a single response of constructive discussion or passive acceptance (or combinations of responses including either response strategy) and as 0 otherwise. Again, we found that passive opportunism led to a significantly greater combined use of passive acceptance or constructive discussion response strategies ($\beta = 2.06$, $p < .01$, pseudo-$R^2 = .16$) than did active opportunism. These results are also consistent with H_{1a}.

H_{1b} predicted that initial acts of active (vs. passive) opportunism would cause greater use of venting, threatened

TABLE 1
Examples of Responses

Category	Responses
Passive acceptance: The buyer remains loyal to the supplier and expects the problem to work itself out.	"I've had no problems with this supplier before ... so I go on with this supplier."
	"I would just have it documented and keep an eye on them to see if it happens again."
Constructive discussion: The buyer tries to work with the supplier to solve the problem.	"I'd phone the supplier and see if we can help. I'd try and understand what the problem is."
	"Ask them. Maybe they are having problems with their suppliers. Try and help solve any problem they may be having."
Venting: The buyer complains somewhat aggressively to the supplier about the problem.	"Invite them to come and meet me in person so that I can haul them on the carpet. I would explain to them their point of jeopardy."
	"I would get hold of the sales manager and tell him that this is unacceptable."
Threatened withdrawal: The buyer tells the supplier that it is considering ending the relationship or begins to make plans to get a new supplier.	"I'd call them in and tell them that we are in the process of looking at another supplier."
	"This is the time to shop around for a new supplier."
Exit	"We go to a new supplier."
	"They're out."
Combinations	
Constructive discussion and venting	"I would get hold of the sales manager and tell him that this is unacceptable.... When I talk to the sales manager, I am going to want him to make me a cause and correction plan so if this happens again we can deal with it."
Constructive discussion and threatened withdrawal	"We have a big discussion with the supplier about the supply problem and do some supply sampling. If we believe that they did it deliberately, then I'm looking for a new supplier."
	"I am talking to my supplier to ask them what is going on. I need to know that everything is okay and I want to be satisfied that it won't happen again. At the same time, I am looking for other contacts in the market to see alternatives out there."
Venting and threatened withdrawal	"I would reevaluate the solution and think about going for dual sourcing and secondary places to source from. I would tell our supplier our stance on the issue, that we're not happy."
	"Tell them we are unhappy. They are headed toward the path of a new supplier."
Passive acceptance and threatened withdrawal	"I'd start looking elsewhere so that I'd have a new supplier ready if it happened again. They've been a reliable supplier, so I would give them another chance."

withdrawal, and exit response strategies. Again, we estimated a pair of logistic regressions in which the independent variable was a dummy variable coded as 1 for the passive treatment and as 0 for the active treatment. In the first regression, we coded the response strategy dependent variable as 1 if there was a single response of venting, threatened withdrawal, or exit strategy and as 0 otherwise. The coefficient for the passive opportunism form was negative and significant ($\beta = -1.74$, $p < .05$, pseudo-$R^2 = .12$), in support of H_{1b}. In the second regression, the dependent variable included combination responses such that we coded it as 1 if there was a single response of venting, threatened withdrawal, or exit (or a combination of any of these forms of response) and as 0 otherwise. Again, the coefficient for passive opportunism was negative and significant ($\beta = -2.77$, $p < .001$, pseudo-$R^2 = .28$), suggesting that people use venting, threatened withdrawal, or exit to a greater extent in response to the first act of active rather than passive opportunism. Together, these results provide support for H_{1b}.

H_2 proposed that exchange members would tolerate more instances of passive than active opportunism before they exited the relationship. We operationalized tolerance as the number of exposures to a negative incident before exit from the relationship, consistent with the measurement of tolerance in the psychology literature (e.g., Klein and Beith 1985). The mean number of passive opportunism instances tolerated is greater than the mean number of active opportunism instances tolerated ($M_{passive} = 3.28$, $M_{active} = 2.12$; $F(1, 48) = 20.35$, $p < .001$), in support of H_2.

To gain greater insight, we examined the sequential use of individual and multiple response strategies and the elevation of these response strategies across multiple occurrences of active and passive opportunism. Table 2 presents the response strategy patterns of each participant to each occurrence of opportunism. We note that there are fewer overall responses to active than passive opportunism because exchange members moved quickly to exit the relationship. Specifically, 32% of the exchange members exited after the first occurrence of active opportunism, 20% vented, 20% used a combination of constructive discussion and threatened withdrawal, 16% engaged in constructive discussion, 8% used a combination of venting and threatened withdrawal, and 4% engaged in passive acceptance. After the second occurrence, 47% of the remaining exchange members exited the relationship, 29% used a combination of constructive discussion and threatened withdrawal, 18% vented, and 6% employed a combination of constructive discussion and venting.

In contrast, exchange members in the passive opportunism condition did not respond as aggressively or elevate their responses to opportunism as quickly as those in the active opportunism condition. More than one of four (28%) engaged in passive acceptance after the first occurrence of passive opportunism, and 52% of the exchange members engaged in constructive discussion. After the second occurrence of passive opportunism, only 12% of the total number of exchange members in the passive treatment exited the relationship (in contrast to 64% of the total number in the

TABLE 2
Response Elevation

A: Active Opportunism Condition

Respondent Number	Occurrence 1	2	3	4
1	E			
2	E			
3	E			
4	E			
5	E			
6	E			
7	E			
8	E			
9	CD	E		
10	CD	V	E	
11	CD	CD, V	E	
12	CD	CD, TW	CD, TW	E
13	V	CD, TW	E	
14	V	CD, TW	E	
15	V	E		
16	V	E		
17	V	E		
18	PA	V	TW	E
19	CD, TW	CD, TW	E	
20	CD, TW	CD, TW	E	
21	CD, TW	V	E	
22	CD, TW	E		
23	CD, TW	E		
24	V, TW	E		
25	V, TW	E		

B: Passive Opportunism Condition

Respondent Number	Occurrence 1	2	3	4	5
1	E				
2	PA	CD	E		
3	PA	CD	CD	TW	E
4	PA	CD	PA, TW	E	
5	PA	CD	TW	E	
6	PA	V	E		
7	PA	V	E		
8	PA	TW	E		
9	CD	CD	E		
10	CD	CD	E		
11	CD	CD	E		
12	CD	CD	CD	E	
13	CD	CD	V	E	
14	CD	CD	CD, TW	E	
15	CD	CD	V, TW	E	
16	CD	V	TW	E	
17	CD	V	TW	E	
18	CD	V	V, TW	E	
19	CD	TW	E		
20	CD	CD, TW	E		
21	CD	V, TW	E		
22	V	TW	E		
23	V	TW	E		
24	V	E			
25	CD, TW	E			

Notes: E = exit, CD = constructive discussion, V = venting, PA = passive acceptance, and TW = threatened withdrawal. Each column represents the sequential responses of an individual manager to the accumulation of opportunism. The order of respondents in the experiment is not the same as presented here; we changed the order to make the table easier to follow.

active treatment). Together, these results indicate greater tolerance of passive opportunism than active opportunism.

Collectively, the results of testing $H_{1a–b}$ and H_2 demonstrate that exchange members respond to passive and active opportunism in systematically different ways. Specifically, the response strategies to the accumulation of passive opportunism are consistent with omission bias and the tolerance function in that they are more constructive and exhibit greater tolerance (i.e., a more protracted response) than responses to active opportunism. However, this study does not explicitly assess the hypothesized increase in transaction costs or the impact of these responses on satisfaction with the relationship's performance. To do so, we conducted a second study.

Study 2

Experimental Approach

In Study 2, we examined the effect of accumulation of active and passive opportunism on satisfaction with the relationship's performance and tested for the mediating role of transaction costs. We employed a scenario-based experiment, incorporating the examples of active and passive opportunism from Study 1 while explicitly measuring relationship performance satisfaction and transaction costs. We developed a 2 × 3 between-subjects factorial design with two opportunism forms (active and passive) and three levels of the number of exposures to opportunism (one, two, and three). We limited the maximum number of opportunism exposures to three because Study 1 indicated that the mean number of acts of passive opportunism tolerated before exiting the relationship was 3.28.

As in Study 1, we used purchasing managers as participants because they have the knowledge and expertise to make informed decisions in our experimental setting. Our approach to assess satisfaction with performance in the context of the scenario is consistent with the organizational behavior literature (Karren and Barringer 2002). For example, Rotundo and Sackett (2002) use a scenario-based experimental policy-capturing design in which managers reported on employees' job performance when exposed to scenarios that depicted differing employee behaviors.

Scenario Development and Treatments

The scenarios were consistent with those employed in Study 1; that is, we held constant the attribution of guile, exchange history, investments, performance to date, and ease of assessing supplier performance across these levels. Because our focus in this study was the influence of response strategies on performance and not the response strategies per se, we avoided artificially imposing a response strategy on the participants and, instead, allowed them to consider how they would respond to each instance of opportunism (i.e., "Please pause and consider how you would respond to this event before moving to the next page") before indicating their relationship performance satisfaction or perceived transaction costs.

Active opportunism treatments included (1) "You believed the supplier knew that some of the microchips were defective but indicated that all of the microchips met your contracted standard on the delivery form," (2) "You believed the supplier knew that the delivery would be late but told you that the delivery would be on time when they spoke to you the day before about another matter," and (3) "You believed your supplier knew that some of the microchips were noncompliant but indicated on the delivery form that they were compliant." Passive opportunism treatments included (1) "You believed the supplier knew that some of the microchips were defective but they did not indicate this on the delivery form," (2) "You believed the supplier knew that the delivery would be late but they did not mention it when they spoke with you the day before about another matter," and (3) "You believed your supplier knew that some of the microchips were noncompliant but they did not provide any notification of this on the delivery form."

Appendix B displays the construct measures for Study 2. All measures were multiple-item reflective scales, evaluated on seven-point scales. We measured the transaction costs with a nine-item scale adapted from Dahlstrom and Nygaard (1999). We captured satisfaction with the relationship's performance using a four-item scale from Kumar, Stern, and Achrol (1992). Participants indicated their responses to these items on a scale ranging from 1 ("strongly disagree") to 7 ("strongly agree").

Sampling Frame and Procedure

We compiled a list of 465 purchasing managers from the apparel industry in a major European city and contacted them to elicit their participation. We informed them that we were conducting research for academic purposes, gave them a brief explanation of the details of the data collection, and asked whether they would be willing to participate and possessed sufficient knowledge to respond. Sixty-seven respondents refused to participate, citing reasons including lack of time and/or interest. Sampling continued until 210 purchasing managers agreed to participate, resulting in an initial response rate of 76% (210 of 277). An appointment was set and data collection was conducted in face-to-face meetings. At this stage, 8 participants dropped out due to lack of time or because they were unavailable at the agreed time and unwilling to reschedule. The remaining 202 respondents were randomly assigned to one of the six treatment conditions. Participants received the scenario to read and then completed the questionnaire. We excluded 9 additional respondents from the data analysis because of excessive missing data on the key variables of interest. The final response rate was 70% (193 of 277).

Analysis

Construct validity. We conducted a confirmatory factor analysis (CFA) on the latent first-order constructs (i.e., satisfaction with the relationship's performance, monitoring costs, maladaptation costs, and bargaining costs) and also included a second-order transaction cost factor to incorporate the three forms of transaction costs. The results indicated a satisfactory fit ($\chi^2 = 115.789$, $p < .01$; confirmatory fit index [CFI] = .96; incremental fit index [IFI] = .96; and

root mean square error of approximation [RMSEA] = .07) (Bollen 1989; Browne and Cudeck 1992). We calculated composite reliability, which ranged between .79 and .85 for the first-order factors and .90 for the second-order transaction cost construct. For the first-order constructs, the parameter loadings were all significant at $p < .01$, indicating convergent validity. The parameter loadings of monitoring costs, maladaptation costs, and bargaining costs on the second-order transaction cost factor were all significant at $p < .01$, suggesting support for its specification as a second-order factor. Finally, the average variance extracted (AVE) for each construct was greater than the shared variance between constructs, demonstrating discriminant validity (Fornell and Larcker 1981).

Testing the hypotheses. The results of an ANOVA revealed that the interaction between time and opportunism form was significant ($F(2, 187) = 10.78$, $p < .001$). H_{3a} predicted that the first occurrence of active opportunism would affect satisfaction with the relationship's performance more negatively than passive opportunism. A follow-up contrast test to the ANOVA showed that at Time 1, relationship performance satisfaction was significantly different for active opportunism ($M_{active} = 3.09$) and passive opportunism ($M_{passive} = 3.65$; $F(1, 187) = 6.17$, $p < .05$), in support of H_{3a}.

H_{3b} predicted that at the first occurrence of opportunism, transaction costs would mediate the negative effect of active opportunism on satisfaction with the relationship's performance. To test H_{3b}, we used Preacher and Hayes's (2008) macro with bootstrapped samples (5,000) to estimate the component regressions on data from participants in the one-occurrence conditions. The dependent variable was satisfaction with the relationship's performance. The independent variable was a dummy variable that we coded as 1 if it was a passive treatment and as 0 if it was an active treatment, and transaction cost was the mediator. The results demonstrate that at one occurrence of opportunism, higher levels of transaction costs negatively affected satisfaction with the relationship's performance ($\beta = –.61$, $t = –5.77$, $p < .001$); the opportunism form negatively affected transaction costs ($\beta = –.63$, $t = –2.59$, $p < .01$), with the negative sign of the coefficient indicating that active (vs. passive) opportunism led to higher transaction costs; and opportunism form had no significant effect on satisfaction with the relationship's performance ($\beta = .18$, $t = .88$, $p > .15$). The indirect path of the effect of opportunism form on satisfaction with the relationship's performance through transaction costs was significant, with the 95% confidence interval excluding zero (.0956, .7629). Therefore, we observed indirect-only mediation of active opportunism on satisfaction with performance of the relationship (Zhao, Lynch, and Chen 2010). The results provide support for H_{3b}.

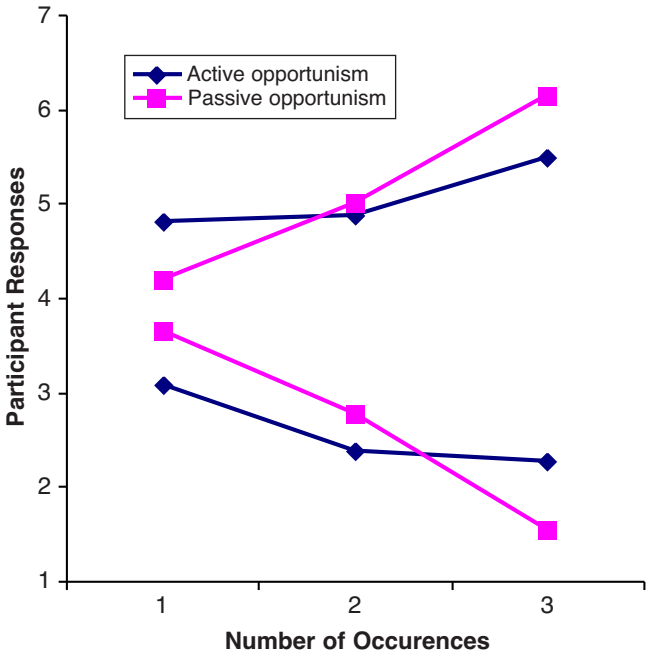
H_{4a} predicted that as occurrences of opportunism accumulate, passive opportunism, compared with active opportunism, would more negatively affect satisfaction with the relationship's performance. As we noted previously, the interaction between opportunism form and time was significant ($F(2, 187) = 10.78$, $p < .001$). Follow-up contrast tests demonstrated that at Time 2, satisfaction with performance of the relationship was not significantly different across active and passive opportunism ($M_{active} = 2.38$, $M_{passive} = 2.78$; $F(1, 187) = 3.03$, $p > .05$), whereas the difference was significant at Time 3 ($M_{active} = 2.28$, $M_{passive} = 1.54$; $F(1, 187) = 12.41$, $p < .001$). The results for Times 2 and 3 provide partial support for H_{4a}.

H_{4b} predicted that as occurrences of opportunism accumulated, transaction costs would mediate passive opportunism's more negative effect on satisfaction with the relationship's performance. To test H_{4b}, we estimated two regressions, one for the two-occurrences conditions and one for the three-occurrences conditions, using Preacher and Hayes's (2008) macro with bootstrapped samples (5,000). In both regressions, the dependent variable was satisfaction with performance of the relationship, the independent variable was a dummy variable that we coded as 1 if it was a passive treatment and as 0 if it was an active treatment, and transaction cost was the mediator.

We did not observe a mediating effect at two occurrences of opportunism. In the analysis, higher transaction costs negatively affected satisfaction with relationship performance ($\beta = –.90$, $t = –9.85$, $p < .001$), opportunism form had no significant impact on transaction costs ($\beta = .13$, $t = .61$, $p > .5$), and opportunism form positively affected satisfaction with the relationship's performance ($\beta = .51$, $t = 3.51$, $p < .01$). At three occurrences of opportunism, higher levels of transaction costs negatively affected satisfaction with the relationship's performance ($\beta = –.24$, $t = –2.46$, $p < .01$); opportunism form positively affected transaction costs ($\beta = .67$, $t = 3.01$, $p < .01$), with the positive sign of the coefficient indicating that passive opportunism led to higher transaction costs; and opportunism form negatively affected satisfaction with the relationship's performance ($\beta = –.58$, $t = –3.02$, $p < .01$)—this negative coefficient indicates that passive opportunism led to lower satisfaction with the relationship's performance than did active opportunism. The indirect path of the effect of opportunism on satisfaction with the relationship's performance through transaction costs was significant, with the 95% confidence interval excluding zero (–.5757, –.0080). Therefore, we observe complementary mediation of passive opportunism on satisfaction with the relationship's performance (Zhao, Lynch, and Chen 2010).

Although these results, taken together, provide partial support for H_{4b}, they also underscore the theory that transaction costs are but one potential mediating factor for the impact of opportunism on satisfaction with the relationship's performance. Figure 1 presents a plot of relationship performance satisfaction and transaction costs at each occurrence for both opportunism forms. This figure demonstrates the mechanisms for our hypothesized effects. We observe transaction costs increasing as the occurrences accumulate, with costs related to passive opportunism increasing at a faster rate than for active opportunism. Conversely, Figure 1 indicates that, as opportunism occurrences accumulate, satisfaction with the relationship's performance decreases at a more rapid rate for passive opportunism than for active opportunism.

FIGURE 1
Satisfaction with Performance of the Relationship and Transaction Costs as Functions of Opportunism Form and Number of Occurrences



Notes: The y-axis indicates participants' responses to the measures evaluating satisfaction with the relationship's performance and the second-order transaction costs within the scenarios on a seven-point scale (1 = "strongly disagree," and 7 = "strongly agree"; see Appendixes A and B).

Study 3

In Study 1, we observed support for our contention that buyers respond more harshly to active than passive opportunism in the short run and tend to tolerate more instances of passive than active opportunism in the long run. In Study 2, we observed that transaction costs partially mediate the impact of opportunism on differences in satisfaction with the relationship's performance. Although the experimental method provides a great deal of internal validity, external validity is limited. As such, we assessed the generalizability of active and passive opportunism on satisfaction with the relationship's performance to "noisier" contexts involving ongoing interorganizational relationships with real stakes and histories while enabling active and passive forms to take on a wider array of manifestations (beyond simply misrepresenting information or omitting it), consistent with how previous literature has examined the construct. We also assessed the toxic effects of active and passive opportunism on satisfaction over a longer time period (i.e., one year). In other words, we create an extremely conservative test of the differential impact of opportunism form on satisfaction with relationship performance over time.

Survey Procedure

We obtained the support of the procurement divisions of four *Fortune* 50 manufacturing companies. We offered each firm an executive summary and a presentation of the results in return for participation. We contacted a total of 200 buyers from across the four firms and asked each to report on two supply relationships. Questionnaires were sent to the buyers with a preaddressed, postage-paid envelope, a cover letter, and a memo from corporate executives requesting participation and ensuring the confidentiality of individual responses. We asked the buyers to identify a supply relationship and a contact person at each supplier firm as a reference point for completing the survey. On receipt of the buyer surveys, a parallel survey was sent to their supplier firm counterpart identifying the buyer firm and individual respondent. Both the buyer and supplier used the other (their counterpart) as a reference point. One year later, we asked the same respondents to respond to the Time 2 surveys, which captured parallel measures.

We received 275 buyer surveys at Time 1 (69% response rate). Subsequently, 275 corresponding supplier surveys were mailed, of which we received completed surveys from 220 suppliers (80% response rate). We contacted the buyers that responded at Time 1 a year later, and this time, a total of 167 surveys were returned (61% response). Similarly, we sent surveys to the suppliers who responded in Time 1 and received complete responses from 154 (70% response rate).

Over the two time periods, we created a data set of 321 complete survey responses. The buyers and suppliers reported having worked with each other for an average of 9.3 years. Annual transactions between the organizations averaged more than $63 million in materials and services, such as capital equipment, components, services, and maintenance, repair, and operating supplies.

Respondents

Because the analyses rely on the perceptions and responses of key informants, we assessed their competency in several ways. First, we examined the length of time respondents had worked with the firm and in the present job. Buyers reported an average of 20.9 years with the company and 11.2 years in their position. Suppliers reported an average of 14.2 years with the company and 15.1 years in their specific job. Second, we assessed respondents' knowledge of the issues of interest through multiple items in which they indicated their knowledge regarding firm outcomes, trust, goals, investments, and actions on a seven-point scale (1 = "not very knowledgeable," and 7 = "very knowledgeable"). The mean for this scale was 5.40, with a standard deviation of 1.16. The responses to these items, combined with years of experience in the career and length of time with firm, suggest that respondents were knowledgeable and involved in completing the survey. We did not eliminate any respondents on the basis of these checks.

Measurement

All of the measures were multiple-item reflective scales, evaluated on seven-point scales. The items and descriptive statistics appear in Appendix C. As we noted previously, the understandings of active and passive opportunism substantially differ in their conceptualization; however, we operationalized them narrowly in Studies 1 and 2 to enhance comparability across conditions. However, no theoretical

reason indicates that other actions representing opportunism should differ directionally, so we examine this possibility in Study 3. To date, scholars have measured opportunism to include a range of behaviors. Active forms include lying, misrepresenting, and creating unfair cost advantage; passive forms include not fulfilling promises, not providing proper notification, and being less than truthful.

We used Jap and Anderson's (2003) opportunism scale because it incorporates both active and passive elements. Four experienced interorganizational scholars (unassociated with this research) independently categorized items as active or passive opportunism. They classified three items as active opportunism (i.e., making false accusations, providing false information, and expecting the partner to pay for more than its fair share of costs to correct a problem) and three as passive opportunism (i.e., slow response to inquiries, inadequate responses, and failure to provide proper notification). We verified that the items loaded on two different factors using a CFA.

We measured satisfaction with the relationship's performance at Time 2 using the same items used in Study 2. We also explicitly controlled for the presence of mutual transaction-specific investments, the respondent role, and the stage of relationship development in the exchange. The presence of mutual transaction-specific investments raises the need for exchange safeguards. We captured respondent role differences (i.e., buyer or supplier) with a dummy variable. Because exchanges evolve systematically through life cycle stages (Dwyer, Schurr, and Oh 1984; Ring and Van de Ven 1994) and because these stages can systematically affect performance (Jap and Anderson 2007; Jap and Ganesan 2000), we controlled for this variation with a series of three dummy variables in which the base reflects the relationship in the initial stages of buildup and the additional variables refer to the exploration, maturity, and decline and deterioration stages. Table 3 displays a correlation matrix of all variables.

Construct validity. We conducted a CFA on the latent first-order constructs (i.e., active and passive opportunism, mutual investments, and satisfaction with the relationship's performance). The results indicated a satisfactory fit of the overall model to the data. As is often the case in large samples, the chi-square was significant ($\chi^2 = 163.99$, $p < .01$); however, the CFI (.95), IFI (.95), and RMSEA (.075) were acceptable. We calculated composite reliability, which ranged from .75 to .88, suggesting good reliability of the measures. The parameter loadings were all large and significant at .001, indicating that the measures were loading on their intended construct, thus suggesting convergent validity. The AVE for each construct was greater than the shared variance between constructs, demonstrating discriminant validity (Fornell and Larcker 1981). The boldfaced diagonal in Table 3 displays the AVEs for each construct.

Common method bias. Common method bias is a concern, although this is minimized by the one-year lag between measurement of independent and dependent variables. Nevertheless, we took several steps to minimize common method bias as suggested by Podsakoff et al. (2003) and Rindfleisch et al. (2008). First, we separated the construct items and mixed them throughout the survey instrument to prevent respondents from easily guessing the relationships under study. Second, we carefully constructed the wording of each item to avoid ambiguity or vagueness. We also asked respondents to report on concrete, observable aspects of the relationship (e.g., mutual investments, specific behaviors). Third, respondents were guaranteed confidentiality.

Statistically, following Podsakoff et al. (2003), we introduced a common method variance factor into the CFA and then compared the results of the new CFA with our original CFA. The inclusion of the common method variance factor led to a slight improvement in model fit, with a CFI and IFI of .98 and RMSEA of .05. We calculated the percentage of the variance due to the common method factor and the trait factors by using their squared loadings (Podsakoff et al. 2003) and found that the common method factor explained 6% of the variance in the data. This variance is substantially less than the median of 25% of variance in Williams, Cote, and Buckley's (1989) investigation across multiple studies. Thus, we concluded that common bias was not a significant issue in our study.

Analysis

Given the expectation pertaining to tolerance differences across opportunism forms, we investigated the possibility that dyads high in active opportunism at Time 1 may have

TABLE 3
Correlation Matrix

	M	SD	1	2	3	4	5	6	7	8
1. Active opportunism (ACTIVE)	1.90	.93	**.57**							
2. Passive opportunism (PASSIVE)	2.31	1.21	.66**	**.57**						
3. Mutual transaction-specific investments (MUTTSI)	5.20	1.23	–.00	–.00	**.51**					
4. Buyer/supplier (BS)	—	—	.18**	.12*	.45**	—				
5. Buildup stage	—	—	–.01	.01	.03	.10	—			
6. Maturity stage	—	—	–.11	–.15**	.04	–.09	–.73**	—		
7. Decline and deterioration stage	—	—	.39**	.29**	–.05	.07	–.18**	–.24**	—	
8. Satisfaction with performance	5.36	1.25	–.36**	–.40**	.23**	.14*	.07	.10	–.31**	**.64**

*$p < .05$ (two-tailed).
**$p < .01$ (two-tailed).
Notes: N = 321. The boldfaced diagonal displays AVE.

dissolved or may not have completed the survey at Time 2 to a greater extent than those high in passive opportunism. To correct for this potential selection bias, we began by conducting a Heckman selection model.[4] The results of the Heckman selection model demonstrated that Heckman's lambda was not significant, indicating that selection bias was not an issue in our data. Therefore, we can conclude that there is no bias stemming from the notion that dyads higher in active opportunism at Time 1 did not complete the survey at Time 2 to a greater extent than those higher in passive opportunism at Time 1.

Therefore, we proceeded to conduct a regression in which satisfaction with performance of the relationship at Time 2 (PERFORMANCE) of outcome i was regressed on active (ACTIVE) and passive (PASSIVE) opportunism as well as our range of covariates one year earlier:

$$\begin{aligned}(1)\quad \text{PERFORMANCE} = {} & \beta_{0i} + \beta_{1i}\,\text{ACTIVE} + \beta_{2i}\,\text{PASSIVE} \\ & + \beta_{3i}\,\text{MUTTSI} + \beta_{4i}\,\text{SELLER} \\ & + \beta_{5i}\,\text{BUILDUP} + \beta_{6i}\,\text{MATURITY} \\ & + \beta_{7i}\,\text{DECLINE} + \varepsilon.\end{aligned}$$

We controlled for mutual transaction-specific investments (MUTTSI), respondent role (0 = BUYER and 1 = SELLER), and stages of the relationship life cycle (0 = EXPLORATION and 1 = BUILDUP, MATURITY, or DECLINE) and included an error term (ε). To control for the possibility that our observations may not be independent because some of the buyers and suppliers may be reporting on the same relationship, we clustered the observations in our data set by those reporting on the same buyer–supplier relationships to obtain cluster-robust standard errors. Table 4 presents the parameter estimates.

Results

Previously, we had hypothesized that the influence of passive opportunism on satisfaction with relationship performance would be greater than that of active opportunism (H_{4a}). The ordering of the unstandardized coefficients for active (β_1 = –.18) and passive (β_2 = –.28) opportunism and the standardized coefficients for active (β_1 = –.13) and passive (β_2 = –.28) seems to support this hypothesis. Because there has been some debate in the literature about the validity of comparing coefficient sizes (either standardized or unstandardized) as a means of gauging which has a larger effect, we supplemented these results by conducting a dominance analysis (e.g., Nickerson et al. 2003). The dominance analysis enabled us to evaluate the relative importance of opportunism form on satisfaction, in which relative importance is "the proportion of predictable criterion variance accounted for by that predictor" (Johnson and LeBreton 2004, pp. 246–47); we did so by averaging each variable's "direct effect (i.e. when considered by itself), total effect (i.e. conditional on all other predictors), and partial effect (i.e. conditional on subsets of predictors)" (Budescu 1993, p. 544). This enabled us to compare the influences of active and passive opportunism (as well as all other independent variables) on satisfaction with the relationship's performance.[5]

The results of the dominance analysis indicated that passive opportunism had an overall greater influence on satisfaction with the relationship's performance (accounting for 34% of the explained variance) than active opportunism (accounting for 22% of the explained variance). The percentage of variance accounted for by each control variable was as follows: mutual investments (13%), buyer/supplier type (7%), buildup (3%), maturity (3%), and decline and

[4]In the selection model, the dependent variable was a binary variable with a value of 1 if the observation was included in the Time 2 sample and 0 if it was not. The independent variables were active opportunism, passive opportunism, mutual transaction-specific investments, buyer/supplier role, buildup, maturity stage, and decline stage, in addition to the instrumental variable "Just for this supplier/buyer, we invested time verifying this supplier/researching this buyer." We included this instrumental variable to ensure that we knew the source of identification. The variable is suitable because it is correlated with the likelihood of inclusion in the final sample but has no theoretical explanation for (and is not significantly correlated with) satisfaction with the relationship's performance at Time 2.

[5]For a detailed description of dominance analysis, see Budescu (1993).

TABLE 4
The Impact of Opportunism on Performance

Variable	Unstandardized Coefficients	Standardized Coefficients	t-Values
Intercept	5.19		14.92***
Active opportunism (ACTIVE)	–.18	–.13	–1.58*
Passive opportunism (PASSIVE)	–.28	–.28	–4.19***
Control Variables			
Mutual transaction-specific investments (MUTTSI)	.16	.16	2.40***
Supplier (SELLER)[a]	.33	.13	2.25**
Buildup (BUILDUP)	.28	.11	1.26*
Maturity (MATURITY)	.25	.10	1.19
Decline and deterioration (DECLINE)	–.73	–.14	–2.09**
Adjusted R-square	.25		

*$p < .10$ (one-tailed).
**$p < .05$ (one-tailed).
***$p < .01$ (one-tailed).
[a]In this regression, we coded BUYER as 0 and SELLER as 1.

deterioration (17%). Collectively, this analysis indicated that the influence of passive opportunism on satisfaction with the relationship's performance is more than 50% greater than that of active opportunism over the course of a year, providing further empirical support and external validity for our contention (i.e., H_{4a}) that passive opportunism has a more negative effect on satisfaction with relationship performance than active opportunism.

Discussion

The purpose of this study is to empirically examine and explicate the differential effects of passive and active opportunism on satisfaction with a relationship's performance, thereby providing added insight to the process and outcomes of differing opportunism forms. We have shown not only that both forms of opportunism undermine satisfaction with performance to differing degrees but also that this systematic difference is consistent with the notion of omission bias. Our study provides several new and important insights for interorganizational scholars and practitioners.

First, this research raises the possibility that the dominant responses to initial acts of passive opportunism are not effective in eliminating this form of opportunism. We find that the general response strategy to passive opportunism is initially to accept the behavior passively or to engage the offending party to work to solve the problem. It may be that omission bias encourages the "under-safeguarding" of performance—that is, a lack of more effective safeguards. It might also be that people view toleration or passivity as a less costly form of response to initial acts of opportunism than venting, threatened withdrawal, exit, or other forms of punition. Regardless, our findings extend the work on omission bias (e.g., Wiles et al. 2010) by providing a detailed examination of the response process to acts of omission and commission as well as repeated exposures of opportunism. Specifically, recipients of passive opportunism demonstrate more cooperative responses initially and more penalizing responses after repeated exposure; this is in direct contrast to recipients of active opportunism, whose immediate responses are to penalize the transgressor. More generally, it underscores the possibility that recipients of differing opportunism types consider prior opportunism when reacting to new acts and heighten their response strategy accordingly.

Second, this research provides insights into how and why passive opportunism can prove more insidious to relationship performance than active opportunism. Our results are consistent with the notion of tolerance and payoffs such that increased severity in response to active (vs. passive) opportunism moves recipients more swiftly along the tolerance function (given equivalent payoff functions), resulting in a quicker termination of the relationship. Thus, we advance our general understanding of tolerance in important ways. For example, whereas Heide, Wathne, and Rokkan (2007) argue that tolerance differences to the acceptance of monitoring are based on the specific social contract, our findings suggest that tolerance differences may be due to the type of act or opportunism form. Therefore, future studies of opportunism should consider the distinction between active and passive opportunism and try to shed light on the fundamental differences in responses to these types in addition to their effects on exchange behavior and stability.

Third, our research documents the role of transaction costs in undermining relationship performance as a function of opportunism type over time, adding to a substantial literature stream on transaction costs (e.g., Anderson 1988; Dahlstrom and Nygaard 1999). Specifically, we find that the rate at which transaction costs (i.e., bargaining, monitoring, and maladaptation costs) accumulate over repeated incidences varies considerably. Transaction costs associated with the management of active opportunism are initially high and increase at a slow rate over multiple incidences of opportunism, whereas transaction costs associated with passive opportunism are initially low but increase rapidly as instances of opportunism recur. The findings not only add a dynamic perspective to understanding of transaction costs (a point of view that has been absent from the extant literature) but also complement emerging work on the topic of velocity within interorganizational relationships (Palmatier et al. 2013). This implies that a key pitfall of passive opportunism is that the transaction cost velocity explodes as the number of instances of passive opportunism increases. Indeed, we observe that recipients must quickly strengthen their safeguarding efforts and that these incremental efforts undermine satisfaction with the relationship's performance. This suggests that the concept of transaction cost velocity may provide added insights for governance mechanism adaptation over time.

Regarding the central question we initially posed in this work, our findings over three studies provide empirical support to Wathne and Heide's (2000) proposition that passive and active opportunism have differential performance outcomes. The results suggest that the nature of ongoing exchange provides a breeding ground for the partners to "cheat at the margins" through passive opportunism. In doing so, we extend the work of Ganesan et al. (2010), who find that commitment provides a "buffer" against minor instances of misbehavior. Our research suggests that providing a buffer for passive opportunism increases transaction costs, which ultimately (and rapidly) undermines satisfaction with performance.

Although the mutuality of responses was not our initial research concern, we did observe that response strategies are not always mutually exclusive. Whereas prior research (e.g., Hibbard, Kumar, and Stern 2001; Hirschman 1970; Ping 1993) has tended to conceptualize response strategies individually, we observed that recipients simultaneously engage in multiple response strategies. For example, constructive discussion and threatened withdrawal often occurred together. Of particular note, we observed that the threatened withdrawal category involved two very different behaviors: (1) the buyer tells the supplier that it is looking for a new partner and threatens to leave unless things improve, or (2) the buyer begins looking for a new supplier without telling the current supplier. The latter suggests that relationship dissolution is not always a joint process; instead, the seeds of demise may begin with one member of the relationship and, eventually, be thrust onto the partner with little or no warning, preventing the use of recuperative strategies or cessation of opportunism before relationship termination.

Implications for Management

The results offer important implications for the management of interorganizational exchange. First, our results demonstrate that partners in ongoing relationships tend to be less responsive to passive opportunism than to active opportunism (at least initially). Whereas only 4% of recipients of active opportunism engaged in passive acceptance, 52% of recipients of passive opportunism engaged in passive acceptance. The overreliance on passive acceptance as a response to passive opportunism allows future acts of passive opportunism to occur because the recipient does not signal the unacceptability of the act. Therefore, we contend that when a firm experiences contractual problems due to omissions on the part of its partner, the recipient would be better off addressing such situations early through constructive discussion. By employing constructive discussion, the recipient of passive opportunism signals its unwillingness to tolerate such behaviors while simultaneously lessening the likelihood of such future actions (thereby decreasing transaction costs in the long run). Although we recognize that engagement through constructive discussion is more difficult than passive acceptance (because constructive discussion might cue distrust), it is important that firms immediately clarify the challenges brought forth in the relationship as a result of passive opportunism.

Second, managers must further consider how they will respond to continued acts of passive and active opportunism. Should firms respond as strongly to repeated acts of passive opportunism as they do to active opportunism? We observed that 64% of respondents exited after the second occurrence of active opportunism, in contrast to only 12% of respondents experiencing the same number of passive opportunism instances. In the Mattel example discussed previously, after Lee Der Industrial was found to have failed to inform Mattel of its use of a nonapproved subcontractor, Mattel did not cancel its contract (Lee, Tseng, and Hoyt 2008). Did the failure to terminate the relationship expose Mattel to the potential for continued opportunism? Possibly, but it could also suggest the need for more detailed and continual monitoring of partners, coupled with a more measured response. For example, when encountering repeated passive opportunism, a firm could respond more strongly by threatening withdrawal if the behavior continues. Although tension within the relationship may escalate, it can also serve as a clear signal that passive opportunism will not be tolerated.

Monitoring can also be viewed as an *ex ante* approach to the management of opportunism (passive or active). Previous research has shown that when a firm indicates to its suppliers that contract terms are monitored for compliance with each transaction (e.g., the buyer engages in output monitoring), suppliers are less likely to engage in such behaviors (Heide, Wathne, and Rokkan 2007). Indeed, Mattel undertook this approach in the aftermath of the product recall. Specifically, Mattel indicated that it would switch from relying on others to test for product compliance to monitoring every production run of finished toys itself to ensure compliance (Lee, Tseng, and Hoyt 2008). The ease with which output monitoring can be achieved and the benefits of reducing the occurrence of passive opportunism make it an attractive option for firms.

Limitations and Further Research

Although these findings present new and important insights into opportunism in interorganizational exchange, our study is not without limitations. A possible shortcoming is the choice of control levels within the scenario-based experiments. For example, we held the length of the exchange constant at two years, raising the question of whether we might have observed different response strategies had the opportunism occurred earlier (i.e., in a relatively new relationship) versus later (i.e., a long-term exchange such as a five-year period). This topic remains an intriguing avenue for further research on relationship development.

Second, a limitation of the longitudinal study is that it cannot establish the causal mechanisms underlying the observed performance differences in the way that the two experiments could. Instead, the longitudinal study can only provide external validity for the overall effect of active versus passive opportunism on satisfaction with performance. Further research might rely on case studies to examine how firms work to identify and respond to passive opportunism. In a related vein, it was difficult to rule out the possibility that recipients might perceive the opportunism items in the survey as service failures. Although the items are generally reflective of opportunism and have been used widely in previous literature on opportunism, there is no verification that the recipient perceived the opportunist's actions as deceptive. It is worth noting that in the marketplace, exchange agents cannot verify or observe fully that a partner's actions were conducted with guile, thereby producing a conservative test of our hypotheses. However, we mitigate this limitation by using items that indicate guileful intent with the use of terms such as "false" and "more than our fair share." The tests of our hypotheses may also be conservative due to the narrowness of the measures of opportunism we employed in the experiment and survey. Although there is no theoretical reason to believe that other actions representing opportunism would necessarily differ in their effects, further research should consider these possibilities in relation to the measurement of opportunism forms.

Third, our measure of performance was an assessment of satisfaction, as is typical of much research. However, future studies would benefit from a more economic perspective, such as sales, market share, and profits within the dyad, as the relevant performance measure. For example, one could argue that, given the differences in transaction costs over time between active and passive opportunism, those on the receiving end of active opportunism in the short run would experience a greater decrease in margin (due to high transaction costs); however, such behavior may have little or no impact on sales.

Fourth, although transaction costs are an important driver of satisfaction with the performance of the relationship, they are by no means the only driver. Transaction cost economics does not assume that opportunism occurs in a vacuum. The presumption that economic agents are potentially prone to this behavior implies that the firm will plan for this

possibility *ex ante* and actively respond *ex post*. We acknowledge that these activities at play can influence our proposed effects. However, we offer our hypotheses ceteris paribus, that is, assuming these factors to be constant so we could isolate the effect of a single independent variable on a dependent variable for examination conceptually. In future studies, scholars should draw more fully on aspects of transaction cost economic elements and other interorganizational theories to develop a more comprehensive model.

Finally, although we controlled for several factors within this work, we did not control for others (e.g., component criticality, value of the relationship, governance mechanisms). One could argue that the more critical or strategic the component involved in the transaction, the more likely the party on the receiving end of opportunism will engage in harsh response strategies. Furthermore, a firm's own governance efforts (e.g., monitoring, partner selection) may influence the likelihood of a partner's engaging in opportunism, the tolerance of opportunism, and the performance of the relationship. As such, we suggest that future studies incorporate component criticality and governance efforts to provide a more complete understanding of exchange in the presence of passive and active opportunism.

Appendix A: Experimental Manipulations for Study 1

Scenario

Imagine you are a purchasing manager responsible for acquiring microchips for a midsize electronic components manufacturer. There are no unanticipated changes in the external environment. There are multiple qualified suppliers of microchips in the market. You have been receiving deliveries of microchips twice a week from one of your suppliers for two years with no problems. You have made some investments specifically dedicated to your relationship with this supplier, but these do not completely bind you to the relationship. You can assess the performance of this supplier easily.

Active Opportunism Manipulation

1. In a delivery you receive some defective microchips. You believe the supplier knew that some of the microchips were defective but indicated that all of the microchips met your contracted standard on the delivery form. One of your team contacts the supplier and the supplier sends the replacements with no defects.
2. Four weeks pass without any problems. Then an expected delivery does not arrive as contracted. You believe the supplier knew that the delivery would be late but told you that the delivery would be on time when they spoke to you the day before about another matter. One of your team contacts the supplier and the delivery arrives.
3. Four weeks pass without any problems. Then in a delivery you receive some non-compliant microchips. You believe the supplier knew that some of the microchips were non-compliant but indicated on the delivery form that they were compliant. One of your team contacts the supplier and the compliant replacements arrive.
4. Four weeks pass without any problems. Then in a delivery you receive fewer microchips than the number stated in the contract. You believe the supplier knew that the order was short but indicated the number contracted for on the delivery form. One of your team contacts the supplier and the microchips arrive.

Passive Opportunism Manipulation

1. In a delivery you receive some defective microchips. You believe the supplier knew that some of the microchips were defective but they did not indicate this on the delivery form. One of your team contacts the supplier and the supplier sends the replacements with no defects.
2. Four weeks pass without any problems. Then an expected delivery does not arrive as contracted. You believe the supplier knew that the delivery would be late but they did not mention it when they spoke with you the day before about another matter. One of your team contacts the supplier and your delivery arrives.
3. Four weeks pass without any problems. Then in a delivery you receive some non-compliant microchips. You believe your supplier knew that some of the microchips were non-compliant but they did not provide any notification of this on the delivery form. One of your team contacts the supplier and the compliant replacements arrive.
4. Four weeks pass without any problems. Then in a delivery you receive fewer microchips than the number stated in the contract. You believe your supplier knew that the order was short but they did not include the number sent on the delivery form. One of your team contacts the supplier and the microchips arrive.

Appendix B: Measures for Study 2

Participants indicated their responses to the items on a scale ranging from 1 ("strongly disagree") to 7 ("strongly agree"). (R) denotes a reverse scale.

Satisfaction with Relationship Performance

(reliability = .79, M = 2.55, SD = 1.10), adapted from Kumar, Stern, and Achrol (1992)

1. Our association with this supplier has been a highly successful one.
2. The supplier leaves a lot to be desired from an overall performance standpoint. (R)
3. If we had to give the supplier a performance appraisal, it would be outstanding.
4. Overall, the results of our relationship with the supplier have fallen short of our expectations. (R)

Second-Order Transaction Costs

(reliability = .90, M = 5.15, SD = 1.09), adapted from Dahlstrom and Nygaard (1999)

Monitoring Costs
(reliability = .85, M = 5.80, SD = 1.15)

1. I will need to monitor this supplier more closely than in the past.
2. I need to spend a lot of time controlling the quantity and quality of deliveries from this supplier.
3. The cost of keeping track of this supplier is increasing.

Maladaptation Costs
(reliability = .84, M = 4.93, SD = 1.35)

1. The information from this supplier is poorly formulated and difficult to understand.
2. Important information from this supplier seldom comes at the right time.
3. The information from this supplier is often incomplete.

Bargaining Costs
(reliability = .80, M = 4.74, SD = 1.32)

1. We spent a lot of time negotiating with this supplier.
2. Our meetings with this supplier were not very effective.
3. Reaching agreement with this supplier requires substantial investments of time and effort on our firm's part.

Appendix C: Study 3 Latent Variable Measures and Descriptives

Independent and Control Variables at Time 1

Active Opportunism
(reliability = .79, M = 1.90, SD = .93) adapted from Jap and Anderson (2003)

When a problem occurs, how often will this firm do the following? (1 = "hardly ever," and 7 = "very often"):

1. They make false accusations.
2. They provide false information.
3. They expect us to pay for more than our fair share of the costs to correct the problem.

Passive Opportunism
(reliability = .80, M = 2.31, SD = 1.21), adapted from Jap and Anderson (2003)

When a problem occurs, how often will this firm do the following? (1 = "hardly ever," and 7 = "very often"):

1. They are slow to respond to our inquiries.
2. Their responses to our inquiries are inadequate.
3. They fail to provide proper notification.

Mutual TSIs
(reliability = .75, M = 5.20, SD = 1.23), adapted from Anderson and Weitz (1992)

1. If this relationship were to end, they would be wasting a lot of knowledge that's tailored to their relationship.
2. If either company were to switch to a competitive buyer or vendor, they would lose a lot of the investments made in the present relationship.
3. They have invested a great deal in building up their joint business.

Relationship Life Cycle
(Jap and Ganesan 2000)

Relationships typically evolve through a number of phases over time. Which of the following best describes your firm's *current* relationship with X? (Check only one)

1. Exploration: Both firms are discovering and testing the goal compatibility, integrity, and performance of the other as well as potential obligations, benefits, and burdens involved with working together on a long-term basis.
2. Buildup: Both firms are receiving increasing benefits from the relationship and a level of trust and satisfaction has been developed such that they are more willing to become committed to the relationship on a long-term basis.
3. Maturity: Both firms have an on-going, long-term relationship in which both are receiving acceptable levels of satisfaction and benefits from the relationship.
4. Decline: One or both members have begun to experience dissatisfaction and is contemplating relationship termination, considering alternative manufacturers or customers, and is beginning to communicate an intent to end the relationship.
5. Deterioration: The firms have begun to negotiate terms for ending the relationship and/or are currently in the process of dissolving the relationship.

Dependent Variable at Time 2

Satisfaction with Performance of the Relationship
(reliability = .88, M = 5.36, SD = 1.25), adapted from Kumar, Stern and Achrol (1992)

1. Our association with this supplier/buyer has been a highly successful one.
2. The supplier/buyer leaves a lot to be desired from an overall performance standpoint. (reverse-scored)
3. If we had to give the supplier a performance appraisal, it would be outstanding.
4. Overall, the results of our relationship with the supplier/buyer have fallen short of our expectations. (reverse-scored)

REFERENCES

Achrol, Ravi S. and Gregory T. Gundlach (1999), "Legal and Social Safeguards Against Opportunism in Exchange," *Journal of Retailing*, 75 (1), 107–121.

Anderson, Erin (1988), "Transaction Costs as Determinants of Opportunism in Integrated and Independent Sales Forces," *Journal of Economic Behavior and Organization*, 9 (3), 247–64.

Baron, Reuben M. (1986), "Tradeoffs Among Reasons for Action," *Journal for the Theory of Social Behavior*, 16 (2), 173–95.

Bollen, Kenneth A. (1989), *Structural Equations with Latent Variables*. New York: John Wiley & Sons.

Browne, Michael W. and Robert Cudeck (1992), "Alternative Ways of Assessing Model Fit," *Sociological Methods and Research*, 21 (2), 230–58.

Bucklin, Louis (1973), "A Theory of Channel Control," *Journal of Marketing*, 37 (January), 39–47.

Budescu, David V. (1993), "Dominance Analysis: A New Approach to the Problem of Relative Importance of Predictors in Multiple Regression," *Psychological Bulletin*, 114 (3), 542–51.

Cavanaugh, Gerald F. and David J. Fritzsche (1985), "Using Vignettes in Business Ethics Research," in *Research in Corporate Social Performance and Policy*, Vol. 7, Lee E. Preston, ed. Greenwich, CT: JAI Press, 279–93.

Clark, John C. (1966), *Religion and Moral Standards of American Business*. Cincinnati: Southwestern Publishing.

Dahlstrom, Robert and Arne Nygaard (1999), "An Empirical Investigation of *Ex Post* Transaction Costs in Franchised Distribution Channels," *Journal of Marketing Research*, 36 (May), 160–70.

Dutta, Shantanu and George John (1995), "Combining Lab Experiments and Industry Data in Transaction Cost Analysis: The Case of Competition as a Safeguard," *Journal of Labor Economics and Organizations*, 11 (1), 87–111.

Dwyer, F. Robert, Paul H. Schurr, and Sejo Oh (1984), "Developing Buyer–Seller Relationships," *Journal of Marketing*, 51 (April), 11–27.

Fornell, Claes and David F. Larcker (1981), "Evaluating Structural Equation Models with Unobservable Variables and Measurement Error," *Journal of Marketing Research*, 18 (February), 39–50.

Frazier, Gary L., James D. Gill, and Sudhir H. Kale (1989), "Dealer Dependence Levels and Reciprocal Actions in a Channel of Distribution in a Developing Country," *Journal of Marketing Research*, 53 (February), 50–69.

Ganesan, Shankar, Steven P. Brown, Babu John Mariadoss, and Hillbun (Dixon) Ho (2010), "Buffering and Amplifying Effects of Relationship Commitment in Business-to-Business Relationships," *Journal of Marketing Research*, 47 (April), 361–73.

Gates, Dominic (2008), "Another 6-Month Delay of 787 Jet Reported," *The Seattle Times*, (December 5), (accessed July 18, 2013), [available at http://seattletimes.com/html/boeingaerospace/2008471651_boeing050.html].

Geyskens, Inge, Jan-Benedict E.M. Steenkamp, and Nirmalya Kumar (1999), "A Meta-Analysis of Satisfaction in Marketing Channel Relationships," *Journal of Marketing Research*, 36 (May), 223–38.

Halaby, Charles N. (1986), "Worker Attachment and Workplace Authority," *American Sociological Review*, 51 (5), 634–49.

Heide, Jan B., Kenneth H. Wathne, and Aksel I. Rokkan (2007), "Interfirm Monitoring, Social Contracts, and Relational Outcomes," *Journal of Marketing Research*, 44 (August), 425–33.

Hibbard, Jonathan D., Nirmalya Kumar, and Louis W. Stern (2001), "Examining the Impact of Destructive Acts in Marketing Channel Relationships," *Journal of Marketing Research*, 38 (February), 45–61.

Hilton, Denis J. and Ben R. Slugoski (1986), "Knowledge-Based Causal Attribution: The Abnormal Conditions Focus Model," *Psychological Review*, 93 (1), 75–88.

Hirschman, Albert O. (1970), *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States*. Cambridge, MA: Harvard University Press.

Jap, Sandy D. and Erin Anderson (2003), "Safeguarding Interorganizational Performance and Continuity Under Ex Post Opportunism," *Management Science*, 49 (12), 1684–1701.

—— and —— (2007), "Testing a Life-Cycle Theory of Cooperative Interorganizational Relationships: Movement Across Stages and Performance," *Management Science*, 53 (2), 260–75.

—— and Shankar Ganesan (2000), "Control Mechanisms and the Relationship Life Cycle: Implications for Safeguarding Specific Investments and Developing Commitment," *Journal of Marketing Research*, 37 (May), 227–45.

John, George (1984), "An Empirical Investigation of Some Antecedents of Opportunism in a Marketing Channel," *Journal of Marketing Research*, 21 (August), 278–89.

Johnson, Jeff W. and James M. LeBreton (2004), "History and Use of Relative Importance Indices in Organizational Research," *Organizational Research Methods*, 7 (3), 238–57.

Joshi, Ashwin W. and Stephen J. Arnold (1997), "The Impact of Buyer Dependence on Buyer Opportunism in Buyer–Supplier Relationships: The Moderating Role of Relational Norms," *Psychology & Marketing*, 14 (18), 823–45.

Kahneman, Daniel and Dale T. Miller (1986), "Norm Theory: Comparing Reality to Its Alternatives," *Psychological Review*, 93 (2), 136–53.

Karren, Ronald J. and Melissa W. Barringer (2002), "A Review and Analysis of the Policy-Capturing Methodology in Organizational Research: Guidelines for Research and Practice," *Organizational Research Methods*, 5 (4), 337–61.

Kavilanz, Paula D. (2009), "Mattel Fined $2.3 Million over Lead in Toys," CNNMoney.com, (June 5), (accessed July 18, 2013), [available at http://money.cnn.com/2009/06/05/news/companies/cpsc/].

Klein, Kitty and Barry Beith (1985), "Re-Examination of Residual Arousal as an Explanation of After Effects: Frustration Tolerance Versus Response Speed," *Journal of Applied Psychology*, 70 (4), 642–50.

Kumar, Nirmalya, Louis W. Stern, and Ravi Singh Achrol (1992), "Assessing Reseller Performance from the Perspective of the Supplier," *Journal of Marketing Research*, 29 (May), 238–53.

Laidlaw v. Organ, 15 U.S. 178 (1817).

Lal, Rajiv (1990), "Improving Channel Coordination Through Franchising," *Marketing Science*, 9 (4), 299–318.

Lee, Dong-Jin (1998), "Developing International Strategic Alliances Between Exporters and Importers: The Case of Australian Exporters," *International Journal of Research in Marketing*, 15 (4), 335–48.

Lee, Hau L., Mitchell M. Tseng, and David Hoyt (2008), "Unsafe for Children: Mattel's Toy Recalls and Supply Chain Management," Case GS-63, Graduate School of Business, Stanford University.

Nickerson, Carol, Norbert Shwarz, Ed Diener, and Daniel Kahneman (2003), "Zeroing in on the Dark Side of the American Dream: A Closer Look at the Negative Consequences of the Goal for Financial Success," *Psychological Science*, 14 (6), 531–36.

Noordewier, Thomas G., George John, and John R. Nevin (1990), "Performance Outcomes of Purchasing Arrangements in Industrial Buyer–Vendor Relationships," *Journal of Marketing*, 54 (October), 80–93.

Olorunnipa, Toluse (2011), "Homeowners File Lawsuit Against Chinese Drywall Manufacturer, Distributor," *Miami Herald*, (October 26), (accessed July 18, 2013) [available at http://news.zurichna.com/article/119c6d2379eeae9d6f7ca0b886820e44/homeowners-file-lawsuit-against-chinese-drywall-manufacturer-distributor].

Palmatier, Robert W., Mark B. Houston, Rajiv P. Dant, and Dhruv Grewal (2013), "Relationship Velocity: Toward a Theory of Relationship Dynamics," *Journal of Marketing*, 77 (January), 13–30.

Perreault, William D., Jr., and Laurence E. Leigh (1989), "Reliability of Nominal Data Based on Qualitative Judgments," *Journal of Marketing Research*, 26 (May), 135–48.

Ping, Robert A., Jr. (1993), "The Effects of Satisfaction and Structural Constraints on Retailer Exiting, Voice, Loyalty, Opportunism, and Neglect," *Journal of Retailing*, 69 (3), 320–52.

Podsakoff, Philip M., Scott B. MacKenzie, Jeong-Yeong Lee, and Nathan P. Podsakoff (2003), "Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies," *Journal of Applied Psychology*, 88 (5), 879–903.

Preacher, Kristopher J. and Andrew F. Hayes (2008), "Asymptotic and Resampling Strategies for Assessing and Comparing Indirect Effects in Multiple Mediator Models," *Behavior Research Methods*, 40 (3), 879–91.

Rindfleisch, Aric, Alan J. Malter, Shankar Ganesan, and Christine Moorman (2008), "Cross-Sectional Versus Longitudinal Survey Research: Concepts, Findings, and Guidelines," *Journal of Marketing Research*, 45 (June), 261–79.

Ring, Peter S. and Andrew H. Van de Ven (1994), "Developmental Processes of Cooperative Interorganizational Relationships," *Academy of Management Review*, 19 (1), 90–118.

Rokkan, Aksel I., Jan B. Heide, and Kenneth H. Wathne (2003), "Specific Investments in Marketing Relationships: Expropriation and Bonding Effects," *Journal of Marketing Research*, 40 (May), 210–24.

Rossi, Peter H. (1977), "Vignette Analysis: Uncovering the Normalized Structure of Complex Judgments," in *Qualitative and Quantitative Social Research: Papers in Honor of Paul H. Lazarsfeld*, Robert K. Merton, James S. Coleman, and Peter H. Rossi, eds. New York: The Free Press, 176–86.

Rotundo, Maria and Paul R. Sackett (2002), "The Relative Importance of Task, Citizenship, and Counterproductive Performance to Global Ratings of Job Performance: A Policy-Capturing Approach," *Journal of Applied Psychology*, 87 (1), 66–80.

Ruekert, Robert W. and Gilbert A. Churchill (1984), "Reliability and Validity of Alternative Measures of Channel Member Satisfaction," *Journal of Marketing Research*, 21 (May), 226–33.

Simon, Herbert A. (1951), "A Formal Theory of the Employment Relationship," *Econometrica*, 19 (3), 293–305.

Spranca, Mark, Elisa Minsk, and Jonathan Baron (1991), "Omission and Commission in Judgment and Choice," *Journal of Experimental Social Psychology*, 27 (1), 76–105.

Story, Louise (2007), "After Stumbling, Mattel Cracks Down in China," *The New York Times*, (August 22), (accessed July 18, 2013), [available at http://www.nytimes.com/learning/teachers/featured_articles/20070830thursday.html].

Sugarman, David B. (1986), "Active Versus Passive Euthanasia: An Attributional Analysis," *Journal of Applied Social Psychology*, 16 (1), 60–76.

Tang, Christopher S. (2008), "Making Products Safe at Mattel: Process and Challenges," *International Commerce Review*, 8 (1), 48–55.

Wathne, Kenneth H. and Jan B. Heide (2000), "Opportunism in Interfirm Relationships: Forms, Outcomes and Solutions," *Journal of Marketing*, 64 (October), 36–51.

Wiles, Michael A., Shailendra P. Jain, Saurabh Mishra, and Charles Lindsey (2010), "Stock Market Response to Regulatory Reports of Deceptive Advertising: The Moderating Effect of Omission Bias and Firm Reputation," *Marketing Science*, 29 (5), 828–45.

Williams, Larry J., Joseph A. Cote, and M. Ronald Buckley (1989), "Lack of Method Variance in Self-Reported Affect and Perceptions at Work: Reality or Artifact?" *Journal of Applied Psychology*, 74 (3), 462–68.

Williamson, Oliver E. (1975), *Markets and Hierarchies: Analysis and Antitrust Implications*. New York: The Free Press.

—— (1985), *The Economic Institutions of Capitalism*. New York: The Free Press.

Zhao, Xinshu, John G. Lynch Jr., and Qimei Chen (2010), "Reconsidering Baron and Kenny: Myths and Truths About Mediation Analysis," *Journal of Consumer Research*, 37 (2), 197–206.