Chapter 9: The Dark Side of Business Relationships: An Overview

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Abstract

Examining the business-to-business relationships literature shows two main approaches to studying the dark side of business relationships. The first approach focuses on understanding the emergence of the dark side throughout the various stages of business relationship development which can has serious implications for the evolving relationship. The second approach is concerned with understanding the roles of key relational constructs, including trust, commitment, tension, uncertainty, conflict and opportunism, which can either be influenced by, or contribute to, the dark side. The chapter provides a comprehensive overview of the causes, dynamics and consequences when business relationships turn negative.

Chapter 9: The Dark Side of Business Relationships: An Overview

1. Introduction

Despite the substantial number of theoretical and empirical contributions in the area of business-to-business relationships, most studies have largely focused on the positive aspects of relationships that enable business relationships to grow and generate greater value for stakeholders (e.g. Dwyer *et al*., 1987; Sheth and Parvatiyar, 1995). Existing knowledge and understanding of the dark side of business relationships tend to be too narrow and only focused on one or a few components of the dark side, e.g. opportunism, uncertainty and conflict. They offer limited reflection on the wider issues surrounding inter-organisational and interpersonal interactions as well as on the process of relationship development.

The studies of business relationships that explore the dark side tend to investigate all the relevant issues from two different perspectives. The first group of studies examine the dark side throughout the process of business relationship development (e.g. Moorman *et al*., 1992; Barnes, 2005), with the aim of understanding where in the development process of relationships the dark side occurs and also the consequences of the dark side on the development of business relationships. For example, some studies argued that the dark side of business relationships is more likely to occur in relationships that are characterized by long-term development (e.g. Grayson and Ambler, 1999), whereas others found that the dark side is likely to occur earlier in the development process (Barnes, 2005).

The second group of studies tends to focus on the role of certain constructs can cause negative interaction within the relationship and/or undermine the relationship to varying degrees (e.g. Gaski, 1984; John, 1984). These include: conflict, uncertainty, tension and opportunism, etc. They can either influence business relationships positively or negatively at both inter-organisational and interpersonal levels. These two schools of thought are not completely separate from each other; the difference between the two exists in their focus. Having said this, the second school of thought has received significantly greater research attention than the first, for the following two reasons. Firstly, theories and models of relationship development have faced serious criticisms due to their weak explanatory power and lack of ability to predict relationship development. Secondly, the dynamic development of relationships within different contexts has proved difficult to capture in an accurate manner.

Learning objectives

The chapter aims to examining existing literature on the dark side of business relationships. Readers of the chapter should be able to understanding the following:

1. Use relationship development models to describe where in the process of business relationship development the dark side could emerge.

2. Recognise the negative consequences of over-developed trust and commitment in business relationships.

3. Discuss how cultural contexts and orientations influence the development of the dark side in business relationships.

4. Explain how interpersonal relationships may contribute to the development of the dark side of business relationships.

5. Critically discuss negative relational constructs such as tension, uncertainty, conflict and opportunism and their damaging impact on business relationships.

2. Route Map

This chapter aims to expand, clarify and develop a better understanding of the dynamic development and effects of the dark side of business relationships for students, academics and practitioners. In order to expand the current frameworks of analysis on the dark side of business relationships, the chapter develops four main themes as follows. Section 9.1 explains relationship development processes and examines when and where the dark side emerges throughout the development process of business relationships. Existing theories and frameworks of relationship development motivated by key relational constructs such as trust and commitment will be employed, as recent literature suggests that the bright side is not always bright and does not necessarily result in positive relationship outcomes (e.g. Ping and Dwyer, 1992; Halinen and Tahtinen, 2002; Pressey and Mathews, 2003; Johnson and Selnes, 2004; Anderson and Jap, 2005; Noordhoff *et al.*, 2011).

Stemming from the aforementioned point and in order to better challenge the current belief that relational constructs can either be 'bright' or 'dark' in nature, Section 9.2 discusses the negative impact of constructs traditionally perceived as positive, namely trust and commitment. Section 9.3 explores the tension inherent in close interpersonal relationships between relationship boundary personnel, e.g. sales and procurement staff of different cultural backgrounds within international business relationships, while Section 9.4 considers the key dark side constructs including conflict, uncertainty and opportunism. Out of all constructs considered,

'opportunism' is the most negative and can lead to true negative outcomes for business partners. The chapter then concludes with an overview and highlights areas for future research attention, before finally presenting a case study on cross-cultural expectations and interpersonal styles.

3. State-of-the-Art in Research on Business Relationships

9.1 The Dark Side of Relationship Development

Despite the conflicting findings and arguments about where in the development process darker elements are likely to occur in business relationships, studies of relationship development tend to rely on theories and models of the relationship development process that are not themselves free from criticism. This section explains how different theories and models are employed in explaining the development of the dark side in business relationships.

Models and Theories of Relationship Development

Relationship development theories and models often highlight different approaches and styles of thinking. They not only reflect the brighter and more positive aspects of relationship development, but also identify areas wherein the dark side of relationships can challenge the development of that relationship or completely disrupt relationship development and future interaction. Hence, Van de Ven (1992, p. 174) defined relationship development theory as "a theory of process consists of statements that explain how and why processes unfold over time".

The work of Van de Ven (1992) on the strategic processes of organisations provides a platform for studying relationship development. This framework was later adapted by Halinen (1997) to discuss relationship development in three different ways, focusing on: 1) causal

relationship development (input–output models); 2) relational change over time (change models); and 3) processual development (process models). The first input–output model refers to the causal development between independent variables and dependent variables. Research interest has focused on examining the success or failure of a relationship in its phases of initiation, maintenance or dissolution. These input–output models are used in the business relationship literature to examine the antecedents and consequences of development (e.g. Morgan and Hunt, 1994; Chenet *et al.*, 2000).

The second category focuses on 'changes' to a specific variable(s) of the development process, such as a change in commitment or trust over time (e.g. Stumpf and Hartman, 1984; Vandenberg and Lance, 1992). Longitudinal research is commonly used to examine whether a change has occurred or not. For example, Ford (1980, 1982) employed such change perspective on relationship development by analysing changes in variables such as experience, uncertainty, distance, commitment and adaptation through the development process. Thirdly, the developmental event sequence or processual approach focuses on how changes occur in the development process. Processual research tends to look at the nature of development, sequence, event order and activities over time (Wilson and Mummalaneni, 1986; Dwyer *et al.*, 1987; Wilson, 1995).

These models of relationship development could be congruent with one of two development theories, which are life-cycle theory and evolutionary theory (Van de Van, 1992). Rao and Perry (2002) describe the life-cycle theory as 'stages theory' and the evolutionary theory as 'states theory'. The life-cycle/stages theory assumes that relationship development goes

through a stage-by-stage development process, where the change from one stage to a prefigured stage is assumed imminent. Hence relationship development is considered a gradual progression, growing in a sequential manner over time (Van de Ven, 1992; Rao and Perry, 2002), following a single sequence of stages in the process. Stanton (2002) calls this theory the uni-dimensional theory, as it moves in one direction, starting at the input at the end, processing through every stage either serially or in parallel and finally resulting in the output at the end of the process. Nevertheless, this theory has been criticised for the inherent assumption that relationship development goes through an inevitable and irreversible, progressive, one directional development process (Halinen, 1997; Bell, 1995).

The evolutionary/states theory, on the other hand, reviews the development process as unstructured and unpredictably dynamic. This theory "explains change as a recurrent, cumulative, and probabilistic progression of variation, selection, and retention" (Van de Ven, 1992, p. 179). Processual modelling is commonly used since it captures the dynamics of relationship development, and phasing can be used to simplify the relationship development process. This approach is not necessarily deterministic and is rather dependent on the circumstances at a point in time. Rao and Perry (2002, p. 604) indicate that according to this theory "relationship and network development can move forward and backward or even stay in the same state for an undetermined period in the development process". The strength of this theory lies at its openness and responsiveness to the dynamic nature of relationship development that may result in the development process taking different directions. Hence, Stanton (2002, p. 177) refers to it as a multidimensional theory because of its interactive hierarchy of processes or

stages in which information passes through the system in more than one direction or along more than one axis.

Relationship development is a dynamic process of changes, improvements, maintenance, or dissolution over time between two or more parties who are governed by internal and external influences. The literature on B2B relationship development provides a number of models/frameworks from both service and industrial marketing. Although these models appear to show universally agreed stages/phases of the development process, the conceptualisation of these models clearly shows otherwise. For example, some models fail to recognise the pre-relationship/awareness stage (e.g. Van de Ven, 1976; Gronroos, 1980; Borys and Jemison, 1989; York, 1990). Other models have ignored the dissolution stage of the relationship process (Van de Ven, 1976; Gummesson, 1979; Gronroos, 1980; Borys and Jemison, 1989; York, 1990; Ring and Van de Ven, 1994; Wilson, 1995; Zineldin, 2002). The time dimension has only been mentioned in a few models (Ford, 1980, 1982; Dywer *et al.*, 1987; Wilson, 1995), while the integration of relational variables and development process was only conceptualised by Wilson's (1995) model. Most influential models are those of processual nature (Frazer, 1983; Wilson and Mummalaneni, 1986; Dwyer *et al.*, 1987; Wilson, 1995), while the remaining models are of the less complex 'input–output' and 'change' formats. In general, there is clear lack of comparability between these models in the literature.

The Dark Side and Relationship Development

Research on when and how the dark side emerges through the relationship development process has been very limited. From the handful of studies that examined where in the

development process the dark side emerges, leading to serious challenges to the relationship, Moorman, *et al*. (1992) were among the first to claim there is a dark side of long-term relationships that weakens the positive influence of relational constructs like trust. Contrary to common belief, they suggest that the longer the relationship exists, the more it is prone to negative influences because over time both parties gradually increased their expectation of each other's performance. When actual performance fails to meet the increased expectation, it can result in dissatisfaction, thus reducing the positive influence of increased trust and commitment. While the findings of Moorman *et al*. (1992) were later confirmed by Grayson and Ambler (1999), Barnes (2005) discovered that in a dyadic context, some negativity is more likely to occur in mid-term rather than long-term relationships, as a degree of complacency creeps into such relationships. Research examining the dark side of relationships is scant and very little has been concluded concerning how such effects can influence future relationship dynamics.

Nonetheless, and despite the apparent lack of studies in this area, it is safe to argue that the dark side of a business relationship can emerge at any point in the development process, depending on relationship contexts, types, interaction dynamics, and market conditions. It is also safe to argue that the dark side of relationships is likely to occur frequently in those relationships where uncertainty and physical distance between relational partners exist because of the cross-cultural/cross-national nature of such relationships (Leonidou, Barnes and Talias, 2006). What is clear is that more studies are needed on the emergence of the dark side throughout the relationship development process.

Current literature has thoroughly examined relationship ending/exiting/termination/dissolution (e.g. Ping and Dwyer, 1992; Halinen and Tahtinen, 2002; Pressey and Mathews, 2003) that arguably present the conclusion of the process. Various reasons for terminating/ending a business relationship include the impact of personal conflicts (Alajoutsijarvi *et al*., 2000), lack of mutual trust (Halinen and Tahtinen, 2002), differences in cultural values between parties (Shankarmahesh *et al.*, 2003; Batona and Perry, 2003), weak relational capital (Li et *al*., 2006), weak or no relationship specific assets (Poppo *et al*., 2008), finding a more capable partner (Bendoly *et al*., 2010), and the low cost of terminating the relationship (Heide and John, 1988; Morgan and Hunt, 1994). However, none of these studies have examined the termination of relationships a part of a wider study of the whole development process of business relationships. Future studies are needed for better prediction of relationship development. Thus, issues such as relationship context, nature, historical and potential development need to be considered in order to provide better understanding of how, when and where in the development process of business relationships the dark side can impose significant risk, and may lead to relationship termination. In this regard and to increase usefulness, further studies should focus on the early and mid-term development processes.

9.2 The Dark Side of Over-developed Trust and Commitment

Studies have shown that the development of successful business relationships is strongly linked to the development of trust and commitment (Ford, 1980; Dywer *et al.*, 1987; Wilson, 1995). Studying the dynamic development of trust and commitment can contribute to better understanding of the development of business relationships. Whilst lack of trust and commitment in business relationships is often criticised, it is less widely recognised that excessive levels of

trust and commitment in business relationships can cause negative impacts on relationships (Ekici, 2013; Kusari, Hoeffler and Iacobucci, 2013).

Trust and its Dimensions

Trust has been defined as a multidimensional construct (Rodriguez and Wilson, 1995; Brashear *et al.*, 2003; Miyamoto and Rexha, 2004; Johnson and Grayson, 2005). Studies often discuss the antecedents of trust at two dimensions/levels (Coutler and Coutler, 2003; Johnson and Grayson, 2005). The first is the dimension of trust, focused on *performance-related trust*, characterised by competence, customisation, reliability/dependability and promptness. The second is *affective-related trust*, characterised by caring, concern, empathy, similarity and politeness. The antecedents of these two dimensions are integrity, honesty, credibility, benevolence and confidence (Miyamoto and Rexha, 2004; Johnson and Grayson, 2005).

Performance/cognitive trust is the confidence, willingness or intention of a party to rely on a partner's competence, reliability/credibility and promptness in meeting their obligations (Anderson and Weitz, 1989; Moorman *et al.*, 1992). Trust emerges from a party's predictions regarding his/her partner's future action/behaviours to fulfil promises (Zaheer *et al.*, 1998). These predictions are based on accumulative knowledge gained through parties' interaction (Harris and Dibben, 1999) or based on a party's reputation in other relationships (Johnson and Grayson, 2005). Often when a business relationship develops over time, both parties increase their performance trust of each other based on past successful collaboration. However, this is not always the case. Barnes (2005) reveals that during the mid-term of relationships (between 2 and 5 years in length) between UK multinational enterprise (MNE) buyers and their suppliers, trust

actually reduced over time. Whilst performance-based trust is viewed as an expectation rather than a conviction concerning a partner's future behaviour and thus reflects uncertainty in anticipating this behaviour (Zaheer *et al.*, 1998), and provides parties with a degree of freedom to disappoint expectations. This highlights an important issue of trust expectation management.

Overtime, reduction in the level of trust (Barnes, 2005) is particularly likely at the inter-organisational level, where trust needs to be reactivated specifically when parties take on new transactional tasks that have not been previously part of the exchange between partners, to prevent unpleasant surprises arising from changes in tasks (Huemer, 2004). While future actions/behaviours imply some degree of risk, the knowledge gained from previous collaborations helps reduce the uncertainty in subsequent transactions (Eriksson and Sharma, 2003). Expectations concerning competence and responsibility are central in performance-based trust. Whilst businesses strive to prove their competence to their counterparts through the demonstration of skills and knowledge, as well as delivering promised performance (Gronroos, 1990), businesses also need to set realistic benchmarks and be aware of the danger of over promising where those promises cannot be fulfilled.

Affective-based trust is the confidence a party places in another party based on the feelings and emotions generated by the caring, empathy, politeness, similarity, and concern for the other party demonstrated in their interaction (Rempel *et al.*, 1985). Affective-based trust is characterised by "feelings of security and perceived strength of the relationship" (Johnson and Grayson, 2005, p. 501), interpersonal liking (Nicholson *et al.*, 2001), and a 'leap of faith' beyond the expectations that reason and knowledge would warrant (Wicks *et al.*, 1999, p. 100), which

means that the relational context will act as a moral control on the behaviour of parties (Granovetter, 1985). Past research reveals that emotional bonds are essential in driving the relationship and nurturing mutual trust (Nicholson *et al.*, 2001). However, whilst it is important to improve business partners' understanding of each other as individuals to create emotional openness, firms need to be aware of the consequence of over emphasising such affective-based trust in recruiting relationship boundary-spanning personnel. Although personal qualities are important in creating an emotional bond as a basis of affective-based trust that strengthens and reinforces the economic and structural bonds (Nicholson *et al.*, 2001; Svensson, 2004), firms must ensure that relationship trust is not only established at the affective level to avoid the danger that boundary spanning personnel, especially those in sales and procurement, may take their clients and contacts with them when they leave an organisation.

The debate regarding whether performance-based trust and affective-based trust occur simultaneously in a relationship, or which precedes the other, is still very new. The interactivity between the two dimensions needs to be examined to illuminate this issue. McAllister (1995) and Nicholson *et al.* (2001) argue that, once strong, affective-based trust exists between parties, the need for performance-based trust may be reduced. In contrast, Chowdhury (2005) argues that performance-based trust may not always develop affective trust and therefore partners may not have shared values or similar perceptions. Empirically, Johnson and Grayson (2005) find a significant and positive relationship between performance-based trust and affective-based trust. However, Rodriguez and Wilson (1995) find that affective-based trust does not affect performance-based trust in an individualist culture, while affective-based trust affects performance-based trust in a collectivist culture.

Commitment and its Dimensions

Relationship commitment is seen as an enduring desire to maintain a relationship (Dwyer *et al.,* 1987; Geyskens *et al.,* 1996; Moorman *et al.,* 1992; Morgan and Hunt, 1994). Commitment is 'enduring', with an implicit or explicit expectation that partners will continue the process of exchange into the future (Dwyer *et al.*, 1987; Morgan and Hunt, 1994; O'Malley and Tynan, 1997). However, O'Malley and Tynan (1997) argue that the existence of one committed party in a relationship does not automatically suggest that all parties in the relationship are committed. Gundlach *et al.* (1995) argue that the lack of mutual or disproportionate commitment between less committed partners can lead to opportunism by the less committed partner. In support of these two arguments by O'Malley and Tynan (1997) and Gundlach *et al.* (1995), Leek *et al.* (2002) demonstrates that suppliers are more concerned with gaining and maintaining the commitment of their customers in the relationship than vice versa. Such concerns over the lack of a committed partner can seriously lead to the dark side of the lack of commitment in a business relationship. However, commitment is increasingly important as a focal point in business relationships, comprising two dimensions, namely instrumental/calculative commitment and affective commitment (e.g. Gundlach *et al.,* 1995; Gutierrez *et al.*, 2004).

Instrumental/calculative commitment is variously known as economic commitment (Young and Denize, 1995), constraints commitment (Bendapudi and Berry, 1997), and structural commitment (Williams *et al.*, 1998). Geyskens *et al.* (1996, p. 304) define calculative commitment as "the need to maintain a relationship given the significant anticipated termination or switching costs associated with leaving". This type of commitment refers to the investment of

relationship-specific assets among partner organisations (Rylander *et al.*, 1997). Instrumental/calculative commitment is viewed as a function of pledges, idiosyncratic investments, sharing of information, and allocation of relationship-specific resources (Dwyer *et al.*, 1987; Anderson and Weitz, 1992; Gundlach *et al.*, 1995). Inputs or investments in a relationship are evidence and manifestation of implementing early promises that enhance parties' credibility at the beginning of the relationship and reduce uncertainty and the risk of opportunism (Morgan and Hunt, 1994; Achrol and Gundlach, 1999; Wuyts and Geyskens, 2005). The commitment exists based on the calculation of the costs and benefits of a firm's involvement in the relationship.

In a way, calculative commitment acts as reinforcement to keep both parties within the relationship, based on the mutual understanding that it is more costly to leave the relationship than stay in the relationship. Some firms use instrumental/calculative commitment to express their willingness to maintain their relationships by making adaptations (Hakansson, 1982) and sacrifices (Anderson and Weitz, 1992; Rylander *et al.*, 1997), abandoning the search for an alternative (Alajoutsijarvi *et al.*, 2000) and initiating trust in the relationship (Dwyer *et al.*, 1987). Although it helps contribute to a long-term relationship, instrumental commitment may hinder businesses in search of more competitive partners to maximise their relational performance.

Affective commitment can create emotional bonds that may drive parties to maintain and improve the quality of their relationship (Bendapudi and Berry, 1997; Fletcher *et al.*, 2000). Unlike calculative commitment, which is based on the perceived constraints that bind parties

together in the relationship, affective commitment is based on a set of perceptions, knowledge, beliefs and emotions that link two individuals/managers in their business relationship and motivate them toward maintaining that relationship. Thus a social structure is generated through individuals' desires to be psychologically and emotionally consistent throughout their interactions with partners (Meyer and Allen, 1991). This is commonly accepted within the Eastern culture. In fact, the Chinese emphasise a similar concept called *ganqing*, which is established on mutual affection, sentiment and emotion. Similar to affective commitment, *ganqing* focuses on the social relationship between two people or two organizations, as well as an emotional attachment existing among network parties (Yen, Barnes and Wang, 2011). Affective commitment is often employed by Chinese firms to secure their business relationships with identified buyers over their competitors (Yen *et al.*, 2011). However, overemphasis on affective commitment may impair a firm's decisions concerning profit maximisation.

9.3 The Dark Side of Interpersonal Relationships

A great deal of the literature on B2B marketing has examined business relationships at the interpersonal level. Interpersonal relationships are the underlying social content of inter-organisational relationships (Morgan, 2000). The importance of interpersonal relationships in B2B relationships has long been emphasised (e.g. Ford, 1980; Hakansson, 1982; Dwyer et al., 1987; Wilson, 1995). Statements such as "personal relationships and reputations between boundary-spanning members play an important role in facilitating and enhancing inter-organisational exchange" (Weitz and Jap, 1995, p. 316) are not uncommon (e.g. Hakansson, 1982; Dwyer *et al.,* 1987; Ganesan, 1994; Bendapudi and Berry, 1997; Svensson, 2004).

However, the extant literature has rarely considered the negative side of the lack of, or excessive, development of interpersonal relationships in B2B marketing. The work by Haytko (2004) in categorising interpersonal relationships identified three types along a continuum, ranging from a 'lack' of an interpersonal relationship to a more excessive type of interpersonal relationship that exists in business relationships. Such types include 'strictly business', where no interpersonal interaction, no self-disclosure or personal communication exists. Such a strict attitude can be seen as negative, especially by some Western and certainly some Eastern and collectivist cultures, where a degree of personalization of interaction is essential to building business relationships.

The second type, 'business friends', reflects interactions outside work, wherein personal knowledge is developed and some self-disclosure is made (Haytko, 2004). While this type of interpersonal relationship may be regarded as balanced and useful to business relationships in the Anglo-Saxon countries, managers from collectivist cultures may require a higher degree of interpersonal interaction, as demonstrated by the Chinese cultural-specific concept of *guanxi*, wherein close interpersonal connections form the foundation of successful business collaborations (Mavondo and Rodrigo, 2001). This highlights the existence of the third type of 'personal' relationships, characterised by a still higher level of intimate self-disclosure, substantial interaction outside the work environment, and full personal knowledge. Social interactions among business parties outside work over leisure activities are often encouraged. Examples of this type are '*guanxi*' in China (e.g. Yen *et al.,* 2011; Barnes, Yen and Zhu, 2011) and *'Et-Moone'* in Saudi Arabia (e.g. Abosag and Lee, 2012; Abosag and Naudé, 2014).

The debate over which type of interpersonal relationship is considered appropriate should be judged within its cultural context. Williams *et al.* (1998) note that highly interpersonally oriented countries (collectivist) would be highly responsive to interpersonal aspects of the business relationship and put more emphasis on social bonding, whilst highly structurally oriented countries (individualist) would be more responsive to structural aspects of the business relationship and put more emphasis on structural bonding of the business relationships. Whilst close personal relationships are encouraged in countries such as China and Saudi Arabia, it is considered unnecessary and a waste of resources by many Western firms, especially those from the Anglo-Saxon countries. For instance, Rodriquez and Wilson (1995) find that American managers view socialisation as 'unimportant' and of 'no purpose' in the development of long-term business relationships.

Businesses must be aware of such cultural differences in their interactions with counterparts from different cultural backgrounds. Imagine an urgent matter occurs in a cross-cultural interaction, wherein both sides are required to rectify the problem. The firm from a Western individualist culture may react immediately, focusing on fixing the instrumental and performance elements of commitment and trust. Such a reaction may have the opposite effect on its Eastern counterpart of collectivist cultural origin, as they may respond to the event in such a way as to protect the relationship through an emphasis on the affective aspects of commitment and trust. The danger exists when a firm of Eastern collectivist culture views the reaction by the Western individualist culture as selfish or signifying that it does not care for the relationship. While the reaction from the Western firm seems to be completely normal to its managers, managers from the Eastern firm may have already started to view the relationship with some

negativity. This explains why such lack of understanding of Chinese guanxi has caused the failure of many Western businesses that attempted to go into the Chinese markets (Yen et al., 2011).

It is important to bear in mind any potential cultural difference when dealing with partners from another country given that nowadays many firms are involved in international sales and procurement activities. Barnes *et al.* (2011) therefore highlight the importance of taking into account both cultural perspectives in developing, maintain and evaluating hybrid business relationships. After all, there is no right or wrong, brighter or darker, better or worse in judging the cultural values possessed by others. Instead of making a decision to drop a business partner using 'cultural incompatability' as a reason, managers should spend more time in developing and facilitating boundary-spanning personnel's cultural awareness and developing cross-cultural communication skills.

9.4 The Dark Constructs of the B2B Relationships

This part introduces key constructs that are typically associated with the dark side of business relationships. These constructs have the ability to change from being a positive influence in relationships to being a negative one, as suggested by the IMP Group's Interactive framework (Turnbull and Valla, 1985). Such vacillations can be caused by changes in the relationship dynamic, interpersonal and inter-organisational interaction, distance, context of the relationship, and the type of relationship. In this section, constructs including conflict, uncertainty and opportunistic behaviour will be discussed.

Conflict

Yandle and Blythe (2000, p. 14) define conflict as "a breakdown or disruption in normal activities in such a way that the individuals or groups concerned experience difficulty working together". Similar to trust and commitment, conflicts are also divided into functional as well as emotional conflict. *Functional conflict* has been described as a disagreement between partners (Dwyer *et al.,* 1987) which can be resolved as part of doing business (Anderson and Narus, 1990) when the dispute is resolved amicably, on the basis of the existence of trust. But in different situations it can terminate the relational exchange between partners. Generally, functional conflict is seen to cause a state of negative affect, tension between partners, disliking and negative behaviour in the working relationships. In comparison, *affective conflict* often occurs between boundary personnel at an interpersonal level. Rose and Shoham (2004, p. 943) define affective/emotional conflict as "perceived/recognized interpersonal incompatibilities within groups, which are based on friction and personality clashes". Affective/emotional conflict was found to have repercussions on partners' loyalty to their relationship (Plank and Newell, 2007).

Within the channel literature, functional conflict is found to disrupt channel learning and sharing of information (Chang and Gotcher, 2010), as a situation wherein one channel member observes another channel member to be engaged in behaviour that is preventing or impeding him from achieving his own goals (Stern and El-Ansary, 1977). Although some research studies have found functional conflict to be a positive outcome of trust (Morgan and Hunt, 1994), leading to an increase in productivity (Anderson and Narus, 1990), other studies such as Moorman *et al.* (1992) and Chenet *et al.* (2000) have tended to identify functional conflict as a negative

antecedent of trust. These conflicting conceptualisations and findings are worthy of further investigation. It is likely that functional conflict is an outcome of performance trust because functional conflict occurs when both parties fail to deliver the expected performance, or when disagreement about how to perform a specific task or plan arises. In this regard, Jehn (1994), Bradford *et al.* (2004), and Duarte and Davies (2003) found functional conflict to impact performance negatively.

Given the significant impact that conflict can have on relationship performance and the future of relationships, most studies concentrate on understanding the source of conflict and resolving conflict (Thomas, 1992). In doing so, studies have focused on understanding attitudes, emotions and behaviour toward conflict. Partners' attitudes toward conflict were found to be either positive or negative (Tjosvold *et al.*, 2003). Partners with positive attitudes toward conflict are able to see its usefulness and it's benefits for the relationship (Jehn and Mannix, 2001), whereas partners with negative attitudes toward conflict can feel threatened and may fail to engage in positive discussion with their partner. Such failure to engage and deal with conflict resolution can generate even darker implications for the relationship.

As a result, conflict is considered to be a 'dark' entity that should be avoided as it creates unwanted stress in the relationship, especially concerning goal setting and execution of functions (Jehn, 1994; Shaw, Shaw and Enke, 2003). In addition to this, and because conflict occurs between individuals, partners' own personalities can be a source of conflict and efforts to resolve those conflicts should carefully consider the affective or personality traits of the individuals involved. Although functional conflict may be considered useful in promoting more effective

business relationships, the extant literature generally agrees that conflict must be managed. Therefore, in order to reduce the negative and dark implications for firms' relationships, and secondly to ensure that conflict remains under control so that partners can see the usefulness of conflicts to their relationships. However, conflict between partners from different countries/cultures may cause more damage in the interaction and can impact relationship performance negatively. Both types of conflict are thought to escalate due to cultural differences. Both international partners' dissimilarities and differences in relational context and cultural values can lead to emotional conflict and reduce the ability to perceive and produce conflict usefulness. According to Rose and Shoham (2004), disagreements in international relationships have greater potential to exacerbate emotional conflict and create conditions that prevent conflict resolution. They further argue that international partners are "particularly prone to negative conflict".

Uncertainty

Uncertainty in the business relationship literature has been studied at two levels. The first is environmental uncertainty, focusing on circumstances caused by the environment within which business relationships exist and influenced by factors such as industry structure, market structure, government intervention and so on. The negative impact of environmental uncertainty on trust and business partners' confidence is well documented in the literature (Geyskens *et al*., 1998). The second type of uncertainty is relationship uncertainty, which is generated largely by business partners' interactions and communications. Uncertainty is defined as the extent to which a partner has sufficient information to make key decisions, can foresee the consequences of these decisions and has confidence in them (Achrol and Stern, 1988), while business

uncertainty reflects the unanticipated changes in circumstances around partners' business exchanges (Noordeweir *et al.*, 1990). Uncertainty in business exchange makes it more challenging to predict partners' demands and requirements as well as foreseeing the outcome of a purchase decision (Kohli, 1989).

Uncertainty is theorised as being a negative outcome of trust (Morgan and Hunt, 1994) because trust decreases decision-making uncertainty. However, the argument here is whether uncertainty actually is an antecedent of trust, rather than being an outcome of trust. Morgan and Hunt (1994) measure uncertainty using scales developed by Achrol and Stern (1988). Two dimensions of uncertainty were measured, though Morgan and Hunt refer to uncertainty as a uni-dimensional construct. The first dimension measures whether or not the partners in the relationship have adequate information to make decisions. The second dimension measures the degree of confidence of the decision maker when making decisions. Because these dimensions of uncertainty focus on decision making regarding a business exchange, performance trust is the key antecedent of both dimensions of uncertainty. The relationship between performance trust and dimensions of uncertainty is negative. Furthermore, one can argue that, since uncertainty naturally exists in people's behaviour, uncertainty can be an independent variable that influences trust negatively. Similar to functional conflict, Chenet *et al.* (2000) found uncertainty to be an antecedent of trust and they found that uncertainty negatively influences the development of trust.

In general, it is accepted that when uncertainty is low, the business exchange can be predicted, resulting in higher trust. The ability to predict economic benefits and costs can quickly

lead to an increase in commitment to the relationship, and can enable a more cooperative attitude to develop in that relationship (Lai *et al*. 2005). Thus, the realisation of the importance of reducing uncertainty in business exchanges has become crucial to ensuring the smoother development of relationships, especially relationships in the early development stages, during which both environmental and relational uncertainties can be particularly high. The damage caused by high levels of uncertainty in business relationships is well recognised, especially regarding its negative impact on the development of trust, commitment and long-term orientation, as well as the risk of it leading to opportunistic behaviour (Heide, 1994; Madhok, 1995). However, a relatively recent study of suppliers in Hong Kong suggests the relationship between trust and commitment is moderated by uncertainty. Lai *et al*. (2005) found trust to have a positive and stronger effect on commitment when business uncertainty is high, as opposed to when uncertainty is low. While this finding needs to be replicated in different cultural contexts, studies of bright and positive role of uncertainty in business relationships are generally lacking.

Opportunistic Behaviour

Opportunistic behaviour is considered to violate the implicit or explicit promises between buyer and seller, and therefore to inhibit the establishment of trust. Opportunism, by definition, is acting in self-interest with guile (Williamson, 1975). Few studies focus on understanding the drivers of opportunistic behaviour in business relationships. Opportunistic behaviour can include behaviour such as breach of contract, deliberately confusing communication and transactions, cheating, deception, withholding information, avoiding creating value for partners, and cutting corners (Anderson, 1988; Heide *et al*., 2007). The findings consistently suggest that opportunistic behaviour negatively affects trust and commitment. If one business partner has

behaved in an opportunistic manner, it is like to cause a long-term damaging effect to the collaborative atmosphere between the two parties. Nevertheless, existing research shows that opportunistic behaviour is much more likely to occur in a highly uncertain environment (Dwyer *et al.*, 1987; Li, 2005) as both parties seek every chance to defend their own interests and maximize their own competitive advantages for survival.

With recognition of the significant dark influence of opportunism in business relationships, studies on opportunism have shifted from explaining opportunism and its influences on relationships to finding ways of controlling and reducing opportunistic behaviour in business relationships. For example, what kind of mechanism could be employed by a business to stop its partners acting in a selfish and careless manner? Whilst most of the business collaborations and relationship norms could be regulated contractually, some behaviours are difficult to assess and document, especially when one party purposely acts without taking the other's interests into consideration. Gundlach *et al.* (1995, p. 81) indicated that opportunism possesses a negative influence, describing an instance in which one party reneges on an agreement or understanding to take advantage of an opportunity. Heide (1994) suggests that partners will not behave in an opportunistic manner when the long-term benefits of cooperation outweigh the short and immediate gains from opportunism. John (1984, p. 279) suggests that there are links between social power usage and observed opportunism. For example, the more social interactions that have occurred between two parties, the less likely they will be to engage in opportunistic behaviour. Further, Provan and Skinner (1989) found that power is critical for understanding opportunistic behaviour in a relationship between organisations. The inequality of

the distribution of power and the different types of power have different effects on the party's beliefs, attitudes and behaviour (Raven and Kruglanski, 1970).

Conclusion

This chapter reviews and discusses the dark side of business relationships through the lens of the theories and frameworks of relationship development, the negative impact of over developing trust and commitment, the emphasis of interpersonal relationships across cultures, and a critical exploration of conflict, opportunism and uncertainty, with the aim of broadening the existing understanding of issues and contexts that can impact business relationships negatively. Various empirical studies have been discussed, whilst relevant business implications have been explored. Table-one below provides a summary of the key themes discussed in this chapter.

Table 1: A summary of the dark side of interpersonal and inter-organisational business relationships

	Section 9.1	Section 9.2	Section 9.3	Section 9.4
Dark side focus	Where and when dark side emerges during relationship development over time	The over development of positive relationship constructs	Interpersonal relationships between relationship boundary personnel	Negative relationship constructs
School of thoughts	Relationship development process	Investigation and examination of business relationship constructs		
Level of study	Inter-organisational		Interpersonal level	Inter-organisational and interpersonal level
Key underpinning or supporting theory	Life-cycle theory Evolutionary theory		Social exchange theory	IMP's interactive model
Key construct	Performance, time, relationship termination	Trust, Commitment	Cultural-specific interpersonal relationship construct, e.g. guanxi, et-moone	Conflict, Uncertainty Opportunism

Overall, it is normal for businesses to watch for signs of growth in the dark side of their business relationships with the aim of successfully managing their relationships away from any threat that can be caused by dark and unexpected issues. While the dark side of business relationships can cause serious challenges, the spill over from the dark side of business relationships can have similar severe implications for the wider industry, network and competition. The chapter has shed some light on the current issues related to the dark side as determined by the existing literature. The next section provides a discussion of and suggestions for new research in the area of dark side of business relationships.

4. New Research Directions

The above overview of the dark side of business relationships has helped to identify a number of research issues which future studies need to consider in order to advance research in this important area. Firstly, and most noticeable, is the lack of research on understanding the dark side within relationship process. From the few studies in area, the findings conflict as some studies find business relationships that in their early development are most at risk of the dark influences (Barnes, 2005) whereas others found that long-term relationships are most vulnerable to dark influences (Grayson and Ambler, 1999). Clearly, more research is needed in this area and consideration needs to be given to the appropriateness and effectiveness of using theories of relationship development to address this issue.

Secondly and with regard to studying the influence of relational constructs in the dark side of business relationships, we found most studies have focused on examining conflict within business relationships. The dark side of other relational constructs such as trust, commitment, uncertainty, and opportunism need further attention. Thus future studies should examine the dark side of trust and commitment in more depth but also address uncertainty and opportunism. Researchers' studying relational constructs need to give special attention to not only to the cultural context of business relationships but also to the sectorial context. Such consideration of the differences and similarities between different sectors will enrich our understanding of the dark side in different business sectors as well as at different local and international levels.

Thirdly, in our drafting of this chapter we were able to review the dark side at the interpersonal level and the inter-organisational level but also at the cross-culturally. However, cross-sectional studies of the dark side are limited. Thus, future studies would greatly benefit the literature by examining the dark side across different cultures. This should be aimed at understanding the dark side from a development process focus as well as a relational constructs focus. Furthermore, research can benefit from studies that aim to explore the dark side of relational constructs within the development process of business relationships. Such successful integration of relational constructs within the development process of relationships already exist in the literature (see Wilson, 1995 & Abosag and Lee, 2012). However, these studies have only considered the positive and bright side of relationships. Therefore, future studies can add value through such integration of the dark side of business relationships both relational constructs and development process.

5. Practicing Marketing - *Case study:* **Two Faces of the B2B relationship (UAE- UK relationship)**

Sami is happy to be in England after the few weeks he spent in a very warm Dubai collecting data for his PhD. In his PhD, Sami aims to understand cross-cultural business relationships and how managers think of their relationships with their overseas partners. He has carried out a number of interviews with managing directors and procurement directors in leading companies in Dubai, and is particularly pleased about the interview with Mr Tamer Al-Qamer, who was very appreciative of his business partner in the UK (Mr Charles Moone), with whom Mr Al-Qamer has been doing business with for the past 5 years. In that interview, Sami asked Mr Al-Qamer about his relationship with his British supplier, Mr Moone.

Mr Al-Qamer said *"he is not the usual English person, he is very friendly, sociable, not formal; Charles is a man I can trust; we've been working together for 5 years. He also delivers what we've asked of him. Charles invited me to his home many times and he visited me here too ...."*

"How about your business relationship?" Sami asked.

"Charles understands my business well, as if he is one of us: he is very flexible; if I'm not happy with anything I call him and he changes things quickly. Charles is the best partner in my business."

At the end of this interview, Sami asked for Mr Moone's contact details from Mr Al-Qamer. A few days after his arrival in England, Sami called Mr Moone and asked to see him. An interview was arranged in the following week, to last no more than 1 hour, as Mr Moone requested. On the day of the interview, Sami waited outside Mr Moone's office, and 10 minutes later he was asked to enter. Sami started the interview by telling Mr Moone about his visit to Dubai and his meeting with Mr Al-Qamer. Sami was careful not to tell Mr Moone about his partner's opinion of the relationship. Sami asked Charles to tell him about Mr Al-Qamer.

Mr Moone looked at his computer for a while and then said *"nightmare, nightmare"* and stopped. Sami said nothing, waiting for more ... *"he is a very organised person in everything except time; he called me four months ago and told me he will need a large quantity of our products very soon ..."*. The order contains 7,000 flashing hazard lamps, 4,200 solar road stud lamps, 230 solar traffic warning lights, 150 solar arrow lights, and 310 solar motorway direction lights.

Mr Moone added *"he called me yesterday and this morning, and he wants all of these to be delivered urgently ... how can I manufacture all of these and deliver them now; just how?"* In the middle of the interview, after just 20 minutes, the telephone rang and Mr Moone apologised to Sami and told him that he must go and was not able to finish the interview. Sami asked him if he could come again, but Mr Moone apologised and left.

6. Further Investigation

1- Why was Mr Al-Qamer very pleased about his relationship with Mr Moone?

2- In your opinion, can this relationship between the two partners be considered successful? Why?

3- If you were Mr Moone, would you like to continue the business relationship with Mr Al-Qamer over time?

4- Where should Sami start in analysing this relationship? Which key factors do you think he should focus his analysis on?

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Further Reading

Note: readers are recommended to look for the special issue in *Industrial Marketing Management* on 'the dark side of business relationships' which will be published 2016.

Other recommended reading includes:

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