Managers' Risk Propensity and Destructive Behavior in Buyer–Seller Relationships: An Application of PLS-analysis

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Abstract

Despite their popularity, buyer–seller relationships are often dissatisfying and engender destructive behavior, such as opportunism and exit by one partner. To explain destructive behavior, previous supply chain management studies primarily focused on the influence of situational factors, such as social and economic dissatisfaction, without accounting for managers' risk propensity. Accounting for risk is critical though, because destructive behavior in buyer–seller relationships cannot be dissociated from the people who manage them. Drawing on risk and buyer–seller literature, the authors develop and empirically test a model that incorporates a moderating effect of the risk perceptions of situational factors on the relationship between a manager's risk propensity and the inclination to exit the relationship and act opportunistically. A survey of purchasing managers indicates that the positive relationship between risk propensity and destructive behavior is strengthened by social dissatisfaction and mitigated by economic dissatisfaction.

Keywords: buyer–seller relationships; risk propensity; active and passive opportunism; exit

1. Introduction

In recent years, the nature of buyer–seller relationships has shifted, from arm's-length transactions to long-term exchange relationships (Claycomb and Frankwick, 2010). The increasing popularity of these relationships reflects their ability to help partners mitigate the risk and uncertainty associated with the provision of critical supplies (Geiger *et al.*, 2012). However, managing such relationships is fraught with problems and challenges (Ferguson and Johnston, 2011). In response to these adversities, in most buyer–seller relationships one of the parties eventually engages in an action that the other partner considers destructive to the relationship (Kumar *et al.*, 1998). These destructive behaviors, such as opportunism (Heide and John, 1990; Hawkins *et al.*, 2008) and one-sided exit (Alajoutsijärvi *et al.*, 2000) enable an exchange partner to realize short-term gains, often at the expense of relationship continuity (Geyskens and Steenkamp, 2000). While advances have been made in the study of destructive behaviors, the discussion has been somewhat limited in two ways.

First, when investigating destructive behavior, supply chain management studies primarily focused on relationship-level factors, such as partners' dissatisfaction, commitment, and exit barriers (Hibbard *et al.*, 2001; Ping, 1993; Tjemkes and Furrer, 2010). An understanding of these situational drivers provides insight in how destructive behavior can be prevented. Ping (1999) suggests, for example, that to hold exit at bay exchange partners may increase cost-of-exit and satisfaction, or allow a partner to voice its concerns. Geyskens and Steenkamp (2000) distinguish between economic and social satisfaction and unearth that the two types of dissatisfaction directly and interactively discourage the use of destructive responses. Whereas these studies explain why specific relationship situations trigger or prevent destructive behavior, they neglect to account for the decision-maker. Destructive behavior in buyer–seller relationships, cannot be dissociated from the people who manage those relationships (Aldrich and Herker, 1977).

Second, most studies adopted a relationship-oriented approach and conceptualized destructive behavior as an immediate response that is damaging in regard to the future of a buyer–seller relationship (Hibbard *et al.*, 2001; Geyskens and Steenkamp, 2000). This narrow conceptualization precludes risk. A decision to unilaterally, intentionally, and deceitfully act against the interest of the relationship, is likely to result from a comparison of the risks associated with short-term gains obtained through destructive behavior with the risks associated with future gains obtained from not acting destructively. For example, unilaterally exiting a buyer–seller relationship or acting opportunistically poses a risk to the firm in that it can trigger retaliation and induce reputation losses (Poppo *et al.*, 2008). Conversely, refraining from exiting (i.e., opting for the continuation of the relationship) also imposes a risk, as in the near future the relationship may not deliver on its promise or the exchange partner may engage in destructive behavior (Parkhe, 1993). We suggest that there is value in conceptualizing destructive behavior as risk behavior. This also implies, per Sitkin and Pablo (1992), that, in addition to relationship-level factors, destructive behavior is influenced by decision makers' risk propensity and risk perceptions.

Therefore, the objective of this study is to develop and empirically test a model that incorporates a moderating effect of the risk perceptions of situational factors on the relationship between a manager's risk propensity and its inclination to engage in destructive behavior. Taking the buyer perspective, we focus on three destructive responses—exit, passive opportunism, and active opportunism (Hawkins *et al.,* 2008; Hibbard *et al.,* 2001; Ping 1993, 1999; Wathne and Heide, 2000)—and two situational factors that frame managers' perceptions of the riskiness of destructive behavior—economic and social dissatisfaction (Geyskens and Steenkamp, 2000; Tjemkes and Furrer, 2010). In building our model, we focus on these behaviors and situational factors, because they previously have been identified as key antecedents of relationship processes and outcomes. To test our model empirically, we

conducted a survey of 262 purchasing managers.

We contribute to supply chain management literature by demonstrating that managers' risk propensity is a salient factor that affects destructive behavior and that the interplay of risk propensity and perceptions of situational factors effectively explain managers' intentions to use destructive behavior in buyer–seller relationships. We also contribute to risk behavior literature by combining trait and cognition approaches (see Sitkin and Pablo, 1992), in a novel way. Specifically, we demonstrate that a manager's perception of the riskiness of a situation (cognition) and risk propensity (trait) interactively influence risk behavior. The results also have implications from a managerial point of view, because these insights can help managers to improve risk management (Grudinschi *et al.*, 2014; Hoffman *et al.*, 2013). Extending relationship-level risk management approaches (Harland *et al.*, 2003) with manager's risk propensity will enable decision-makers to better steer buyer–seller relationships toward more collaborative and successful outcomes.

2. Theoretical background and hypotheses

2.1. Destructive behavior in buyer–seller relationships

Destructive behavior is defined as an action that has a negative impact on the viability or functioning of a buyer–seller relationship (Hibbard *et al.,* 2001). Three types of destructive behaviors appear in prior buyer–seller literature: exit, passive opportunism, and active opportunism (Geyskens and Steenkamp, 2000; Ping, 1993, 1999). Each behavior represents a different decision-making situation, such that managers must determine whether they should act destructively or not, according to their assessments of the gains and losses associated with each decision (Parkhe, 1993). By developing and testing hypotheses related to all three types of destructive behavior, we seek to increase the nomological validity of our empirical results.

Exit indicates a buyer's disinclination to continue the current relationship (Ping, 1999), as might be manifested when it ceases to procure a supplier's products (Ping, 1993). As a destructive response (e.g., Pressey and Qiu, 2007), exit induces the termination of the current relationship (Park and Ungson, 2001). A buyer is likely to exit a supplier relationship when the anticipated value of the relationship is smaller than the expected costs (Zajac and Olsen, 1993), such that exiting provides short-terms benefits for the exiting partner. However, exiting a relationship also might require the development of a relationship with a new supplier, so it entails risk (Ring and Van de Ven, 1994), especially if new suppliers predict the buyer's future behavior on the basis of its past behavior, which would cast the shadow of the past on the new relationship (Parkhe, 1993). Thus, unilaterally ending a long-term relationship likely tarnishes the reputation of the exiting partner, which makes it more difficult to find a trusting partner in the future (Poppo *et al.,* 2008). Conversely, maintaining the relationship might be valuable as a means to generate long-term value (Zajac and Olsen, 1993), but it too entails risk. A buyer cannot foresee with certainty if its current supplier will behave destructively in the future (Parkhe, 1993). In addition, the future value of the relationship is uncertain, such that not exiting the relationship might result in escalating commitments to an underperforming venture (Patzelt and Shepherd, 2008).

Opportunism refers to "self-interest seeking with guile" (Williamson, 1975, p. 6); it occurs when firms have individual interests that are not necessarily congruent with those of their partners (Das and Rahman, 2010; Das and Teng, 2001). By acting opportunistically, a buyer can extract short-term value from its supplier but also opens itself to future sanctions and retaliation (John, 1984). When a buyer has expectations that the relationship will endure, opportunism becomes especially risky, because the supplier has an extended time frame in which to retaliate (Joshi and Stump, 1999). As Heide and John (1990, p. 26) note, "future interaction between exchange partners provides an opportunity to reward good behavior and punish opportunism," casting the shadow of the future on the relationship. Thus, opportunism

entails performance risk, because it undermines the value-creation logic for the relationship (Wathne and Heide, 2000). Opportunism also is risky due to its potential for initiating destructive, tit-for-tat strategies (Joshi and Stump, 1999). By potentially triggering retaliation, opportunism could lead to the deterioration of the relationship and reduce its future value creation potential. Even when suppliers depend on the current relationship and cannot openly retaliate against powerful buyers (Kumar *et al.*, 1998), their commitment to the relationship likely deteriorates in the face of opportunism (Frazier *et al.*, 1989; Van Bruggen *et al.,* 2005). Preserving relationship quality can create value in the future, but not acting opportunistically also involves relational risk, because again, buyers cannot foresee if their suppliers will engage in destructive behaviors in the future (Das and Teng, 2001). In this sense, failing to act opportunistically soon enough is risky, because the firm may lose the opportunity to appropriate additional value preemptively from its partner, before a conflict arises or the relationship is terminated.

Wathne and Heide (2000) distinguish two forms of opportunism—passive and active—though both are sources of benefits and risk. *Passive opportunism* exists when one party purposefully withholds its effort, such as by shirking or evading obligations (John, 1984). When new circumstances arise, passive opportunism might take the form of inflexibility or refusal to adapt (Wathne and Heide, 2000) or negligence (Geyskens and Steenkamp, 2000; Ping 1993). Passive opportunism is difficult to detect because of its ambiguity (Carson *et al.,* 2006), so simple monitoring may not be sufficient to identify it (Das, 2005), which implies the potential for short-term benefits to the opportunistic partner. Even if sanctioning passive opportunism is difficult and relatively unlikely (Wathne and Heide, 2000), the behavior still entails risk, because of the extensive period of time available for retaliation. In contrast, *active opportunism* implies that one party actively engages in behaviors that are explicitly or implicitly prohibited within the relationship or uses new circumstances to extract concessions from its partner (Wathne and Heide, 2000), such as breaching a distribution contract by selling in an unauthorized territory, delaying payments, or supplying misleading information. Active opportunism has the potential to provide more benefits to the perpetrating party than passive opportunism, but it is also more risky, because it is easily discernible and can be identified through monitoring, such that it likely leads to sanctions (Das, 2005).

Although exit, passive opportunism, and active opportunism constitute three separate types of destructive behaviors, they share key characteristics. All three behaviors are intentional, unilateral, and deceitful, and self-interested partners use them to increase their short-term benefits. Destructive behavior is intentional (Hibbard *et al.,* 2001), such that a manager's decision to act destructively or not results from an assessment of the positive and negative consequences of this behavior. Moreover, destructive behavior is unilateral (Tjemkes and Furrer, 2010), so the decision to act destructively or not occurs without the consent of the partner. Finally, all three forms of destructive behavior are deceitful (Das, 2005), and acting destructively should have negative repercussions for partners and their performance. Before acting destructively, managers must assess the risks of their behavior, so their decision should depend on their risk propensity.

2.2. Risk propensity and risk perception

Following Sitkin and Weingart (1995), we define risk propensity as a trait that reflects "an individual's current tendency to take or avoid risks" (p. 1575). Risk propensity emerges from prior experience and risk preferences (Sitkin and Pablo, 1992) and predisposes people to make risky decisions and engage in risky behavior (Sitkin and Weingart, 1995). Broadly defined, risk refers to uncertainty or variance in outcomes with some significance (Kahneman and Tversky, 1979). Whereas uncertainty implies a condition of unsure outcomes, risk is "a condition in which the consequences of a decision and the probabilities associated with the

consequences are known entities" (Baird and Thomas, 1985, p. 231). In this sense, uncertainty might be regarded as part of the risk construct (Das and Teng, 2004).

Risk propensity pertains to an individual's preference for more uncertain outcomes compared with more certain ones (Sitkin and Pablo, 1992). In addition, risk is embedded in time, so risk propensity involves a preference for present rather than future outcomes, which are more uncertain (Frederick *et al.,* 2002); risk-averse people tend to discount time more than risk-prone decision makers (Das and Teng, 1997). Time discounting implies a tendency to place a higher value on an outcome that occurs earlier compared with the value assigned were it to occur later (Frederick *et al.,* 2002). People who discount time thus tend to consider the immediate outcomes of a decision more closely and underscore the future consequences. Risk-averse managers, compared with risk-prone ones, prefer sure gains in the present or near future to uncertain gains in the more distant future, even if the latter gains might be greater. Similarly, risk-averse managers prefer known losses in the present or near future over unknown losses in the more distant future.

As risk is socially constructed rather than an objective reality of the world (Slovic, 1999), to assess the relationship between risk propensity and destructive behaviors, it is critical to account for situational factors though (Kühberger *et al.,* 2002), which should influence managers' cognitive perceptions of the riskiness of the behaviors (Sitkin and Pablo, 1992). The cognitive framing effect of situational factors appears in several empirical studies that reveal that the sign and strength of the relationship between risk propensity and risk behavior vary across contexts. For example, Kahneman and Tversky (1979) find that people who seek to protect prior gains make less risky choices than those without prior gains to protect; Osborn and Jackson (1988) instead find that past success leads to more risky behavior. Staw, Sandelands, and Dutton (1981) also find that when people are threatened by likely losses, they become more rigid and make less risky decisions. Similarly, March and Shapira (1987) demonstrate that when the situation is perceived positively (i.e., full of opportunities), people make more risky choices; if they perceive the situation negatively (i.e., full of threats), they tend to make less risky choices. In the light of these ambiguous results, we propose that the effect of risk propensity on risk behavior is moderated by perceptions of the riskiness of the situational factors.

2.3 Hypotheses

Using a buyer perspective, we hypothesize that in buyer–seller relationships, the link between a manager's risk propensity and his or her intention to use destructive behavior depends on two situational factors: economic and social dissatisfaction. Other factors could have influences as well, but we focus on these two relational factors, because prior research has demonstrated their effects on destructive behavior in buyer–seller relationships (Geyskens and Steenkamp, 2000; Hibbard *et al.,* 2001; Ping, 1993). Economic and social dissatisfaction also are particularly relevant for our study because they invoke different temporal orientations for the relationship partners. A long-term orientation implies necessary commitment to a good working relationship; a short-term orientation stresses prompt results that energize the alliance. Managers with a short-term orientation view a buyer–seller relationship as transitional in nature and demand quick, tangible results. In contrast, a manager with a long-term orientation regards buyer–seller relationships as semi-permanent entities that require commitment and patience (Joshi and Stump, 1999). Social satisfaction accordingly relates to a manager's long-term orientation, whereas economic satisfaction is more important when a manager holds a short-term orientation. Because risk-averse and risk-prone managers have different time orientations, economic and social dissatisfaction likely represent two distinct cognitive framing contexts, with different moderating effects on the relationship between risk propensity and destructive behavior. Figure 1 graphically represents our hypothesized model.

[Insert Figure 1 about here]

Economic dissatisfaction reflects a manager's negative evaluation of the financial outcomes of a relationship, resulting from a negative discrepancy between expected and actual financial outcomes (Geyskens and Steenkamp, 2000). Economic dissatisfaction shifts the manager's focus from long-terms opportunities to short-term threats (Staw *et al.,* 1981). In economically dissatisfying relationships, calculative commitment is affected (Gilliland and Bello, 2002), and managers seek to restore efficiency quickly, before the performance of the relationship further deteriorates. In such an adverse situation (Tjemkes and Furrer, 2010), partners that do not engage in destructive behavior, in the hope of preserving the relationship, suffer sure economic losses in the present and uncertain benefits from the relationship in the future. These present and future outcomes contrast with the benefits of acting destructively, which likely accrue in the present and are more certain, as well as the negative consequences, such as retaliation or loss of reputation (Zajac and Olsen, 1993), that are more uncertain, as they only have consequences in the future.

When a buyer–seller relationship underperforms economically, destructive behavior may appear less risky than not acting destructively, because destructive behaviors generate immediate and sure returns, in contrast with the uncertainty associated with persistent economic underperformance. Confronted with a pressing challenge to deal with economic underperformance, more risk-averse managers value the sure gains from acting destructively more and discount the potential future losses associated with the consequences of such behavior. More risk-prone managers instead discount the potential future benefits of preserving the relationship less and value them more than the benefits of destructive behavior, which may be limited because of the underperformance of the relationship. That is, as economic dissatisfaction increases, the association between risk propensity and destructive behavior may switch from positive to negative; the more risk-prone managers are, the less likely they are to behave destructively compared with more risk-averse managers.

When economic dissatisfaction decreases, the association between risk propensity and destructive behavior may become more positive, such that more risk-prone managers tend to act more destructively than risk-averse managers. The relationship is generating benefits in the present, so more risk-averse managers are unlikely to endanger the relationship by acting destructively. In contrast, more risk-prone managers value the benefits to be gained from destructive behavior, because the costs of such behavior are uncertain, and if they occur, they will accrue only in the future.

In accordance with our arguments, some empirical studies demonstrate that when economic dissatisfaction is high, behaving destructively appears less risky than not acting this way; when economic dissatisfaction in low, behaving destructively is perceived as more risky than not doing so. Joshi and Stump (1999) find that managers who expect a buyer–seller relationship to last for an extended period are less likely to behave opportunistically, due to the shadow of the future created by the opportunity for retaliation (Poppo *et al.*, 2008). In economically satisfying relationships, behaving opportunistically therefore seems more risky than not behaving opportunistically (Parkhe, 1993). Liu *et al.* (2010) further find that managers who conduct cost-and-benefit calculations to evaluate their buyer–seller relationships likely notice their partner's opportunism. When partners have a short-term orientation, due to their economic dissatisfaction, opportunism is more likely to be detected, which increases the chances of retaliation, so both active and passive opportunistic behaviors become more risky than not behaving opportunistically. Geiger *et al.* (2012) find that managers who value their buyer–seller relationships more also are less likely to exit; in such a situation, exiting is perceived as more risky than continuing it. Thus, we hypothesize:

H1. Managers' economic dissatisfaction moderates the relationship between risk propensity and destructive behavior, such that for less economically dissatisfied managers, the relationship of risk propensity with (a) exit, (b) passive opportunism, and (c) active opportunism is positive, whereas for more economically dissatisfied managers, these relationships are negative.

Social dissatisfaction is a manager's negative evaluation of the psychosocial aspects of a relationship, reflecting a negative discrepancy between expected and actual quality in the working relationship (Geyskens and Steenkamp, 2000). Compared with economic dissatisfaction, social dissatisfaction shifts the manager's cognitive focus from the short-term opportunities of maintaining the relationship to potential threats in the future (Zajac and Olsen, 1993). In socially dissatisfying situations, managers' affective commitment likely diminishes (Gilliland and Bello, 2002), so relationship continuity is endangered (Geyskens and Steenkamp, 2000), because the promise of future joint collaborative efforts, such as flexibility, adaptability, and learning, are limited (Das and Teng, 2000).

When a buyer–seller relationship is socially dissatisfying, destructive behavior may appear more risky than not acting, because not behaving destructively allows for the preservation of the relationship's current benefits. Behaving destructively instead entails the risk of conflict escalation in the future. When the relationship is characterized by high social dissatisfaction, the likelihood of conflict and the chance that the partner behaves destructively are very high (Zajac and Olsen, 1993). Therefore, the more risk-averse managers are, the less likely they are to behave destructively, so they can avoid triggering destructive retaliation from their partner. In such a situation, risk-averse managers prefer the present gains of preserving the current relationship to the uncertain outcomes of a destructive conflict; more risk-prone managers instead prefer the potential gains they can extract from destructive behavior and are willing to accept the risk of conflict, betting on gaining a first-mover advantage through a preventive strike. As social dissatisfaction increases, the association between risk propensity and destructive behavior likely grows more positive, such that the more risk-prone managers are, the greater the chances that they will behave destructively compared with more risk-averse managers.

In contrast, when a buyer–seller relationship is socially satisfying, destructive behavior should seem less risky than not acting. When social dissatisfaction is low, the perceived risks of destructive behavior also are likely to be low, because the affective commitment of the partner creates some forgiveness for destructive behavior (Ganesan *et al.,* 2010; Geiger *et al.,* 2012; Liu *et al.,* 2010). Therefore, when social dissatisfaction is low, risk-averse managers prefer present gains from destructive behavior and discount the risk of retaliation; risk-prone managers instead refrain from destructive behavior, preferring to bet on the future gains generated by the relationship rather than the relatively small gains they could extract in the present from their destructive behavior. When social dissatisfaction decreases, the association between risk propensity and destructive behavior is likely to move from positive to negative; the more risk-prone managers are, the less likely they will behave destructively compared with more risk-averse managers.

Indirectly supporting this line of argument, a few empirical studies have shown that when social dissatisfaction is high, behaving destructively is perceived as more risky than not acting in this way; when social dissatisfaction is low, it seems less risky than otherwise. For example, Ganesan *et al.* (2010) and Geiger *et al.* (2012) find that in relationships characterized by high affective commitment, managers forgive mild opportunism by their partners, but they do not do so in relationships with low affective commitment. The strength of interfirm bonds determines parties' propensity to accept temporary disadvantages and exhibit relational

tolerance (Bello *et al.,* 2010). In such situations, opportunism—and passive opportunism in particular—likely appears less risky. Similarly, Gilliland and Bello (2002) find that when affective commitment is low because social dissatisfaction is high, the use of contractual enforcement mechanisms becomes more likely. Thus, opportunistic behavior is more likely to be detected, especially if it is active, and be perceived as risky compared with not behaving opportunistically. Patzelt and Shepherd (2008) find that managers might decide to persist with a current relationship even if social dissatisfaction is high, to avoid damaging their reputation. The shadow of the past should exert a strong effect on managers' perceptions of the termination of the relationship as risky, because a bad relational reputation could make finding alternative partners more difficult (Poppo *et al.,* 2008). Alajoutsijärvi *et al.* (2000) also find that when social dissatisfaction is low and relational quality is high, exiting the relationship might be less damaging and less risky, because the partner is unlikely to seek to damage its own reputation. Thus, we hypothesize:

H2. Managers' social dissatisfaction moderates the relationship between risk propensity and destructive behavior, such that for less socially dissatisfied managers, the relationship of risk propensity with (a) exit, (b) passive opportunism, and (c) active opportunism is negative, whereas for more socially dissatisfied managers, the relationships are positive.

3. Data and Methods

3.1 Data collection

To test our hypotheses, we developed an online survey and collected data from Dutch purchasing managers, whose contact details we obtained from a relevant business association. A link to the online survey was sent by e-mail to 2,239 purchase managers in the Netherlands. We asked respondents to read a screening question before participating in the project to ensure that only buyer–seller relationships consistent with the scope of our research were included in the final sample. We asked respondents to select a buyer–seller relationship that involved a long-term contractual arrangement; thus, we decreased the likelihood that governance forms, such as joint ventures, licenses, or franchises, appeared in the final data set. Because the number of purchase managers that not qualified is unknown, the response rate is a conservative estimate. The procedure resulted in 265 questionnaires, for a response rate of 11.8%, which is reasonable for this relatively long online survey (Deutskens *et al.,* 2004).

To assess non-response bias we compared early respondents and late respondents with respect to every individual questionnaire item and found no significant differences between the two groups. In addition, following Mentzer and Flint (1997) we contacted by telephone a random sample of 30 non-respondents and asked them five questions related to constructs under investigation. Based on a series of *t*-tests we found no significant differences between the answers of respondents and non-respondents to these questions.

Consistent with previous buyer–seller research (Heide and John, 1990; Lambe *et al.,* 2002), we used self-reporting and collected data from only one side of the dyadic relationship, namely, a manager from a buyer firm. The self-reporting approach adopted in this study is appropriate as the key variables in the study pertain to individuals' characteristics. That is, risk propensity denotes an personality trait and response strategy preference pertains to an individual's disposition to react to a situation. To reduce concerns about perceptual biases, we asked one question to ensure the respondent was knowledgeable about the selected buyer–seller relationship. On a seven-point Likert scale, with a cutoff value of 3, a low score indicated the respondent possessed little knowledge about the buyer–seller relationship. Only three respondents did not meet this criterion and were eliminated from further analysis, resulting in a final sample of 262. The average score across the sample was 5.8 (SD = 1.3) for

knowledgeability, comparable to the level in prior research (Jap and Anderson 2003), which suggests that we used appropriate respondents for our data analysis. The job titles (e.g., head of purchasing, senior purchasing manager, vendor manager, general manager) also indicated their ample knowledge of buyer–seller relationships.

The respondents worked for firms in two broad sectors: production/manufacturing (50.4%) and services (49.6%). On average, these firms had 4,238 employees (standard deviation [SD] = 17,621) and had managed 20.8 buyer–seller relationships (SD = 50.5) in the past five years. The average duration of a relationship was 7.0 years (SD = 8.3). The respondents, mostly male managers (239, or 91.2%), were 46.7 years (SD = 7.5).

3.2 Measures

To measure managers' preferences for the three destructive behaviors, we adapted existing scales developed in English that we translated into Dutch, using standard translation–back-translation procedures. The seven-point Likert scales ranged from (1) "I would definitely not react in this way" to (7) "I would definitely react in this way." For exit, we adapted items from Geyskens and Steenkamp (2000) and Ping (1999) and asked respondents to indicate their intentions to terminate the buyer–seller relationship. To measure passive opportunism, we adapted items developed by Ping (1993) to capture negligent relational behavior and modified them to cover its destructive aspect, such as not dealing with the situation and putting no more resources into the relationship. The scale used to measure active opportunism came from John (1984) and Ping (1993) and refers to withholding information, exaggerating the averse nature of the situation, and seeking to escape contractual obligations.

To measure social and economic dissatisfaction, we built on prior work (Geyskens and Steenkamp, 2000; Ping, 1993; Tjemkes and Furrer, 2010) and used items to capture a manager's satisfaction with the quality of the social interactions and the economic performance of the relationship. The social dissatisfaction items measure the extent to which the interaction between the partners is perceived as complicated, unfulfilling, and disappointing (Geyskens and Steenkamp, 2000). The economic dissatisfaction measure indicated the extent to which a manager is financially satisfied with the alliance, according to four items that measured managers' level of satisfaction with the alliance in terms of profit, performance, goal achievement, and efficiency (Geyskens and Steenkamp, 2000). We measured satisfaction rather than dissatisfaction to reduce multicollinearity issues and reversed the results prior to our analyses. The correlation between the dissatisfaction measures is .40, indicating that multicollinearity is not likely to be of concern. Finally, for risk propensity, we used four items developed by Jaworski and Kohli (1993) to evaluate the extent to which a manager is risk prone or averse. All items appear in the Appendix.

Destructive behavior could be influenced by factors other than economic and social dissatisfaction and managers' risk propensity. We therefore controlled for three firm-, three relationship-, and three individual-level variables identified in prior literature. At the firm level, we controlled for firm size (natural logarithm of the number of employees), because larger firms with more resources may assess the risk associated with destructive behavior differently (Lambe *et al.,* 2002). We also controlled for a firm's power relative to its partner's by adding a seven-point Likert scale to capture the degree to which the buyer possesses a bargaining advantage over its supplying partner. A bargaining power advantage reduces the risk of retaliation and thus should trigger more risk-taking preferences (Van Bruggen *et al.,* 2005). We created a dummy variable to capture the firm's sector: production/manufacturing or services. However, the industry dummy was not significant, so we removed it from further analyses, for parsimony.

At the relationship level, we controlled for alliance duration, the presence of attractive alternatives, and relationship-specific investments. With regard to alliance duration (measured

as the natural logarithm of the number of years in operation), managers involved in older relationships may be less inclined to act destructively (Ferguson and Johnston, 2011; Liu *et al.,* 2010). Attractive alternatives decrease the risk of exiting the relationship, but the presence of relationship-specific investments increases its costs (e.g., Ping, 1999; Rokkan *et al.,* 2003; Williamson, 1975). To operationalize these variables, we used three items each, adapted from Ping (1999) and measured on seven-point Likert scales. We discarded one indicator of relationship-specific investments due to its lack of reliability. The final reliability of the scales was acceptable, with Cronbach's alphas of .75 to .70.

At the individual level, personal characteristics beyond risk propensity might influence preferences for destructive behavior. First, we controlled for a manager's long-term orientation by adding a seven-point Likert scale; managers with more distant planning horizons should be less likely to act destructively (Das and Teng, 1997). Second, we considered individual experience, because more experienced managers might respond differently than less experienced managers (Tjemkes and Furrer, 2010). Third, we controlled for managers' social desirability tendency by including the M-C2 version of the Marlowe-Crowne social desirability scale (Strahan and Gerbasi, 1972); opportunism in particular may be influenced by the social desirability bias (Hawkins *et al.,* 2009).

3.3 Analytical method

As the main method of analysis, we used partial least squares (PLS) path modeling as implemented in ADANCO 1.0 (Henseler and Dijkstra, 2014). As a variance-based technique, PLS aims to maximize the explained variance of the endogenous variables. Even with many parameters, as are required for estimating moderating effects, it supports smaller sample sizes than covariance-based structural equation modeling techniques (Hair *et al.,* 2012). Furthermore, PLS does not rely on distributional assumptions, which is a relevant factor in the presence of heavily right-skewed variables (Cassel *et al.,* 1999). Because our structural model is saturated, the major disadvantage of PLS, namely, the lack of a global goodness-of-fit measure (Henseler and Sarstedt, 2013), is not a concern for our study. To avoid possible non-convergence issues, we chose a factor-weighting scheme and used a centroid scheme for triangulation (Henseler, 2010). Because PLS is based on a nonparametric estimation procedure, we applied bootstrapping with 5000 resamples for the significance tests (Chin, 1998).

We used a two-step procedure to assess the adequacy of the model (Anderson and Gerbing, 1988). First, we assessed the measurement model with regard to reliability and validity. For all multi-item measurements, we ensured sufficient levels of internal consistency reliability, unidimensionality, and discriminant validity. Second, we examined the structural model with regard to its significance and the substantiality of the effects. We created and compared three hierarchically ordered structural models: a first model with only the control variables, a second with the added direct effects, and a third model containing the moderating effects too.

With a hybrid orthogonalizing approach, we analyzed the moderating effects (Henseler and Chin, 2010). Orthogonalization (also called residual centering) means that instead of simply multiplying the interacting variables, we regressed the product of the interacting variables on the two original variables. The residuals served as the interaction terms. Orthogonalization eliminated the potential problems of multicollinearity, as are often encountered in analyses of moderating effects (Cronbach, 1987). It also facilitates the interpretation of regression coefficients, in that the single effects resulting from a regression with moderating effects strongly resemble the main effects obtained from a model without moderating effects. Here, hybrid refers to the approximated scores for the interaction term in each iteration of the PLS algorithm, which reflects the original approach proposed by Wold

(1982) to incorporate nonlinear effects into PLS path models. In contrast with other approaches (see Goodhue *et al.,* 2007), the hybrid approach does not capitalize on chance. Despite preventive measures, including reversing scales and residual centering for each model, we still assessed the possibility of multicollinearity by examining the variance inflation factors, all of which were smaller than the cutoff value of 3. Thus, multicollinearity was not a problem (Hair *et al.,* 2006).

Self-reporting may raise concerns about common method variance. We reduced these concerns by designing a questionnaire with different scale endpoints and creating psychological separation between the independent and dependent variables (Podsakoff *et al.,* 2003). In addition, to quantify common method variance and control for its remaining effects, we also included a marker variable in the questionnaire. The marker variable approach excels in terms of efficacy (Richardson *et al.,* 2009). Because the marker variable we chose captures the corporate-level strategy of the firm, it is theoretically unrelated to our study. This marker variable did not exert any effect on exit or active opportunism but had some influence on passive opportunism. To assess the extent of common method variance, we compared the path coefficients of two models, with and without the marker variable. The results showed no significant differences between models, indicating limited common method variance concerns. To account fully for common method variance, we retained the marker as a control variable.

4. Results

4.1 Measurement model

To assess the reliability and validity of the construct measurements, we followed Hair *et al.* (2012). The internal consistency reliability was estimated using Cronbach's alpha (α) and Jöreskog's rho (ρ_c). Whereas α is typically a lower bound for reliability, ρ_c (which relies on the upward-biased construct loadings of PLS; Gefen *et al.,* 2011) likely overestimates reliability. The true reliability of construct scores thus should lie between α and ρ_c. As Table 1 shows, all constructs exhibited sufficient levels of internal consistency reliability. In one case, α lies slightly below .70, but because the composite reliability is substantially higher, a common criterion of reliability is fulfilled (see Nunnally, 1978). The Appendix lists the indicators and their standardized loadings.

[Insert Table 1 about here]

We assessed the validity of the construct measurement in terms of unidimensionality and discriminant validity (Hair *et al.* 2012). For convergent validity, we used the average variance extracted (AVE). All AVE values except one were above the critical value of .50 (Fornell and Larcker, 1981); only the AVE value of passive opportunism (.47) was slightly below the threshold. We next conducted Sahmer *et al.*'s (2006) non-parametric test of unidimensionality using 1,000,000 bootstrap permutations. This test considers the first two eigenvalues of a set of indicators, whereas the AVE considers only the first. As the four rightmost columns of Table 1 demonstrate, all first eigenvalues exceeded their respective critical values; all second eigenvalues fell below their respective critical values. Thus, the likelihood of confounding the first two dimensions is very low. Overall, our assessment provides evidence of the unidimensionality of all constructs.

With regard to the descriptive statistics, Table 2 contains the square root of the AVE values and the interconstruct correlations. A comparison of the greatest absolute construct correlation (.57 between passive opportunism and exit) with the smallest square root of the AVE (.69 of neglect) affirmed the Fornell-Larcker criterion, in support of discriminant validity.

[Insert Table 2 about here]

4.2 Structural model

To determine how much additional variance is explained by the independent and moderating variables, after accounting for the controls, we ran three separate models for each dependent variable, such that we entered the control variables in model 1; economic dissatisfaction, social dissatisfaction, and risk propensity in model 2; and the interactions in step 3. We tracked the changes in the adjusted squared multiple correlation coefficient (R^2_{adj}, adjusted R^2). The adjusted R-square value is adequate here, because it penalizes any unjustified increase in model complexity. The results for the three dependent variables indicate that Model 2 has more explanatory power than Model 1 (exit: $\Delta R^2_{adj} = .26$, $p < .001$; passive opportunism: $\Delta R^2_{adj} = .21$, $p < .001$; active opportunism: $\Delta R^2_{adj} = .14$, $p < .001$), and in turn, Model 3 has more explanatory power than Model 2 (exit: $\Delta R^2_{adj} = .03$, $p < .05$; passive opportunism: $\Delta R^2_{adj} = .06$, $p < .01$; active opportunism: $\Delta R^2_{adj} = .04$, $p < .05$). Thus it is appropriate to use Model 3 to assess the hypotheses. Furthermore, Model 3 is supported by the data, because the R-square values of all endogenous constructs are substantial: exit ($R^2 = .36$, $R^2_{adj} = .33$), passive opportunism ($R^2 = .40$, $R^2_{adj} = .36$), and active opportunism ($R^2 = .29$, $R^2_{adj} = .25$). Next, we discuss the direct effects, before detailing the moderating effects and testing the hypotheses.

[Insert Table 3 about here]

Risk propensity has a positive effect on exit ($\beta = .12$, $p < .05$), passive opportunism ($\beta = .11$, $p < .05$), and active opportunism ($\beta = .17$, $p < .01$). Risk-prone managers are more likely to exit the relationship and actively and passively act opportunistically than are risk-averse managers. Economic dissatisfaction has a significant and positive effect on exit ($\beta = .11$, $p < .05$) and passive opportunism ($\beta = .21$, $p < .001$). That is, when managers are economically dissatisfied with their relationship, they likely prefer to exit or use passive opportunism. The effect on active opportunism is not significant though ($\beta = .08$, $p > .10$). Social dissatisfaction has significant positive effects on exit ($\beta = .44$, $p < .001$), passive opportunism ($\beta = .33$, $p < .001$), and active opportunism ($\beta = .30$, $p < .001$): The more socially dissatisfied managers are, the more likely they are to exit the relationship and act, actively and passively, opportunistically.

We proposed in H1 that economic dissatisfaction moderates the relationship between risk propensity and destructive behavior. The results indicate that this interaction is significant and negative for passive opportunism ($\beta = -.23$, $p < .05$) and active opportunism ($\beta = -.20$, $p < .05$), but not for exit ($\beta = -.05$, $p > .10$). The negative sign means that the positive effect of risk propensity on passive and active opportunism becomes stronger as economic dissatisfaction decreases, in support of H1bc. Regarding H2, we proposed that social dissatisfaction moderates the relationship between risk propensity and destructive behavior. The results indicate positive and significant interaction terms (exit $\beta = .20$, $p < .05$; passive opportunism $\beta = .19$, $p < .05$; active opportunism $\beta = .19$, $p < .05$). The positive sign means that the positive effect of risk propensity on exit, passive opportunism, and active opportunism becomes stronger as social dissatisfaction increases, in support of H2a–c.

4.3 Interpretation of the findings

To interpret the findings, we plotted the interaction effects (see Figure 2). As depicted, the results show that economic and social forms of dissatisfaction have opposing, interactive effects on destructive behavior. Economic and social dissatisfaction invoke different time orientations in managers' cognition. Managers with a long-term orientation are more sensitive to changes in social dissatisfaction, whereas managers with a short-term orientation are more

sensitive to changes in economic dissatisfaction. Thus, risk-averse managers, who have a short-term orientation, are more likely to perceive the present risk of acting destructively when economic dissatisfaction increases, compared with the future risk of not acting destructively. Conversely, risk-prone managers, who have a longer-term orientation, are more likely to perceive the future risk of not acting destructively when social dissatisfaction increases, compared with the present risk of acting destructively.

At high levels of economic dissatisfaction, risk propensity decreases the likelihood of active and passive opportunism, whereas at low levels of economic dissatisfaction, it increases the likelihood of opportunistic behavior (see Figure 2, Panels a-c). That is, in buyer–seller relationships characterized by high economic dissatisfaction, engaging in opportunism is likely to be perceived as less risky than not acting destructively; in relationships characterized by low economic dissatisfaction, engaging in such destructive behavior should be perceived as more risky than not behaving destructively. These findings are consistent with the shadow of the future argument and suggest that in a long-term relationship, the fear of retaliation likely curbs destructive behavior (Poppo *et al.*, 2008). Opportunism has the potential to generate short-term benefits for the partner that initiates such behaviors, but when this partner holds an expectation that the relationship will endure, the shadow of the future can curb a manager's actions in the present (Joshi and Stump, 1999). In contrast with expectations, the results suggest that risk propensity and economic dissatisfaction do not interact in influencing the intention to exit the relationship. This finding implies that, contrary to the shadow of the future, the shadow of the past has less influence on partners' behavior. That is, the possible damage to the exiting partner's reputation is not perceived as a risk.

[Insert Figure 2 about here]

The results further indicate that at high levels of social dissatisfaction, risk propensity increases the likelihood of destructive behavior, whereas at low levels, risk propensity decreases the likelihood of such destructive behavior (see Panels 2d-f). That is, in buyer–seller relationships characterized by high social dissatisfaction, engaging in destructive behavior is likely to be perceived as more risky than not acting destructively. In this situation, with low levels of affective commitment, partners likely enforce contractual mechanisms, which renders destructive behavior risky (Gilliland and Bello, 2002). Conversely, in relationships characterized by low social dissatisfaction, engaging in destructive behavior may be perceived as less risky than not behaving destructively, because affective commitment is high, and destructive behavior is more likely to be forgiven (Ganesan *et al.,* 2010; Geiger *et al.,* 2012).

5. Discussion and conclusion

The purpose of this study is to develop and empirically test a model that incorporates a moderating effect of the risk perceptions of situational factors on the relationship between a manager's risk propensity and the inclination to act destructively. Overall, the results suggest that a manager's perception of economic and social dissatisfaction moderates the relationship between this manager's risk propensity and its proclivity to exit the relationship, and to engage in active and passive opportunism.

5.1 Theoretical Contributions

We make three theoretical contributions. First, we advance the supply chain management literature. Prior studies examining buyer–seller relationship have focused on situational factors to explain destructive behavior, thereby neglecting to take into account managers' risk propensity (Das and Rahman, 2010; Geyskens and Steenkamp, 2000; Ping, 1993). We show that, given a similar situation, managers with different levels of risk propensity might behave

differently. Destructive behavior could be perceived as more or less risky, depending on how the situation is framed, such that risk-averse and risk-prone managers likely respond differently to the same situation. Specifically, when a manager experiences economic dissatisfaction, a risk-prone manager is less likely to act destructively when compared to a risk-averse manager. Alternatively, when a manager experiences social dissatisfaction, a risk-prone manager is more likely to act destructively when compared to a risk-averse manager. Accounting for managers' risk propensity in explaining different types of destructive behavior is therefore critical.

Second, we advance the risk literature (e.g., Sitkin and Pablo, 1992; Sitkin and Weingart, 1996) by showing that disentangling the relationships between risk propensity, risk perception, and risk behavior provides insights that are not available were we to rely on just one of these concepts. Advocates of the trait approach argue that risk propensity directly affects risk behavior; proponents of the cognitive approach contend that risk perception critically affects risk behavior. The trait approach might be too deterministic in its assertion that the effect of risk propensity is consistent across contexts, because it assumes that risk propensity involves a stable personality characteristic that is difficult to change. As we show, the effect of risk propensity actually depends on managers' cognitions, and their perception of the situation as satisfying or dissatisfying influences the relative perceived risk of acting or not acting. Managers' perceptions moderate the effect of risk propensity, which provides an opportunity to influence their risk behavior; these perceptions can be influenced by one's partner and by framing the situation differently (Kahneman and Tversky, 1979). Thus, only focusing on a manager's risk propensity might be misleading.

The third contribution from analyzing destructive behavior at the managerial level is that, in contrast with different streams of literature that make implicit assumptions about the level of managers' risk propensity, our study demonstrates the critical need to make this level explicit. Studies using an economic exchange perspective, such as transaction cost theory (Williamson, 1975), mostly assume that managers are risk averse. Consistent with this assumption, our findings show that when economic dissatisfaction is low, managers are less likely to act opportunistically, whereas they are more likely to do so when economic dissatisfaction is high. However, these findings are only valid for risk-averse managers. When managers are risk prone and their economic dissatisfaction is low, they are more likely to act opportunistically, but they are less likely to do so when economic dissatisfaction is high. Conversely, studies drawing on a social exchange perspective (Ring and Van de Ven, 1994) assume that managers are risk prone. Our results show that only when social dissatisfaction is low are risk-prone managers less likely to act opportunistically and only when it is high are the managers more likely to engage in opportunism. When managers are risk averse, social dissatisfaction does not have a significant effect on their destructive behavior. Thus, the incompatible implications and diverging recommendations reported by prior studies that draw on economic versus social exchange theories could be reconciled by taking managers' risk propensity into account.

5.2 Managerial Implications

In general, the supply chain management literature stipulates that exchange partners should concentrate on discouraging their counterpart's destructive responses (see e.g. Grudinschi *et al.*, 2014), as such acts may undermine the value creation potential of a buyer–seller relationship. To this extent, they should closely monitor their resellers' economic and social satisfaction and should focus on preventing destructive behavior using contractual and relational governance. Our results imply that the use of governance systems should be adapted to the risk propensity of partners' representatives. Using non-adapted mechanisms might induce, rather than prevent, destructive behavior. For example, the use of relational

governance mechanisms, such as building commitment and trust might be effective only with risk-prone partners; risk-averse managers are less sensitive to such relational mechanisms. To prevent destructive behavior from risk-averse partners, short-term economic incentives might be preferable.

Risk management approaches for buyer–seller relationship managers primarily focus on relationship level factors (Harland *et al., 2003)*, such as types relationship risks and solutions, because management of relationship risk increase the likelihood of relationship success (Hoffman *et al.*, 2013). It could be valuable to incorporate manager's risk propensity in risk management approaches, as our study shows that varying degree of risk proneness differentially influence decision-making. For example, having managers working in teams may prevent the potentially adverse consequences of individual risk-taking behavior, as team members jointly decide on how to respond to a specific situation (Grudinschi *et al.*, 2014). Furthermore, as part of risk management education, training initiatives may incorporate exercises and role plays to create awareness about a manager's risk propensity, as this may prevent erroneous decision-making.

5.3 Limitations and future research

Our study provides several avenues for future research. Individual-level characteristics only determine directly and indirectly to 6–7% of explained variance, compared to the 20%–24% explained by situational factors. However, even if the contribution of a manager's risk propensity seems rather small in comparison with the effects of the situational factors, it should be noticed that is only one facet of a manager's personality. Studies grounded in upper echelons theory for example found that managers' experiences, values, and personalities influence their interpretations of the situations they face and, in turn, affect their choices (Hambrick, 2007). Studies investigating how managers respond to adverse situations in alliance relationships suggest that taking account of managers' cognitive and emotional processes might be fruitful candidates to further studies seeking to increase explanatory power (Vidal, 2014). Therefore, accounting for other personal traits and other individual-level factors should increase explained variance.

We focus on three destructive behaviors—exit, passive and active opportunism—, whereas other, more constructive, behaviors might also occur in buyer–seller relationships. For example, Rusbult and colleagues (1992) proposed the EVLN framework, which comprises four behaviors (exit, voice, loyalty, and neglect) organized along two dimensions: active–passive and constructive–destructive behaviors. The EVLN typology has even been extended to seven behaviors by (Tjemkes and Furrer, 2010). In this study, we focus on destructive behavior to offer a more consistent theoretical framework. However, further studies would be useful to investigate if our findings also apply on the constructive side of managers' behavior in buyer–seller relationships.

In addition, the three destructive behaviors we study are not independent, because managers can use combinations of destructive behaviors. Their interdependence thus could be modeled to determine if managers use them sequentially, as suggested by Ping (1999). For example, dissatisfied managers might start with passive or active opportunism; if their satisfaction does not improve, they might turn to exit. A study of sequential behavior requires longitudinal data. In contrast, we focus solely on unilateral responses and regard behavioral responses as a decision, made autonomously by one of the parties.

In terms of limitations, we measure behavioral intentions rather than actual behaviors. Intentions are not flawless predictors of behavior, though our approach attempts to assess preferences for using a particular behavioral response and thereby suggests behavioral intentions. Field studies recording purchasing managers' actual behavior could complement our findings. It also might be helpful to investigate managers' destructive behavior across

different phases of the buyer–seller relationship, as suggested by Claycomb and Frankwick (2010), because experience with a partner might generate different assessments of situational factors and their risk.

To conclude, by demonstrating that managers' risk propensity influences preferences for acting opportunistically or exiting the relationship, both directly and interactively with relationship characteristics, our study offers new insights about buyer–seller relationship (risk) management. Relationship outcomes cannot be dissociated from the people who manage them, because managers' risk propensity strongly influences their preferences for acting more or less destructively.

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Table 1: Measurement Model Assessment

Construct	**α**	**ρ_c**	**AVE**	λ_1	$\lambda_1^{crit}\left(p = .001\right)$	λ_2	$\lambda_2^{crit}\left(p = .001\right)$
Exit	.80	.87	.63	2.52	1.31	.60	.96
Passive opportunism	.72	.82	.47	2.37	1.35	.83	.99
Active opportunism	.77	.85	.59	2.38	1.31	.66	.96
Risk propensity	.75	.83	.56	2.29	1.31	.77	.96
Economic dissatisfaction	.67	.80	.50	2.03	1.31	.75	.96
Social dissatisfaction	.77	.85	.59	2.37	1.31	.66	.96

Notes: n = 262. Reliability and unidimensionality of reflective constructs; first and second eigenvalues and respective critical values are based on 1,000,000 permutations (Sahmer *et al.*, 2006).

Table 2: Descriptive Statistics and Correlations

Variables	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1. Exit	2.40	1.14	**.79**													
2. Passive opportunism	2.29	.96	.57	**.69**												
3. Active opportunism	2.43	1.13	.32	.46	**.77**											
4. Economic dissatisfaction	3.30	1.36	.32	.36	.23	**.71**										
5. Social dissatisfaction	2.25	1.29	.50	.42	.32	.40	**.77**									
6. Risk propensity	3.94	1.14	.22	.21	.26	.06	.20	**.75**								
7. Firm size (log empl.)	5.11	2.38	.05	−.08	.01	.05	.00	−.02								
8. Firm's relative power	4.06	1.55	.06	−.05	.15	.00	−.11	.01	.15							
9. Alliance duration (log)	1.75	.74	−.01	.10	.02	−.13	−.02	−.01	−.09	−.10						
10. Rel.-specific investments	4.92	1.31	.02	−.12	.04	−.15	.05	.07	.06	.07	.01					
11. Alternative availability	4.20	1.09	.37	.25	.23	.21	.37	.13	.06	.12	.02	.10				
12. Long-term orientation	5.37	1.54	−.02	−.25	−.14	−.07	−.04	−.01	.01	.07	−.08	.09	.02			
13. Experience	2.86	1.53	.16	.09	.10	.25	.11	.00	−.13	−.06	−.11	−.03	.01	−.07		
14. Social desirability	7.70	1.49	−.13	−.10	−.18	−.09	−.04	−.16	−.02	.03	−.06	−.02	−.16	−.03	−.05	
15. Marker	5.63	1.21	−.03	−.16	−.05	−.27	−.08	.03	.00	−.02	.09	.01	.09	.05	−.14	.06

Notes: $n = 262$. Correlations $r > |.12|$ are significant at $p < .05$. Square root of the AVE appears in bold on the diagonal.

Table 3: Structural Model Results

	Independent variable (IV)	DV: Exit						DV: Passive Opportunism						DV: Active Opportunism					
		Model 1		Model 2		Model 3		Model 1		Model 2		Model 3		Model 1		Model 2		Model 3	
		β	Sig.	β	Sig.	β	Sig.	β	Sig.	β	Sig.	β	Sig.	β	Sig.	β	Sig.	β	Sig.
Control Variables	Alliance duration (log)	−.01	n.s.	.02	n.s.	−.00	n.s.	.09	°	.11	**	.09	*	.04	n.s.	.05	n.s.	.03	n.s.
	Alternative availability	.15	*	.14	**	.13	*	.15	*	.15	**	.16	**	.05	n.s.	.04	n.s.	.04	n.s.
	Experience	.18	**	.11	*	.12	*	.06	n.s.	−.01	n.s.	.01	n.s.	.11	*	.06	n.s.	.08	n.s.
	Long-term orientation	−.03	n.s.	.00	n.s.	.02	n.s.	−.23	***	−.21	***	−.18	***	−.16	**	−.13	**	−.11	*
	Firm's relative power	.05	n.s.	.09	°	.11	*	−.04	n.s.	−.00	n.s.	.02	n.s.	.17	**	.19	**	.21	***
	Marker	−.02	n.s.	.01	n.s.	.04	n.s.	−.16	**	−.11	*	−.09	*	−.01	n.s.	.00	n.s.	.02	n.s.
	Social desirability	−.11	*	−.07	°	−.07	°	−.08	n.s.	−.03	n.s.	−.04	n.s.	−.19	***	−.14	**	−.15	**
	Firm size (log employees)	.06	n.s.	.05	n.s.	.05	n.s.	−.05	n.s.	−.07	°	−.08	*	.01	n.s.	−.01	n.s.	−.02	n.s.
	Rel. specific investments	−.01	n.s.	−.05	n.s.	−.03	n.s.	−.02	n.s.	−.04	n.s.	.00	n.s.	.05	n.s.	−.01	n.s.	.03	n.s.
Direct Effects	Risk propensity			.13	**	.12	*			.13	**	.11	*			.18	***	.17	**
	Economic dissatisfaction			.12	*	.11	*			.22	***	.21	***			.09	°	.08	n.s.
	Social dissatisfaction			.42	***	.44	***			.30	***	.33	***			.27	***	.30	***
Moderating Effect	Risk propensity × Economic dissatisfaction					−.05	n.s.					−.23	*					−.20	*
	Risk propensity × Social dissatisfaction					.20	*					.19	*					.19	*
		Model Fit		Model Fit		Model Fit		Model Fit		Model Fit		Model Fit		Model Fit		Model Fit		Model Fit	
	R^2	.07		.33		.36		.13		.34		.40		.10		.24		.29	
	Adjusted R^2	.04	***	.30	***	.33	***	.10	***	.31	***	.36	***	.07	***	.21	***	.25	***
	Δ adjusted R^2			.26	***	.03	*			.21	***	.05	**			.14	***	.04	*

Notes: $n = 262$.
*** $p < 0.001$; ** $p < 0.010$; * $p < 0.050$; ° $p < 0.100$, one-sided test; n.s. not significant

Figure 1: Conceptual Model

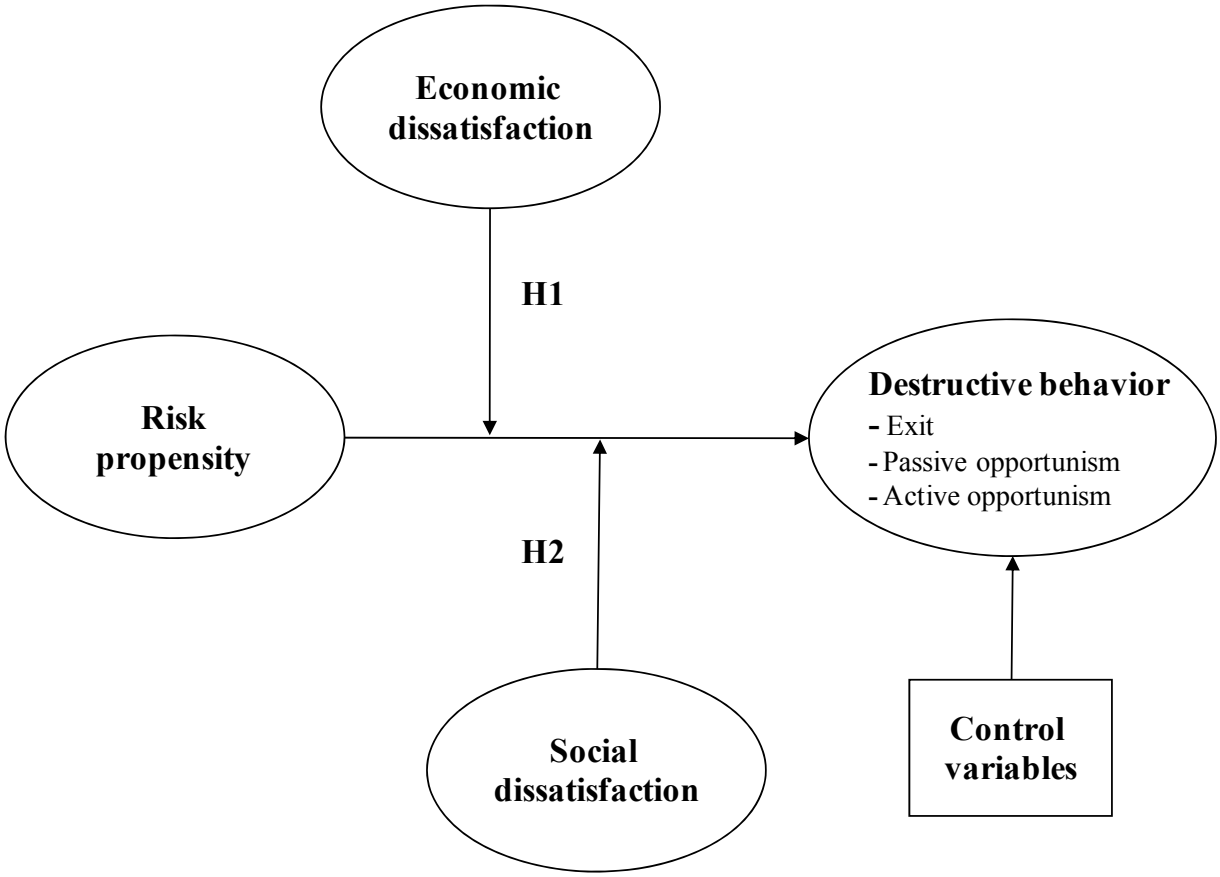
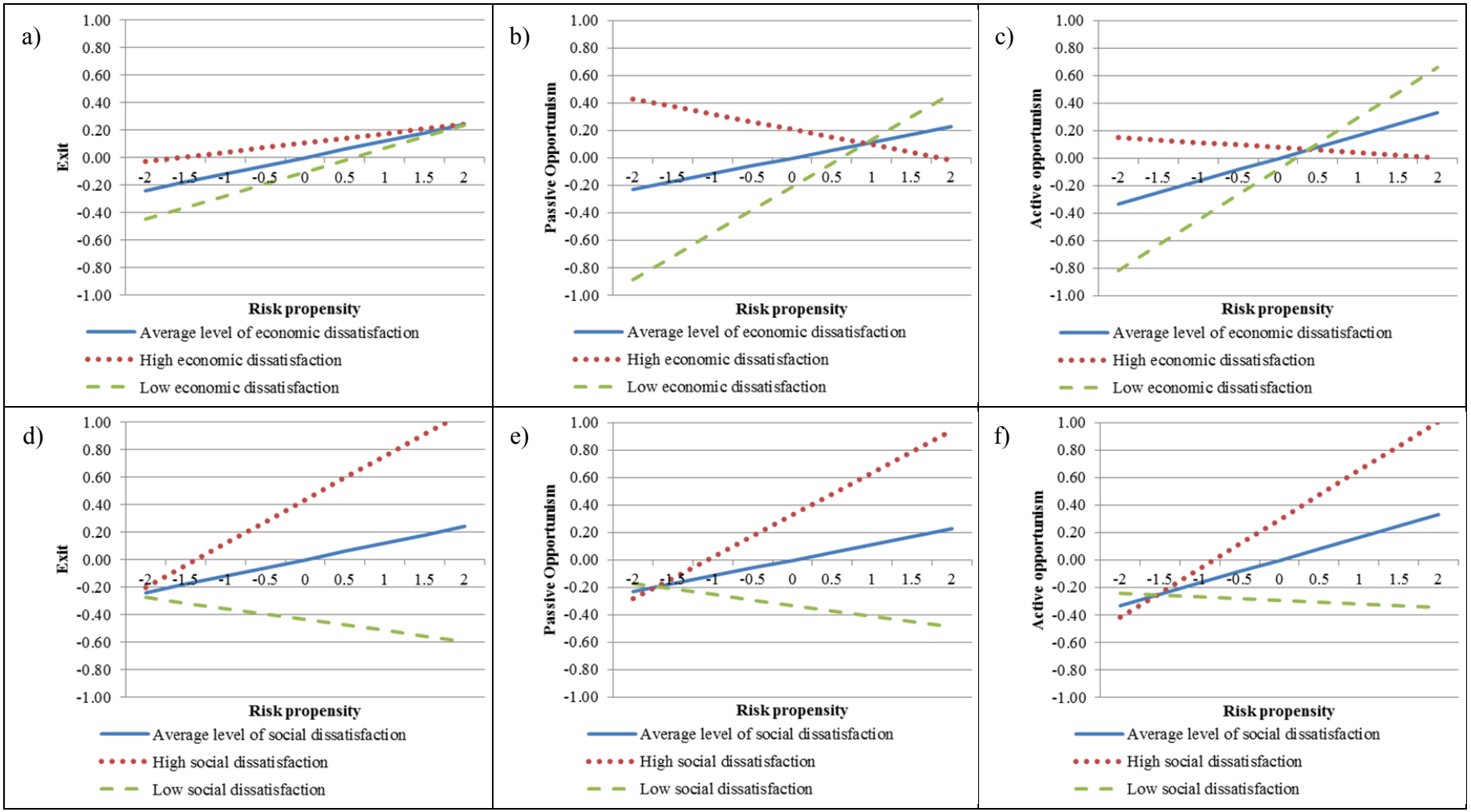


Figure 2: Interaction Effects



Appendix: Measurement Items and Standardized Loadings

Indicators	Standardized PLS Loadings
Dependent variables	
Exit (based on Geyskens and Steenkamp 2000; Ping 1999)	
I think that I will probably stop doing business with this supplier	.74
I am not likely to continue the alliance with this supplier	.85
I believe that I will terminate the relationship with this supplier	.75
I have the intention to exit the relationship with this supplier	.82
Passive opportunism (based on Ping 1993)	
I do not plan anything extra to solve the situation with this supplier	.65
I will not initiate anything to improve the situation with this supplier	.66
I will not deal with the situation	.69
I do not intent to put any effort in the relationship with this supplier to improve the situation	.73
I will not put any more resources (time and money) into the relationship with this supplier	.71
Active opportunism (based on John (1984); Ping (1993))	
I will purposefully exaggerate the situation in order to get additional benefits	.70
I will change the facts slightly in order to get what I need from my partner.	.75
I will describe the situation as negatively as possible to this partner in order to gain additional benefits	.80
I will deliberately make the situation sound more problematic than it really is to obtain more benefits from the relationship with this partner	.82
Independent variables	
Risk propensity (based on Jaworski and Kohli 1993)	
I believe that higher risks are worth taking for higher rewards	.60
I accept occasional failures as being normal	.64
I like to take big risks	.89
I encourage the development of risky strategies, knowing that some of them will fail	.83
Economic dissatisfaction (based on Geyskens and Steenkamp 2000; Tjemkes and Furrer 2010)	
The relationship with this partner has provided my firm with profits (r)	.69
Overall, the performance of this alliance is very satisfactory (r)	.75
This alliance has realized the goals my firm set out to achieve (r)	.72
The relationship with this partner is very attractive with respect to efficiency (r)	.67
Social dissatisfaction (based on Geyskens and Steenkamp 2000; Tjemkes and Furrer 2010)	
This partner only expresses negative criticism about my firm	.71
This partner leaves my firm in the dark about things my firm ought to know	.78
This partner refuses to explain the reasons for its policies	.81
The working relationship between my firm and this partner is characterized by feelings of hostility	.78

Notes: n = 262; (r) = reversed item.