ABSTRACT

Using scenario-based role-playing experiments, this study examines the interplay between organizational level control mechanisms and agent level characteristics among buyers and suppliers. Both factors contribute to the perceptual differences between the supplier’s perception of the buyer’s behavior and the buyer’s stated behavior when facing the same supply labor disruption event.

KEYWORDS: Buyer-supplier relationship, Perceptual difference, Agent characteristics

INTRODUCTION

The topic of buyer-supplier relationships between two firms has long attracted academic researchers. A buyer-supplier relationship is unique as it involves multiple levels: on one hand, the words “buyer” and “supplier” are personified but reflect a buying firm and a supplying firm, not two individual persons. On the other hand, while a buyer-supplier relationship involves two firms, it is individual agents who act on behalf of their firms. This reflects individual agents’ micro-level behaviors have binding effects for macro-level relational outcomes. While much of the existing literature tends to overlook the micro- vs. macro-level differentiation, more recent studies have started to become more specific regarding the level of analysis and conceptualized some importance of variables at multiple levels. For example, commitment has been evaluated by the “buyer’s perception of the selling firm’s commitment” (firm-to-firm level), and by the “buyer’s perception of the salesperson’s commitment” (firm-to-person level) (Rutherford et al. 2008). Moreover, the effect of a micro-level factor on the dependent variable can be influenced by a macro-level variable, or vice versa. Rutherford et al.’s (2008) study, as an example, shows that the relative importance of person-level vs. firm-level variables is contingent on the buying firm’s sourcing policy (a firm-level variable). Thus, studies that incorporate multilevel factors can add to our understanding of buyer-supplier relationships.

In this study, we examine (1) agents’ personality traits from both the buyer’s and supplier’s sides, and the effects of personality traits on relational outcomes after controlling for macro-level factors; and (2) whether there are differences between the buyer’s stated behaviors (regarding relational outcomes) and the supplier’s perceived buyer behaviors. That is, our study concerns
micro-level variables and their effects on outcomes at the macro-level. We focus on two long-studied relational outcomes as the macro-level dependent variables: opportunism and compliance in this study. Literature suggests that the discrepancy between an exchange partner’s opportunistic behavior and the focal firm’s expectations creates incoherence and uncertainty, which in turn, threatens relationship continuity. Such an effect is particularly devastating when the behavior is worse than expected (Wang et al. 2010). Thus, examining the discrepancy within a dyad, our contribution is twofold. First, despite the long interest in the topic of buyer-supplier relationships, there is a paucity of studies focusing on the effects of personality traits on relational outcomes. There are even fewer studies examining the effects simultaneously on both buyers and suppliers, despite the fact that many studies have shown that two sides of a buyer-supplier dyad often have divergent views (Ellram and Hendrick 1995; Forker and Stannack 2000; Ambrose, Marshall and Lynch 2010; Geiger et al. 2012; Nyaga, Whipple, and Lynch 2010). Using a scenario-based experiment, we develop matched experiment vignettes and collect data from both sides of a buyer-supplier dyad. Our study explores the combination of firm-level and agent-level characteristics for reducing or widening the perceptual gaps, providing both buyers and suppliers new insights regarding relationship management.

LITERATURE REVIEW

To manage the relationship between buyer and supplier, organizations usually rely on dyad-level relational governance mechanisms such as formal contracts, trust-based exchanged or the exercise of power as a form of control (Cannon et al., 2010; Wathne and Heide, 2000). Prior studies found that relational control mechanisms at the dyad-level such as the extent of a buyer’s dependency on the supplier and relational norms between exchanged partners are associated with several relational outcomes (Joshi and Arnold, 1997). Studies have shown that a high level of relational norms and a buyer’s dependence on a supplier can reduce opportunistic behaviors among suppliers and buyers (Joshi and Arnold, 1997; Wathne and Heide, 2000). Empirical evidence also supports that both relational norms and dependence are positively associated with a buyer’s compliance of a supplier’s requests (Hung et al., 2009). However, individual professionals in buyer and supplier firms often act as decision-making agents in a variety of issues regarding supplier-buyer relationships. Relying solely on relational governance mechanisms at the dyad level implicitly assumes that the agents will act on behalf of their organizations and make rational decisions aligned with the dyad-level control mechanisms. For example, when negotiating contracts or resolving conflicts, purchasing managers will base their decisions solely on factors such as the extent of trust between a buyer and supplier. However, prior studies in operations and supply chain management indicate that human agents’ personal characteristics also impact operational outcomes. For example, purchasing professionals’ personal traits have been found to affect sourcing decisions and the effectiveness of the purchasing function (Faes et al., 2001). Even in long-term relationships, decision-making agents can still behave opportunistically (Anderson and Jap, 2005). Besides, the buyer and supplier agents are usually involved in multiple information sharing and problem solving activities in an exchanged relationship. The personal relationship developed through multiple contacts between agents could serve as a foundation to generate or reduce trust between buyer and supplier (Zaheer et al. 1998). In the marketing literature, studies have indicated that the continuance of existing relationships relies on the cooperativeness of sales agents (Weitz and Bradford, 1999). Further, agents’ personal traits could not only affect existing relationships but also hinder or foster the formation of relationships. The movement towards a partnering relationship with suppliers among U.S. automakers in the late 1980 was largely hindered by individual purchasing agents continually exhibiting opportunistic behaviors toward
their suppliers (Kanter 1989; Lyons et al. 1990). In a sense, dyad-level factors act as control mechanisms at the firm level for managing the buyer-supplier relationship. Although they are embedded in higher level control mechanisms, we posit that the decision-making agents’ individual characteristics can play an important role in affecting relational outcomes.

THEORETICAL DEVELOPMENT

Supply Disruptions and Conflict Management Style

Supply disruptions can manifest in different forms such as production and shipment delays caused by labor strikes or accidents at the supplier’s sites. Intentional events such as sabotage or small-likelihood events such as natural disasters can all cause disruptions on the supply side. Supply disruptions can interrupt the flow of materials in a supply chain and hinder the delivery of products to customers. Supply disruptions also create a mismatch between supply and demand, thereby exposing both buyers and suppliers to operational and financial risks. Prior studies also demonstrate significant negative financial impacts of supply disruptions. As a result, the risks caused by supply disruptions could create conflicts between buyers and suppliers. Both parties may experience disagreements about the aftermath of supply disruption incidents and decide to behave differently. In addition, decision-making individuals within the buyer and supplier firms might deal with the conflict situations differently due to their personal conflict management styles. Research has indicated that there are different conflict management styles among individuals. Thomas (1976) examines the conflicts in buyer-supplier relationships and presents a model which categorizes conflict management behaviors in terms of two generic dimensions: cooperativeness and assertiveness. In general, cooperativeness is the desire to satisfy others’ concerns and assertiveness is the desire to satisfy one’s own concerns. Since individual behaviors are influenced by personality traits, different styles of conflict management behaviors could be viewed as a realization of different personality traits.

Agents’ Conflict Management Styles and Opportunism Decisions

Among the many conflict management behaviors that can influence the decision making process, we focus on two distinct characteristics: accommodating and competing, which are especially relevant to the relational outcomes (e.g. opportunism and compliance) in this study. According to Thomas (1976), accommodating represents a specific conflict management style that is cooperative and non-assertive, while competing represents a conflict management style that is non-cooperative and assertive. That is, accommodating and competing occupy the opposite ends of the assertiveness-cooperativeness spectrum. A competing individual has high concern for self and low concern for others when resolving a conflict. A competing individual might focus on winning his or her own objective, often ignoring the needs of the other party. A competing individual ends up “standing up for one’s rights and / or defending a position that the party believes to be correct” (Rahim 1994; p.6). In contrast, an accommodating individual is “attempting to play down the differences and emphasizing similarities to satisfy the concerns of the other party. It may take the form of self-sacrifice, selfless generosity, charity, or obedience to another person’s wishes” (Rahim 1994; p.6).

The conflict negotiation literature identifies agent cooperativeness as a key characteristic for conflict resolutions (Butler, 1999; Volkema and Bergmann, 1995). According to Wilmot and Hocker (2001), cooperative individuals tend to be motivated more by a concern for others than by their own self-interest. A highly cooperative agent might be more willing to engage in accommodating behaviors in a buyer-supplier exchange context. Prior studies show that these
behaviors include facilitating communication, information sharing, and supporting joint problem solving in conflicts negotiation (Weitz and Bradford, 1999). Benevolent behaviors are also viewed as a control mechanism that reduce the likelihood of opportunism in a buyer-supplier relationship (Jap, 2001). As a result, we posit that, from a buyer’s perspective, accommodating buyers might act in supportive and considerate manners and be less inclined to engage in opportunistic behaviors to take advantage of supply disruptions.

H1a: A buyer agent’s extent of accommodating is negatively associated with the level of buyer opportunism after controlling for dyad-level factors

Competing behavior, on the other hand, is the opposite of accommodating behavior. As aforementioned, assertive and non-cooperative individuals tend to exhibit competing behavior in managing conflicts. According to Wilmot and Hocker (2001), assertive agents express a greater concern for oneself. Highly assertive individuals tend to be more competitive, stand up for themselves, and openly confront others in disagreement. Since assertive individuals tend to act on their best interests, we assert that assertive decision-making buyers are more likely to take advantage of the supply disruption and exhibit opportunism behavior even after considering dyad-level factors.

H1b: A buyer agent’s extent of competing behavior is positively associated with the level of buyer opportunism after controlling for dyad-level factors

However, from a supplier’s perspective, the relationship between a supplier agent’s individual traits and a supplier’s perception of a buyer’s behavior in managing conflicts is not clear. Previous studies mostly take a buyer’s point of view when examining relationship issues (e.g. Josh & Arnold 1997, 1998; Tangpong & Ro, 2009). Very few studies consider the differences between a buyer and supplier or take a suppliers’ perspective (Geiger et al., 2012; Nyaga, Whipple, & Lynch, 2010). Even fewer studies consider a supplier’s perception of a buyer’s behavior. For suppliers, buyers are the customers and represent the source of revenue. Suppliers in general would like to mitigate any negative impacts of the supply disruptions in order to avoid losing the existing revenue source. We posit that the role difference results in suppliers being in a relatively passive situation and are more constrained by the relational control mechanisms of the existing supplier-buyer relationship. As a result, although individual supplier agents are likely to have their preferred conflict management styles that reflects their personality traits, the influence may be limited by macro-level factors. Furthermore, supplier agents’ perceptions might also be influenced by the false consensus bias (Ross, Greene, & House, 1977) which describes a phenomenon that people tend to assume that their own perspective and beliefs are shared among other people. The false consensus bias typically leads to overestimation of agreement.

Taken together, we assert that the supplier’s perception of the buyer’s behavior is mostly influenced by dyad-level factors. Nonetheless, from a supplier agent’s perspective, deciding that the buyer will not behave opportunistically incurs the least cognitive loss to the supplier, which represents a favorable outcome. Decision makers tend to be risk averse and prefer to avoid the short-term loss instead of favoring the long-term gain when making decisions (Kahneman, Slovic, & Tversky, 1982). The false consensus bias might further strengthen this belief for accommodating suppliers since they expect that the buyer is equally concerned about the distressed situation and favor the perception that the buyer will not behave opportunistically. As a result, accommodating suppliers might tend to believe that the level of buyer opportunism is low after considering dyad-level factors. On the other hand, the effect is not obvious for
competing suppliers. They might expect that buyers are equally competing as they are, which will lead them to prefer a perception that the buyer will behave opportunistically. But this conclusion incurs a higher cognitive loss to the supplier, which individuals also prefer to avoid. As a result, competing supplier agents are more likely to resort to dyad-level factors for their decisions, which essentially takes away the burden from them.

In summary, we assert that accommodating suppliers will put more weight on individual level factors and tend to perceive that the buyer will not behave opportunistically. In contrast, the competing suppliers would put more weight on dyad-level factors when assessing buyers’ responses of supply disruption, which renders the individual level factors less influential in the decision making process. The above arguments lead to the following two hypotheses.

H2a: A supplier agent’s extent of accommodating behavior is negatively associated with the supplier’s perception of buyer’s opportunism after controlling for dyad-level factors.
H2b: A supplier agent’s extent of competing behavior is not associated with the supplier’s perception of buyer’s opportunism after controlling for dyad-level factors

Agents’ Conflict Management Styles and Compliance Decisions

A buyer’s compliance decision is the extent of the buyer agreeing to a supplier’s request regarding relationship continuance despite incurring potential costs upon the agreement. Complying or not with requests of relationship continuance is a critical decision for buyers under the event of a supply side disruption. Buyers that make specific investments in suppliers or are highly dependent on suppliers are expected to comply more readily with a supplier’s requests (Heide and John 1990). Unlike buyer opportunism, which could occur when an individual agent decides to act selfishly on his or her own behalf for benefits, the compliance decision mainly affects outcomes at the dyad-level such as the existence of a buyer-supplier relationship. Therefore, we posit that the individual agents are more likely to base more on the existing relational control mechanisms rather than individual styles when buying agents making the compliance decision. Even though an accommodating buyer might prefer to be considerate to a supplier’s distressed situation and comply with their requests, or a competing buyer might prefer not to comply with the continuance request, we assert that the complying decision is mainly influenced by the existing relationship characteristics. Since anchoring mainly on dyad-level factors to make decisions is easier to justify and more risk averse, buying agents may prefer to avoid tying involving individual preferences into the decision making process especially when the stakes are high. Therefore, we contend that individual conflict management styles will have no influence on buyers’ decisions after considering dyad-level factors.

H3a: A buyer agent’s extent of accommodating behavior is not associated with the level of buyer compliance after controlling for dyad-level factors
H3b: A buyer agent’s extent of competing behavior is not associated with buyer compliance after controlling for dyad-level factors

Following previous arguments from a supplier’s perspective, we contend that a supplier’s perception of a buyer’s compliance is also mainly influenced by dyad-level factors. Nonetheless, for a supplier, the best outcome after supply disruptions is that the buyer complies with its request and decides to continue the relationship even though the buyer may incur a short-term loss. Again, the perception that the buyer will comply with supplier’s requests results in the least cognitive loss to the supplier agents. In a sense, supplier agents are motivated to
believe that the buyers will be concerned about their situation and comply with their request. As a result, similar to the previous arguments regarding a supplier agent’s perception of a buyer’s opportunism behavior, an accommodating supplier again is more susceptible to the false consensus bias and more likely to conclude that the buyer will comply with the requests even after considering the dyad-level factors. This reasoning suggest the following hypotheses.

H4a: A supplier agent’s extent of accommodating behavior is positively associated with the supplier’s perception of buyer’s compliance after controlling for dyad-level factors.

H4b: A supplier agent’s extent of competing behavior is not associated with the supplier’s perception of buyer’s compliance after controlling for dyad-level factors.

RESEARCH DESIGN AND METHODOLOGY

Overview

To explore the effect of agent characteristics and its potential differences in effects on both sides of a buyer-supplier dyad, we design a between-subjects matched-scenario experiment to collect data from both the buyer and supplier sides. The context of buyer-supplier relationships suits itself well to the use of experiments (Eckerd and Bendoly 2011; Rungtusanatham, Wallin, and Eckerd 2011; Stevens 2011). Also, there are three other advantages to this methodological approach. First, the scenario-based experiment design enables researchers to collect data without suffering from potential retrospective bias and/or memory loss (Wathne, Biong, and Heide 2001). Second, use of a matched-scenarios experiment facilitates data collection of the same event from both sides without potential violation of the independence assumption, a key assumption common to most statistical analyses (Kenny, Kashy and Cook 2006). Third, use of the scenario-based experiment can control for other effects that may have effects (such as dependence, relational norms) but beyond the focus of this study such that we can focus on the agent characteristics and its different effects on a buyer vs. a supplier situation.

Design

We adopt a full factorial design approach in this paper. We manipulate three factors, with each factor having two levels, resulting in a total of eight versions. The first two factors, relational norms and dependence, are dyad-level factors that we wish to control for; each factor is manipulated as either high or low. The third factor is the perspective of the matched-scenarios that participants are assigned to—either the buyer’s or the supplier’s. The combinations of these two relationship-level factors result in four letter subscripted versions, with two matched scenarios (“S” to denote a supplier version, or “B” to denote a buyer version) for each of the four letter subscripted versions: I (high on both factors), J (high on relational norms and low on dependence), K (low on relational norms and high on dependence), and L (low on both factors).

Variables

There are two pairs of dependent variables in our data collection: opportunism and compliance. For each pair, data from both sides are collected. Specifically, data of the revealed buyer opportunism (buyer side) are collected by having participants answering three questions; data of the supplier’s perceived buyer opportunism (supplier side) are also collected using mirrored questions. Similarly, data of both the revealed buyer compliance (buyer side, three questions) and the supplier’s perceived buyer compliance (supplier side, three mirrored questions) are also
collected by having participants answering four questions. As an example, one of the questions to assess buyer compliance asked the question “I would hang in there and wait for the labor dispute to be resolved.” In supplier versions, the mirrored question asked “I would expect the manufacturer to patiently wait for my company’s performance to return to its original level.”

As for the independent variables, the two agent characteristics of interest are competing and accommodating. The individual characteristics constructs used in this study originated from the widely used Thomas-Kilmann Conflict Model Instrument (Kilmann and Thomas, 1977). Following Tangpong et al. (2009), we adapted the instruments developed by Cloninger et al. (1993). Consistent with previous studies, the Cronbach’s alpha scores for competing and accommodating were 0.63 and 0.60. The overall fit statistics of confirmatory factor analysis (CFA) for the independent variables (χ2/df=1.58, TLI=0.949, CFI=0.96, RMSEA=0.047) were all above the recommended standards (Hu and Bentler, 1995). The factor loadings are significant and exceed the normally accepted level of 0.4 (Nunnally, 1978). The discriminate validity is demonstrated by the significant χ2 difference (∆χ2 = 85.37, p<0.01) between the constrained model and unconstrained model (Bagozzi and Yi, 1994). All items are measured on a 7-point Likert scale with 7 (strongly agree) and 1 (strongly disagree) as the two end points.

Sample

Several experimental studies in operations management have used undergraduate student participants (i.e., Kremer, Minner, and van Wassenhove 2010; Loch and Wu 2008). Our study’s sample consists of 273 students from two Midwestern universities, including 162 (upper divisions of undergraduate students) and 108 graduate business students who are also working professionals with 3 participants not providing related information. The literature provides support for the use of students as subjects (Heisler and Gemmill 1978). Student samples are considered appropriate because of “the similarity of students’ and managers’ …is striking.” (Montmarquette et al. 2004: 1388). Moreover, well-designed experiments should allow “test whether …humans react in a predictable manner to controlled stimuli” (Bendoly et al. 2006:739). Finally, the appropriateness of using student samples is context dependent. To assess whether context-specific experience/knowledge presents a threat to the validity of our experiment, we do two things. First, we limit our participants to supply chain management major students in upper division courses to ensure knowledge of background information. Second, for the 255 participants who provided information regarding their working experience, we compare a subset of the data provided by working professionals (n=244) to the remaining data provided by those who have had no experience (n=11). Not surprisingly and similar to Montmarquette et al. (2004), we found no significant difference for each of the two dependent variables, p=0.877 (DV=compliance) and 0.400 (DV=opportunism). Likewise, we found no significant difference for each of the two dependent variables, p=0.347 (DV=compliance) and 0.247 (DV=opportunism), if we consider purchasing-related work experience only. This provides evidence that work experience (or lack thereof), including context-specific work experience or work experience in general, does not present a threat to our results.

Experimental Checks

We perform manipulation checks, and the results ensure us that participants perceived the experimental manipulations as intended: the perceived averaged relational norms in the high relational norms condition is significantly higher than that in the low relational norms condition (5.367 vs. 2.800, p<0.001). Likewise, the reported averaged dependence for the high dependence condition is significantly higher than that for the low dependence condition (5.453 vs. 3.182, p<0.001).
We also assess the orthogonality of the manipulations. In alignment with our expectation, the averaged relational norms by those assigned to the high dependence condition revealed no significant difference from those assigned to the low dependence condition (4.261 vs. 4.026, p=0.267). Similarly, the averaged dependence reported by participants in the high vs. low relational norms conditions were not statistically different (4.448 vs. 4.200, p=0.264).

DATA ANALYSIS AND RESULTS

The hierarchical linear regression approach is used to test our hypotheses. Following the recommendations of Petrocelli, the control variables were entered first into the regression model followed by the individual characteristics variables. We report the robust standards errors to account for heteroskedasticity in the models. Table 1 displays the regression results with opportunism as dependent variable from both the buyer and supplier perspectives. Models 1 and 2 are used to test H1. Consistent with previous research, Model 1 demonstrates that a high level of relational norms helps reduce the buyer’s intention of opportunism. Model 2 suggests that the competing characteristic is positively associated with the buyer’s stated level of opportunism (b=0.474, p<0.05) and accommodating has no significant effect after controlling for dyad-level factors. Together, the results do not support H1a and provide support for H1b. Models 2 and 3 are used to test H2. Model 2 demonstrates that a high level of relational norms also helps reduce the supplier’s perception of the buyer’s level of opportunism. Suppliers in a trusting relationship seem to view their buyers as not tending to take advantage of them. In terms of individual characteristics, Model 4 suggests that neither competing nor accommodating characteristics is associated with the buyer’s stated level of opportunism after controlling for dyad-level factors. That is, the supplier’s perception of the buyer’s level of opportunism relied more on dyad-level factors than on individual characteristics, which supports our arguments on H2a and H2b.

Table 1a: Regression results for opportunism

<table>
<thead>
<tr>
<th>Dependent variable: opportunism</th>
<th>Buyer’s stated level of opportunism</th>
<th>Supplier’s perception of buyer’s level of opportunism</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2 (H1)</td>
</tr>
<tr>
<td><strong>Control variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependence</td>
<td>0.200</td>
<td>0.250</td>
</tr>
<tr>
<td>Relational norms</td>
<td>-0.573**</td>
<td>-0.537**</td>
</tr>
<tr>
<td>Campus</td>
<td>0.053</td>
<td>0.053</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.135</td>
<td>-0.163</td>
</tr>
<tr>
<td><strong>Independent variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodating</td>
<td></td>
<td>-0.086 (H1a)</td>
</tr>
<tr>
<td>Competing</td>
<td></td>
<td>0.474* (H1b)</td>
</tr>
<tr>
<td>R square</td>
<td>0.08</td>
<td>0.14</td>
</tr>
<tr>
<td>N</td>
<td>119</td>
<td>119</td>
</tr>
</tbody>
</table>

Note: Standardized regression coefficients
† p<.1, * p<.05, ** p<.01, *** p<.001

Table 1b displays the regression results with compliance as a dependent variable from both the buyer and supplier perspectives. Models 5 and 6 are used to test H3. Similar to findings from...
previous research, both a high level of relational norms and power dependency help increase the buyer’s willingness to comply with the suppliers’ requests in Model 5. Model 6 suggests that both individual characteristics are not associated with the buyer’s stated level of compliance after controlling for dyad-level factors. Together, the results support H3a and H3b. Finally, Models 7 and 8 are used to test H4. Model 7 demonstrates that both dyad-level factors have positive effects on the supplier’s perception of the buyer’s level of compliance. Similar to previous research findings, suppliers tend to think that buyers will comply to their requests when buyers depend on the suppliers and there exists mutual trust. Model 8 suggests that an accommodating characteristic is positively associated with the buyer’s stated level of compliance \((b=0.331, p<0.05)\) and competing has no significant effect after controlling for dyad-level factors. That is, an accommodating supplier may tend to think that the buyer will also be accommodating and comply with requests. Together, the results support both H4a and H4b.

Table 1b: Regression results for Compliance

<table>
<thead>
<tr>
<th>Dependent variable: compliance</th>
<th>Buyer’s stated level of compliance</th>
<th>Supplier’s perception of buyer’s level of compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 5</td>
<td>Model 6 (H3)</td>
</tr>
<tr>
<td>Control variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependence</td>
<td>0.530***</td>
<td>0.507**</td>
</tr>
<tr>
<td>Relational norms</td>
<td>1.085***</td>
<td>1.040**</td>
</tr>
<tr>
<td>Campus</td>
<td>-0.662***</td>
<td>-0.649**</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.009</td>
<td>0.000</td>
</tr>
<tr>
<td>Independent variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodating</td>
<td></td>
<td>0.197 (H3a)</td>
</tr>
<tr>
<td>Competing</td>
<td></td>
<td>-0.170 (H3b)</td>
</tr>
</tbody>
</table>

R square | 0.44  | 0.46  | 0.25  | 0.28  |
N        | 119   | 119   | 148   | 148   |

Note: Standardized regression coefficients
† \(p<.1\), * \(p<.05\), ** \(p<.01\), *** \(p<.001\)

**DISCUSSION**

Based on the results of our study, we have found that Hypothesis 1a is not supported. Initially, we found that individual factors were significant by removing the presence of higher level factors. But this significance disappeared after adding in dyad-level factors.

Our results indicate that highly cooperative (i.e. accommodating) buyer agents have no influence on the buyer’s likelihood to act opportunistically. By combining the results of Hypotheses 1a and 1b, it would seem that the decision making of accommodating buyer agents tends to be governed by existing rules and policies. Competing buyer agents, on the other hand, are apparently more influenced by their own personal traits when considering an opportunistic decision.

Our results also indicate that managerial agents, at least within the context of our study, act more in accordance with bounded rationality than as completely rational agents. Behavioral agent characteristics still influence agent decision making in certain situations. The individual characteristics of supplier agents seem to increase the extent of ‘wishful thinking’ on the part of
the supplier, whereas individual characteristics of buyer agents could allow them to take advantage of the supplier.

The gap between the perceived likelihood of opportunism within a buyer-supplier dyad is greatest when a competing buyer agent is paired with an accommodating supplier agent. In this situation, the supplier agent may significantly underestimate the likelihood of the buyer acting opportunistically and likely misjudge the buyer’s opportunistic behavior. Based on our results, a supplier firm can only rely on firm-level factors to reduce any potential perceived opportunism gap.

Managerial Implications: To reduce any perceived opportunism gap, it may behoove supplier firms to employ managerial agents that are less accommodating toward buyer firms to represent their business. In general, accommodating supplier agents can improve the relational norms between buyers and suppliers. However, during a stressor event such as a potential supply disruption, accommodating supplier agents should probably be trained to be less accommodating (more competing) during crisis handling events so as not to fall victim to misperceptions of the buyer’s opportunism and likelihood to comply with supplier requests.

CONCLUSION

Based on our study, we have confirmed that relational norms are effective in reducing buyer opportunism and also in reducing the perceived difference between buyer and supplier regarding opportunism. Relational norms are also effective in motivating compliance between the buyer and supplier.

Suppliers need to beware of competing buyer agents, especially accommodating supplier agents. The greatest gap concerning perceived buyer opportunism occurs between a competing buyer agent and an accommodating supplier agent, making the supplier susceptible to ‘wishful thinking’, believing that the buyer will not act opportunistically to a potential request of delayed delivery when in fact the buyer is likely to engage in opportunism.

For compliance decisions, both relational norms and buyer dependence have significant influence on compliance decisions. Both relational norms and dependence significantly enhance the buyer’s likelihood to comply with the supplier’s request for potentially delayed delivery of components. In addition, both relational norms and dependence significantly enhance the supplier’s perception that the buyer will comply. Our results also lend support to Hypothesis 4a, suggesting that accommodating supplier agents believe that the buyer will comply with their request for a potentially delayed delivery of components.

Future Research: If data is collected from respondents doing business in other geographic regions, might our results be different? For example, in Japan, keiretsu buyer-supplier relationships are extremely binding, creating a sense of joint destiny between the two firms. Occurrences of buyer opportunism might be severely reduced in such a context while occurrences of buyer compliance might be more frequent compared to North American or European counterparts. Future research could survey buyer-supplier dyads in different geographic and cultural contexts.

REFERENCES


