OPPORTUNISTIC BEHAVIOR IN ASYMMETRICAL RELATIONSHIPS

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ABSTRACT

Previous studies in the nature of close business relationships have emphasized the problem of opportunistic behavior. Although opportunism has become an important behavioral assumption in many studies dealing with interorganizational cooperation there appears to exist no general understanding of the circumstances under which opportunistic inclinations will be effectual or ineffectual. This becomes especially evident in situations of asymmetrical relationships. The prediction of transaction cost studies that in small-numbers situations the locked-in party will become a victim of opportunism is challenged by an increasing number of criticism. The purpose of this study is to resolve this contradiction by analyzing the opportunistic inclinations of an actor in a larger context. Instead of dealing with opportunism directly a model of commitment in relationships is used to analyze preconditions and results of opportunism at the same time. It is argued that the indirect an extended analysis of opportunism leads to a much better understanding of opportunism and might allow to distinguish between actors who will behave opportunistic and actors who will not behave opportunistic in asymmetrical relationships. The results of an empirical test suggest that a certain dimension of commitment - attitudinal inputs - does indeed affect the degree of opportunism that will be present in a business relationship.
INTRODUCTION

In an emerging economic environment that favours close and integrated long-term relationships as an economically efficient mode of exchange, the shift towards relational exchanges has led to major changes in marketing practice and marketing theory (Sheth and Parvatiyar 1992). Webster considers the change to be "fundamental" (Webster 1992, p. 1) and Sheth rates the new orientation as a new paradigmatic school of thought. Indeed the changes are so radical that risks have to be taken into consideration that could be neglected under the old regime. The notion of opportunism is of special and increased importance in connection with the current changes. What is of special interest to our study is that the implicit homogeneity assumption underlying the analysis of business exchanges in marketing may not be satisfied any more. As emphasized by Williamson (1975 and 1985) merely to harbor opportunistic inclinations does not necessarily have a negative effect on market transactions. Competition among a large number of homogeneous bidders has long rendered opportunistic behavior economically ineffectual. But now the situation is greatly transformed. The large-numbers situation is changed into a small-numbers condition. In close long-term business relationships the parity among suppliers but also the parity among buyers is upset by the specificity of the existing relationship. It is reasonable to distinguish between in-suppliers and out-suppliers on the supply side and between in-buyers and out-buyers on the demand side. The condition of perfect competition is turned into a condition of bilateral monopoly and all difficulties associated with this situation including the problems of opportunistic behavior now appear. In fact, opportunistic inclinations might well be effectual under the new circumstances.

Opportunism can be characterized as the strongest form of self-interest (Williamson 1985). It extends the generally accepted assumption that actors are guided by considerations of self-interest and includes self-interest seeking with guile such as
lying, stealing, making false and self-disbelieved threats or promises, and cheating. Opportunistic behavior therefore is a troublesome source of behavioral uncertainty. The negative consequences for a principal can be expected to increase further in situations where close cooperation has caused a lock-in effect (Williamson 1985, p. 53) for one of the parties. "Small numbers" or rather asset specificity has been of particular interest to researchers in current studies. Specific assets dedicated to a certain business relationship are nonrecoverable and therefore limit the flexibility of the owner and increase the dependence on the business partner. Especially in cases where opportunism prevails, difficulties for the locked-in party can be expected. Even if the target of opportunistic behavior would discover the other party's unfriendly behavior there might be no way for the principal to end the relationship due to a lack of potential other exchange partners.

This kind of reasoning, however, is less convincing if we use a wider framework for the analysis of opportunism in close business relationships. The concept of commitment offers a framework that includes factors that make opportunistic behavior more likely and factors that make it less likely. It also puts the different determinants of opportunistic behavior in a connection thus giving a much more complete picture. Although the benefits from the division of labour and exchange as described by Adam Smith may be threatened by opportunism they may still be claimed in the presence of formal or informal institutions providing certain governance mechanisms (North 1990).

Opportunism and Commitment

A growing body of research work addresses the role of commitment in structuring exchange relationships (e.g. Anderson and Weitz 1992, Söllner 1993, Morgan and Hunt 1994, Gundlach, Achrol and Mentzer 1995). Although the distinction between commitment and related concepts seems blurred in
some cases and many differences in the conceptualization of commitment still exist, researchers appear to have had developed a common understanding of the concept. Becker (1960, p. 33) described commitment as a tendency to engage in "consistent lines of activity" based on the accumulation of "side bets" that would be lost if the line of activity were discontinued. In the case of interorganizational commitment, the consistent line of activity refers to staying in the business relationship and continuing it. The term "side bet" has been interpreted in different ways by researchers dealing with interorganizational relationships. In most studies the term is used to refer to any kind of investment that would be partly or completely lost if the relationship were to be terminated. Anderson and Weitz (1992) emphasize the role of pledges to build and sustain commitment in distribution channels and point out "stability and sacrifice" as the essence of commitment. Commitment entails a "desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship" (Anderson and Weitz 1992, p. 19). Therefore commitment to a relationship entails more than a consideration of the benefits and costs associated with a relationship. It also emphasizes the stability of the particular relationship (e.g., Becker 1960; Rusbult 1980). Long-term orientation becomes an essential element of commitment to a relationship (e.g., Dwyer, Schurr and Oh 1987). Thus the committed party considers the relationship important and is prepared to invest in the relationship's future (Morgan and Hunt 1994; Plinke 1989). Stability as a main aspect of commitment has strongly been emphasized in recent studies of commitment in business relationships (e.g., Jackson 1985; Dwyer, Shurr and Oh 1987) and in channel relationships (e.g., Anderson and Weitz 1992). Inputs into a relationship are considered to be the most important factor that leads to stability between partners through "tying their hands" (Schelling 1960). I would like to maintain, however, that it is not only the threat of loss of investments that commits an organization to a relationship, but also the threat of loss of
relationship benefits as pointed out by Morgan and Hunt (1994). The twofold character of commitment is best described in the words of Johnson (1982, pp. 52f.): "People stay in relationships for two major reasons: because they want to; and because they have to". In this study a clear distinction is made between relationship inputs and relationship outputs as the two major sources of commitment (Söllner 1993). The model describes commitment as a function of relationship inputs - (1) instrumental inputs and (2) attitudinal inputs - and relationship outputs - (3) relationship satisfaction and (4) performance. It is argued here that all four dimensions are closely connected with the phenomenon of opportunism:

FIGURE 1: The four dimensions of commitment

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1 It has to be noted that although all four dimensions of commitment influence the level of commitment, a certain degree of specific inputs seems to be a necessary precondition for long-term stability since performance and even satisfaction can be subject to quick changes.
Specific instrumental inputs

Gundlach, Achrol and Mentzer (1995) regard the instrumental component of commitment as the result of a purely calculative act. Certain inputs to a relationship are allocated in order to achieve certain goals. The specificity of those inputs results in high switching costs. Once deployed, the inputs must be viewed as an "amount at stake" that can hardly be redeployed to another use. The term quasi-rent is frequently used in this context to describe the potential loss that would occur if specific assets would be redeployed. Specific instrumental inputs may take a variety of forms as Williamson points out (Williamson 1985). They include a company's setup of immobile production units close to the location of a partner to economize on transportation costs ("site specificity"). They also include mobile resources ("physical asset specificity") and know-how ("human asset specificity") or investments in generalized production capacity that have been solely made for the purpose of serving the partner ("dedicated assets"). The results of an empirical test carried out by Anderson and Weitz (1992) suggest that one type of input, idiosyncratic investments, strongly effects the commitment of the parties to the relationship. It is basically the structure of instrumental inputs that researchers have in mind when they distinguish between symmetric and asymmetric commitment. In a dyadic perspective it is possible to distinguish four types of input-structures.
Opportunistic Behavior in Asymmetrical Relationships

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<thead>
<tr>
<th>Firm A's instrumental input</th>
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Table 1: Input-Structure of Commitment

The cases 1 and 4 represent symmetrical input-structures. Both parties are highly committed in case 1 with respect to instrumental inputs whereas the input-driven commitment of both parties is low in case 4. The cases 2 and 3 represent asymmetrical input-structures. In case 2 firm A has invested heavily in instrumental assets but firm B has not. The opposite applies to case 3. According to transaction cost theory cases B and C would be typical situations in which opportunistic behavior could be expected to be rewarding.

Thus, the structure of instrumental inputs has a strong impact on the rationality of opportunism. In other words the structure of specific inputs determines whether opportunistic behavior is effectual or ineffectual. Many researchers seem to agree with the view that the party in the stronger position will use the advantageous position in order to opportunistically exploit the partner. They therefore expect that symmetrical inputs could deepen and stabilize relationships whereas asymmetrical inputs could end up hazardously for the higher committed party in the sense that the other party could opportunistically exploit the partner’s vulnerability (Gundlach, Achrol and Mentzer 1995). Gundlach, Achrol and Mentzer point out that symmetric commitments „align incentives toward parity, whereas disproportionate commitments lead to contrary incentives and motives“ (1995, p. 81). Berry and Parasuraman emphasize that relationships in the service area are built „on the foundation of
mutual commitment“ (1991, p. 139, emphasis added by the author) and Morgan and Hunt maintain that commitment among exchange partners is the key to achieving valuable outcomes for themselves (Morgan and Hunt 1994, p. 23). Anderson and Weitz (1992, p. 20) argue, that asymmetries in commitment „probably result in unsatisfactory relationships because the more committed party is vulnerable to opportunism by the less committed party“. Consequently, where exchange partners commit disproportionately to a relationship, e.g. through specific investments, dependence of the more committed party on the relationship will develop (Heide and John 1992, Heide 1994). The less committed party shows a higher readiness to leave the relationship and might take advantage of the chance to claim more of the exchange surplus by forcing the partner to renegotiate the initial contract (Butler and Baysinger 1983).

Most of the above mentioned researchers speak about asymmetric specific inputs in a relationship when they discuss asymmetrical commitment structures in relationships. Therefore the argument that asymmetrical structures can have a negative effect on the relationship outcome is in accordance with Klein, Crawford and Alchian ’s (1978) proposal that transaction-specific investments (= idiosyncratic investments) create a potential, which can be exploited by the party that has no or less specific assets at stake.

Specific attitudinal inputs

Contrary to the view that asymmetric specific investments will cause opportunistic behavior it is claimed in this study that the analysis of an opportunistic threat must go beyond a mere discussion of the structure of specific inputs into a relationship. A closer look at all dimensions of commitment promises to enhance the understanding of the connection between opportunistic inclinations and negative effects on the relationship.
The second input-related dimension of commitment, specific attitudinal inputs, represents an identification and attachment to a relationship apart from its purely instrumental value (Buchanan 1974). Attitudinal inputs consist of positive attitudes towards the partner, a psychological attachment to the goals of the relationship and to the own function in this relationship (Allen and Meyer 1990; Gundlach, Achrol and Mentzer 1995). Very often these inputs grow in the process of relationship development. They can result in activities such as an open sharing of information but do not represent calculated resource allocations. They rather develop unintentionally over time within a relationship. Most important for our purposes is the fact that high attitudinal inputs in a relationship limit the actors' willingness to act opportunistically. The argument has relevance the spelling out of contracts and for the monitoring of relationships. Although attitudinal inputs are not initially pledged to serve any particular goal, they represent an "amount at stake" within the relationship. An open attitude towards the partner might lead to the disclosure of confidential information and eventually limit the number of a party's strategic options. Furthermore, they might very well contribute to the success of the relationship just as the instrumental inputs are supposed to do. Therefore it is the intention that allows us to distinguish between instrumental and attitudinal inputs and not so much the result.

Performance

Performance represents one of two output-related dimensions of commitment. It describes the perceived contribution of the relationship to the parties' success as compared to relationships or transactions the seller and buyer have outside this particular relationship. A relationship's positive contribution to a firm's goals is what makes a company stay in a relationship "because it wants to".
Emphasizing performance as a major dimension of commitment we are faced with the problem to select a conceptual framework from which to define performance (Dess and Robinson 1984). But even a partial analysis of economic dimensions of performance such as transactions costs, frequently raises the problem of obtaining accurate measures. Obtaining accurate transaction costs data as an economic performance indicator on the business-relationship level would require a modified accounting system altogether. Furthermore it might seem appropriate not to limit performance to a single performance measure. Although transaction cost-theory has proved to be a strong theoretical framework for dealing with different forms of economic coordination, transaction cost-efficiency alone will not sufficiently explain performance in business relationships. Especially in cases where companies are seeking a differentiation advantage transaction cost efficiency will not be the main influence on a management's coordination decision.

A brief look at some other conceptual frameworks doesn't make measuring performance easier as organizational performance turns into a multidimensional phenomenon. All of the three frameworks analysed by Ford and Schellenberg (1982) - Etzioni's (1964) goal approach, the systems resource approach (Yuchtman and Seashore 1967), and the contingency approach (Thompson 1967) - result in complex concepts that are very hard to operationalize (Kirchhoff 1979). The same applies for resource-dependence-theory that has received considerable attention recently: The main purposes of close business relationships according to Pfeffer and Salancik (1978) are stability in order to ensure what they call the company's main objective: longterm survival. To ensure longterm survival a relationship must improve a company's performance in the market by helping the company to successfully navigate the symbiotic and competitive interdependencies (Pfeffer and Nowak 1976) between the company and other actors in the market. Again performance has to be viewed as an extremely complex phenomenon. However, for our purposes it will be sufficient to assume that in the end economic performance is the
final goal of a company and that other performance measures such as good relationships to clients, suppliers or other interest groups, barriers against competitors etc. are merely sub-goals. Although opportunistic behavior will have an influence on a relationship's overall performance it can hardly be interpreted as a major determinant of performance. There are other factors such as new competitors, new technologies, or new customer needs that can be expected to have a stronger effect on performance.

Relationship Satisfaction

The second output-related dimension in our commitment model - relationship satisfaction - will strongly be affected by opportunism. In this study relationship satisfaction is based on a party's relationship outcome relative to the other party's outcome. It deals with the question: who gets which part of the cake? Looking at relationship satisfaction this way, commitment is not only influenced by specific inputs and the absolute performance, but also by a fair distribution of costs and benefits in a relationship: justice matters. Therefore our commitment model suggests that additionally to the „comparison levels“ described by Thibaut and Kelley (1959) - the outcomes one has experienced earlier and one would normally expect (CL) and the outcomes one could realize in alternative exchanges (Clalt) - there is a third comparison level that is the ratio between the own outcome and the outcome realized by the other party in the relationship (Cljust). Again it is possible zu distinguish between situations of symmetric and asymmetric structures with respect to this commitment-dimension. What counts is the subjective perception of each party in the relationship.
Table 2: Output-Structure of Commitment

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Relationship satisfaction will be effected by opportunism much stronger than relationship performance. If for example a manufacturer does not keep his price-promise after the supplier has made site-specific investments, the relationship's overall performance might be unchanged, but the benefits would be redistributed in favour of the manufacturer. In this case the relationship satisfaction of the supplier would most probably be lower than the manufacturer's.

RESEARCH HYPOTHESES

Recapitulating the connection between opportunism and commitment we conclude that the attitudinal inputs have a strong impact on the opportunistic inclinations of the parties in a relationship. The outcome of a relationship - represented by the two output-dimensions in the commitment model - are effected by the existence of opportunism in the relationship. Especially the relationship satisfaction of a party in a relationship will strongly be effected by the partner's opportunistic moves. Although the factors we call attitudinal inputs are an important reason why actors differ in the propensity to act opportunistically in the first place they have been neglected in transaction cost theory.

In the absence of attitudinal inputs asymmetric and specific investments into the relationship might cause problems of the
kind described by Klein, Crawford and Alchian (1978). In this case we would expect the neo-institutionalist view to be correct. The party who is in the "locked-in" position might well become the target of opportunistic exploitation. The following hypothesis is proposed:

H₁: In the absence of attitudinal inputs in a relationship asymmetrical instrumental inputs will have a negative effect on the relationship output for the party that has made the higher investments.

However, if non-trivial attitudinal inputs are existant in a relationship we might come to a different conclusion. Attitudinal inputs might reduce the propensity to act opportunistically all together. Even in a situation of instrumental input-asymmetry the party in the advantageous position will not opportunistically exploit the business partner. Given the fact that the contracts between the parties in a close business relationship are incomplete attitudinal inputs serve as a governance mechanism just as the price mechanism serves as the market's governance mechanism and as authority or fiat serve as a governance mechanism in the case of hierarchy. Thus, the presence of attitudinal inputs from one or both parties in a relationship - shared norms, trust and the mutuality of interests - should prevent negative outcomes in the case of asymmetrical instrumental inputs. Especially the attitudinal inputs of the party with less instrumental inputs can be expected to have a positive effect on the relationship outcome for the party with higher instrumental inputs. Extending transaction cost theory in that opportunism is interpreted not as a discrete phenomenon but rather a gradual characteristic, it is emphasized here that opportunistic threats through asymmetrical instrumental inputs can be offset by attitudinal inputs. A party in a relationship will not take advantage of its partner's vulnerability if the parties in a relationship share the same norms and values.

This view is in accordance with Heide and John's (1992) research in the nature of relational norms and is consistent with
North's definition of an institution: *Institutions*, according to North, are formal or informal constraints devised by humans to shape business transactions, they are the "rules of the game" (North 1990, p. 3). As attitudinal inputs are expected to offset opportunistic inclinations the following hypothesis is proposed:

$H_2$: In the presence of attitudinal inputs in a relationship asymmetrical instrumental inputs will not have a negative effect on the relationship output for the party that has made the higher investments.

**METHOD**

**Sample and Data Collection**

As an empirical setting, we used a national sample of sales-engineers of manufacturers or service-providers in different industries. The sampling frame was a list of participants in a marketing-course designed especially for sales-engineers with at least three years of experience on the job. Using this sample we could be sure to be contacting salesmen and saleswomen who met Campbell's (1955) criteria of being a keyinformant. Campbell required a certain knowledgelh and argued that accurate data about organizations would best be provided by knowledgeable informants. As boundary-spanners (Arndt 1979, Aldrich 1979 and Rogers and Whetten 1982) or brokers (Snow, Miles and Coleman 1992) in the true sense of the words and with at least three years of experience on the job the sales-engineers could be expected to be knowledgeable about their companies commitment towards their clients and vice versa.

In a pretest each of the participating sales-engineers were mailed a questionnaire in order to test the questionnaire's items. 50% of the participants were requested to complete it with respect to a particular client towards whom he or she felt a high commitment. The other half were requested to complete the questionnaire with respect to a client towards whom a low
commitment was perceived. The items covered the seller’s commitment as well as the buyer’s as we believe that in order to understand the nature of asymmetric relationships it is the perceived asymmetry of one party that counts and not information on asymmetry collected from sellers and buyers. 110 questionnaires were received in time from the sales-engineers, representing 55% of the mailed out. Unexpectedly almost all of the participants who considered themselves to be highly committed picked a buyer whom they also rated highly committed. On the other hand almost 100% of the sales-engineers who felt that their companies’ commitment was low also felt this way about their buyers’ commitment. This way hardly any questionnaire described an asymmetrical seller-buyer relationship. Obviously the informants preferred to report about symmetrical high- or low-commitment relationships. Therefore the informants were explicitlly asked to complete the next questionnaire with respect to a relationship in which asymmetrical commitment existed. 94 answers were received in time.

**Measure Development**

In this study commitment is conceptualized as consisting of four dimensions: Instrumental input, attitudinal input, relationship satisfaction and relationship performance. Based on the questionnaires from this final mailing multiple item-scales were developed to assess each dimension using psychometric scale development procedures as suggested by Nunnally (1978). Each commitment-dimension that was measured with multiple items was subject to a scale development and purification procedure (Churchill 1979). As often as possible we have used items developed and successfully utilized in previous studies (Anderson and Weitz 1992, Morgan and Hunt 1994, Gundlach, Achrol and Mentzer 1995). Similar wording was used for items assessing the seller’s and the buyer’s perceived commitment and the results of our pretest were used to refine the wording of items.
In order to purify the scales an exploratory factor analysis was carried out. Each set of items was subject to an examination of item-to-total correlations to identify items that did not belong to a specific commitment-dimension. As a result some items were deleted. Furthermore, we assessed unidimensionality by the presence of a first factor in a principal-axis factoring that accounted for a satisfactory portion of the total variance. All remaining items were required to have a loading greater than 0.4 on the first factor. Evidence of internal consistency of the scales was assessed by calculating Cronbach alpha.

Measures

The measures in this study reflect the conceptualization of the commitment construct. All scales are multi-item scales except for the measurement of overall commitment which was measured with a single item for the supplier’s commitment and the buyer’s commitment respectively. Some of the items are shown in the appendix. The key informants were asked to respond to those items on a 7-point scale anchored by "strongly disagree" and "strongly agree" if nothing else is indicated.

Specific instrumental inputs

Five items were used to assess specific instrumental inputs by the supplier and the client. The items were designed to measure the amount of instrumental inputs and their specificity. As this study focuses on asymmetries in instrumental inputs the items were also designed to measure the degree of asymmetry in a relationship. The items left some room for the informants to associate a variety of specific assets as defined by Williamson’s (1985). Some of the items utilized in our study to assess specific instrumental inputs have been developed by Anderson and Weitz (1992) to measure idiosyncratic investments in relationships.
Specific attitudinal inputs

Five items were used to assess specific attitudinal inputs by the supplier and the client as perceived by the supplier. The main focus is on attitudinal inputs that are suitable to lower a party's inclination to behave opportunistically. A deviation from the assumption of opportunism - as considered in earlier work of Williamson (1975), but not in his current publications (1985, 1990) - is expected to provide a much better understanding of the behavior in business relationships.

Performance

A typical problem in measuring performance is that performance data are not publicly available in most privately-held firms (Dess and Robinson 1984). It is also almost impossible to get data on the business-relationship level. Dess and Robinson (1984) therefore assessed the relationship between subjective and objective measures of return on assets and growth in sales. The results strongly support the hypothesis that there will be a significant positive correlation between objective and subjective measures.

Although objective measures were certainly preferable in our study, we too are faced with the problem that they are not available. Therefore subjective measures of performance have been used in accordance with Dess and Robinson (1984). Four items were used to measure the economic overall performance of a relationship.

Relationship Satisfaction

Relationship satisfaction represents the second output-related dimensions of commitment. Satisfaction as a theoretical construct has received considerable attention in the marketing literature with a strong emphasis on consumer satisfaction (e.g. Howard 1977; Howard and Sheth 1969; Czepiel and Rosenberg
1977; Day 1977). It has been operationalized and measured in different ways (Andreasen 1977).

In this study five items have been used to measure relationship satisfaction emphasizing those domains of meaning usually attributed to satisfaction, that are related to the distribution of costs and benefits of the relationship between the parties. In this way we want to distinguish between the relationship satisfaction based on the relative relationship outcome for the two parties - who gets which part of the cake? - and the relationship's overall performance. Whereas the performance describes the relationship's success in the market, the relationship satisfaction is strongly influenced by the distribution of the profits between the partners.

Measures of asymmetry

As explained above we concentrate on cases of asymmetrical instrumental input in our study. In order to identify relationships in which the input of the buyer and seller can be considered as asymmetrical we needed a robust measure. We therefore aggregated the measures of the supplier's and the buyer's instrumental input by calculating the average values for each respondent. We considered the instrumental input as asymmetrical in a relationship when the difference between the buyer's input and the supplier's input (as perceived by the supplier) equaled or exceeded 2. Thus, values of 2 and above indicated cases in which the buyer perceived the own inputs to be higher than the buyer's inputs. 33 cases met this condition. Values of -2 and below indicated cases in which the buyer perceived the own inputs to be lower than the buyer's inputs. 18 cases were of this type.

Measure Assessment

We assessed unidimensionality by the presence of a first factor in a principal-axis factoring that accounted for a satisfactory
portion of the total variance. After carrying out the scale development and purification procedure all remaining items had a loading greater than 0.4 on the first factor except for the second item measuring supplier performance. Evidence of internal consistency of the scales was assessed by calculating Cronbach alpha. The alphas for each scale exceed 0.7 and show a satisfactory evidence of reliability except for the scale measuring supplier's performance which was 0.69. Principal-axis loadings and Cronbach alphas are shown in the appendix. Also shown in the appendix are the percentage of the total variance attributed to each factor. For some items the portion of variance that is explained by the common factor is quite low, indicating a high uniqueness of the variable. In these cases theoretical reasons motivated us not to exclude the items from the scale.

Furthermore, the percentage of variance in the two endogenous variables - seller's and buyer's overall commitment - that was explained by our model was estimated.

\[
\text{Commitment}_{\text{supp}} = f(\text{Instrumental inputs}_{\text{supp}}, \text{attitudinal inputs}_{\text{supp}}, \text{relationship satisfaction}_{\text{supp}}, \text{relationship performance}_{\text{supp}})
\]

\[
\text{Commitment}_{\text{buy}} = f(\text{Instrumental inputs}_{\text{buy}}, \text{attitudinal inputs}_{\text{buy}}, \text{relationship satisfaction}_{\text{buy}}, \text{relationship performance}_{\text{buy}})
\]

Using stepwise multiple regression analysis an \(r^2\) of 53% was calculated for the seller's commitment and an \(r^2\) of 62% for the buyer's commitment suggesting that the commitment-dimensions in our model account for a substantial portion of the variance in the seller's and the buyer's commitment respectively.

However, it seems difficult to draw final conclusions about the model's validity. A (weak) evidence of discriminant validity could be obtained from the pattern matrix in an exploratory factor analysis. The factors mirror the dimensions of the proposed model pretty well for the supplier and reasonably well for the buyer. The covariance between the factor scores of two
factors are very low, however. Validity will therefore have to be proved in a causal analysis with a larger sample. As far as the content validity is concerned the proposed commitment model has a lot in common with other models that have been developed to describe and measure commitment. Therefore chances were good that the key construct commitment was valid. Still a test was carried out to assess the nomological validity of the construct. As stability is one of the main characteristics of a relationship in which high commitment prevails, the propensity to leave a relationship or to change suppliers (or clients) should be rather small in high-commitment relationships. As a result relationships in which the partners are highly committed should continue for quiet some time. I have taken a look at the age of relationships in the sample in which the supplier's or the buyer's commitment was rated above 5 (on the 7-point-scale) by the key-informants. In 72,4% of the cases the relationship has already existed for 5 years or more. In 51,7 % of the cases the relationship has existed for 10 or more years. A look at the age of relationships in the sample in which the supplier's or the buyer's commitment was rated below 4 (on the 7-point-scale) by the key-informants shows that in only 56,8% of the cases the relationship has already existed for 5 years or more. In 29,7 % of the cases the relationship has existed for 10 or more years. The long timeperiods of the high-commitment relationships supports the nomological validity of the commitment construct.

Still, a final conclusion about the validity of the model should only be drawn on the basis of a causal analysis which requires a larger sample.
RESULTS AND DISCUSSION

Instrumental input-structure

The initial question in this study is, whether the structure of instrumental and attitudinal inputs in a relationship would influence the relationship outcome for the parties involved. Table 3 shows r and significance for asymmetries in instrumental inputs (INST_DIFF) and the output dimensions in our commitment model for both partners: the supplier’s relationship satisfaction (SAT_SUP) and relationship performance (PER_SUP) and the buyer’s relationship satisfaction (SAT_BUY) and relationship performance (PER_BUY). High positive values for INST_DIFF would therefore indicate a vulnerable supplier as the buyer’s input was deducted from the supplier’s in order to calculate INST_DIFF.

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<tr>
<th>INST_DIFF</th>
<th>SAT_SUP</th>
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<tr>
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Table 3: Instrumental inputs and relationship output

The correlations in table 3 provide a test of the expectation that asymmetrical instrumental inputs in a relationship will have a negative effect on the relationship output for the party that has made higher investments. Assuming opportunistic actors a vulnerable supplier might become the object to being exploited by the other side. The results of our study as presented in table 3 do not confirm this expectation. No significant connection can be drawn between asymmetric instrumental inputs and relationship outcomes for the supplier.
or the buyer. The results suggest that the governance-
mechanisms used in close business relationships achieve their
aim to reduce uncertainty - especially behavioral uncertainty -
to such an extant that the parameters threatening the benefits
from transaction can be spotted and handled by the decision
makers in spite of the boundedness of human rationality.
Therefore even asymmetrical instrumental inputs seem not to
cause any problem for the locked-in party.

The results shown in table 4 describe the role of attitudinal
investments in asymmetrical relationships. Positive attitudes
between the exchange partners, shared norms or the mutuality
of interests have been emphasized as the means of coordination
in a relational exchange design. Attitudinal investments could
therefore be expected to have an important effect on the
relationship output in cases of asymmetrical inputs. Table 4
shows the r-values and significance for asymmetries in
attitudinal inputs (ATT_DIFF) and the output dimensions in
our commitment model for both partners: again these are the
supplier’s relationship satisfaction (SAT_SUP) and relationship
performance (PER_SUP) and the buyer’s relationship
satisfaction (SAT_BUY) and relationship performance
(PER_BUY). Furthermore, the association between
asymmetrical attitudinal inputs and asymmetrical instrumental
inputs is shown.

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Table 4: Attitudinal inputs and relationship output

The results indicate that there exists a significant association
between asymmetries in instrumental and attitudinal inputs.
Opportunistic Behavior in Asymmetrical Relationships

There also exists a significant negative correlation between the asymmetry in attitudinal inputs and the relationship satisfaction of the supplier. It shows that whenever the supplier’s attitudinal inputs surpass the buyer’s attitudinal inputs the supplier’s satisfaction will be negatively affected. To make this point a bit clearer we have taken a look at the relation between the supplier’s relationship satisfaction and the supplier’s and the buyer’s attitudinal inputs in the relationship respectively: In both cases there exists a significant association between the variables supporting the hypotheses of this study. But whereas the r is 0.56362 if we look at the supplier’s satisfaction and the supplier’s attitudinal input, the r is 0.79534 if we look at the supplier’s satisfaction and the buyer’s attitudinal input. Obviously the supplier feels much better about the relationship when it seems sure that the other party’s attitudinal attachment is high. As relationship satisfaction has been attributed predominantly to a fair distribution of costs and benefits among the parties to a relationship, high attitudinal inputs from the other party really seem to reduce the threat of opportunistic behaviour on the side of the buyer.

Table 4 does not indicate a relationship between asymmetrical attitudinal inputs and the buyer’s satisfaction. This might be due to the fact that it is much harder for the keyinformants to estimate their partner’s relationship satisfaction than their own. There also is no connection between asymmetrical attitudinal inputs and the suppliers’ and buyers’ relationship performance. This can be seen as another weak indicator for the ability of decision makers in close business relationships to match potentially threatening factors in a transaction with efficient governance mechanisms. Furthermore it must be realized that performance is influenced by many other factors apart from opportunism.
CONCLUSION

This study explores the nature of opportunism in relationships focusing on the structure of relationship inputs and their results for the relationship's outcome. It was the purpose of the study to test the general opinion of many researchers in the field of Relationship Marketing, that asymmetrical inputs in a relationship, especially in the form of idiosyncratic investments, will have a negative effect on the relationship outcome for the party that has made higher investments. The reasoning behind this argument is the fear that the partner will opportunistically exploit the party in the locked-in position. This opinion is not confirmed by the results of our study. They rather suggest that opportunistic inclinations can successfully be offset by attitudinal inputs. The relationship-satisfaction of the party in the locked-in position is strongly effected by the amount of attitudinal inputs the other party's has developed. The attitudinal ties between the parties are the key to understanding the safeguards provided by relational exchange. Relational exchange that is supported by attitudinal inputs helps to reduce uncertainty of a transaction to such an extent, that decision makers are able to realize transactions that might not have been possible without the assistance of this institutional framework. It is the general understanding between the partners that allows the parties to cope with a complex relationship in spite of the neurophysiological limits and language limits we call bounded rationality. Although the knowledge and the computational power of decision makers are severely limited (Simon 1957), it seems that they are still able to choose governance mechanisms in accordance with their own preferences. Human beings seem to be able to anticipate the potential problems associated with asymmetrical investments and to safeguard them by developing certain institutions. Attitudinal inputs serve as an efficient governance mechanism when relational exchange has been selected as an institutional design.
However, because only existing business relationships were analysed in this study, the findings may be limited in their generalizability. Many close business relationships actually do lead to unsatisfactory results and break down. A better understanding of the different governance mechanisms that exist within the institutional framework of relational exchange has to be developed. It would be extremely important to know under which conditions it is rational for the parties in close business relationships to follow relational norms. It would also be interesting to find out what kinds of other safeguards and control-mechanisms exist besides the various types of social norms. In addition to an analysis of the different governance mechanisms, the interdependencies among the governance tools have to be explored and will most probably be a major field for future research in Relationship Marketing.
APPENDIX I: MEASURES

Measures of overall commitment as perceived by the supplier

1. *supplier's commitment:*  
I would rate our overall commitment towards this client as... (7-point-scale anchored by "very low" and "very high")

2. *buyer's commitment:*  
I would rate our client's overall commitment towards us as... (7-point-scale anchored by "very low" and "very high")

Measures of supplier's specific instrumental inputs in the relationship as perceived by the supplier

1. If I were to assess our overall investments into this particular relationship, I would rate them as... (7-point-scale was anchored by "very low" and "very high")

2. It has taken a lot of time and effort on our side to make this relationship an effective one.

3. We have made a substantial investment in human and physical assets dedicated to this particular relationship...

Measures of buyer's specific instrumental inputs in the relationship as perceived by the supplier

1. If I were to assess our client's overall investments into this particular relationship, I would rate them as... (7-point-scale was anchored by "very low" and "very high")

2. It has taken our client a lot of time and effort to make this relationship an effective one.

3. Our client has made a substantial investment in human and physical assets dedicated to this particular relationship...
Measures of supplier's attitudinal inputs in the relationship as perceived by the supplier

1. Our client can count on us even in matters that were not agreed upon in our contract.
2. We have a sense of loyalty to our client.
3. We trust our client...

Measures of buyer's attitudinal inputs in the relationship as perceived by the supplier

1. We can count on our client even in matters that were not agreed upon in our contract.
2. Our client has a sense of loyalty to us.
3. Our client trusts us....

Measures of supplier's relationship satisfaction as perceived by the supplier

1. Our expectations concerning this relationship have been met by the client.
2. We feel that there is a fair distribution of costs and benefits in this relationship.
3. Occasionally we get the impression that our client benefits to a higher extent from this relationship (reversed)...

Measures of buyer's relationship satisfaction as perceived by the supplier

1. Our client's expectations concerning this relationship have been met by us.
2. Our client feels that there is a fair distribution of costs and benefits in this relationship.
3. Occasionally our client gets the impression that we benefit to a higher extent from this relationship (reversed)...


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Measures of supplier ’s relationship performance as perceived by the supplier

1. 1. Our economic benefits from this relationship are... (7-point-scale anchored by „very negative“ and „very positive“)

2. 2. We benefit from this relationship through increase business with other client´s.

3. 3. The relationship to this client contributes to our total business-performance... (7-point-scale anchored by „below average“ and „above average“)... 

Measures of buyer ’s relationship performance as perceived by the supplier

1. Our client´s economic benefits from this relationship are...(7-point-scale anchored by „very negative“ and „very positive“)

2. Our client will be able to use the experiences they are making in our relationship in other business transactions.

3. Our client benefits from our relationship through creating competitive advantages in their markets...
APPENDIX II: MEASUREMENT ANALYSIS

Supplier’s instrumental inputs:

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<th>Factor Matrix:</th>
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### Supplier's relationship satisfaction:

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Buyer's relationship performance:

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Opportunistic Behavior in Asymmetrical Relationships

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