What is Dark about the Dark-Side of Business Relationships?

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What is Dark about the Dark-Side of Business Relationships?

Over the last decade or so, the term ‘dark-side’ in referring to business relationships has been increasingly used in academic discourse. Despite such a growth in the number of studies, relatively little critique has been offered among scholars. The fact that effectively managing the dark side of business relationships has potentially greater influence of contributing to inter-organizational success beyond more focus on the positive side necessitates an urgent critique surrounding ‘what is dark about the dark side of business relationships?’ Thus, we aim to provide an overview relating to the ‘dark side’ of business relationships in a quest to generate greater debate on the subject.

1. Introduction

Businesses spend significant amounts of time to build and maintain a host of relationships with their key stakeholders. Such efforts usually result in positive impact through increased trust, greater commitment and further relationship cooperation. These in turn often encourage parties to develop reciprocal norms that enhance value creation through continuous learning, interaction, as well as promoting psychological closeness and reciprocity (De Wulf et al., 2001; Palmatier et al., 2009). Thus, it is not surprising to see that much of the business-to-business literature has been devoted to enabling relational parties to invest in activities and strategies aimed at building positive relationships. However, in order to ensure overall success, investing in positive elements of relationships alone is not enough, as business partners must protect against detrimental perceptions, actions and behaviours (e.g. Gaski, 1984; John, 1984; Moorman, Zaltman & Deshpande, 1992; Blois, 1997; Grayson and Ambler, 1999; Hibbard et al. 2001; Barnes, 2005; Anderson & Jap, 2005; Villena, Revilla & Choi, 2011; Fang et al., 2011).

In fact, research from behavioral science suggests that reducing the negative impacts of the dark-side within the relationship has greater influence on the success of business relationships than investing purely on the development of positive relationships
(Baumeister et al., 2001). Such the prominent role of the negative elements of business relationships has encouraged researchers over the past two decades to focus on this area. While most have only partially examined such negative elements, a few studies have been purely devoted to this subject (e.g. Gaski, 1984; John, 1984; Mooi & Frambach, 2012; Mysen et al., 2011).

Increased attention on the dark-side of relationships has helped to provide a greater understanding of the nature of business relations, which often require careful management. Knowing how negative relational elements impact on relationships is likely to prove useful for both academic and practitioners. With this aim, this introductory overview provides a critical discussion of ‘dark-side’ relationships and attempts to answer the question of what is dark about the dark-side? The introduction proceeds by a discussion of tolerable, irritating and intolerable dark-side relationships and some suggestions for future research are provided.

2. What is dark?

Despite the recent widespread use of the term ‘dark-side’ in business relationships, very little critique of the literature and this subject has been offered. The notion of a ‘dark side’ suggests ‘problems’, ‘challenges’, ‘difficulties’, and ‘drawbacks’ related to structural issues that exist in business relationships, such as size differences, or the imbalance of power; processes within business relationships, including creativity issues, capability development, changes in market dynamics; and outputs, for example performance, competitiveness and satisfaction.

The term ‘dark-side’ first emerged in the business-to-business literature in the mid to late 1990s and further work has continued around this theme well into the new century (Hakansson & Snehota, 1995; Grayson & Ambler, 1999; Barnes, 2005; Anderson & Jap, 2005). Earlier studies did not use this term, but generally referred to a ‘negative side’ that focused on related constructs (e.g. Gaski, 1984; John, 1984; Moorman, Zaltman & Deshpande, 1992). Other studies have referred to it as ‘relationship unrest’ (Good & Evans, 2001), ‘relationship burdens’ (Hakansson & Snehota, 1998), ‘relationship stress’
‘the adverse sides’ of business relationships (Strandvik & Holmlund, 2008), ‘relational misconduct’ (Hawkins et al., 2008; Jensen, 2010), and ‘detrimental intentions’ (Pressey, Tzokas & Winklhofer, 2007; Liu et al., 2014). Anderson and Jap (2005) argued that most relationships that appear strong are often vulnerable to forces that are quietly going on beneath the surface. Although the degree of ‘darkness’ can vary in business relationships, in terms of impact and consequence, the dark-side has a contradictory effect on typically good-functioning relationships (Burt, 1999).

Often business relationships are neither bright nor dark, but rather represent a combination of the two. It has long been recognized in the literature that the dark-side is insirable from the very meaning of relationships (Hakansson & Snehota, 1998). According to Hakansson & Snehota (1995) relationships that are valuable in certain ways may also have some aspects of negativity. Similarly, Grayson & Ambler (1999) pointed out that relationships can have specific benefits, yet also have their inherent drawbacks. Furthermore, Samaha, Palmatier & Dant (2011) explain that over time relationships invariably are damaged and understanding this is critical for long-term success. The dark-side represents a natural component of business relationships and is unavoidable, but it can be successfully managed and reduced. Such dark-side effects have also been found to exist in medium-term (Barnes, 2005), long-term (Grayson & Ambler, 1999), and in close business relationships (Noordhoff, Kyriakopoulos, Moorman, Pauwels & Dellaert, 2011). According to Hakansson & Snehota (1998) the risk of such dark-side effects can never be ruled out, as they are the systematic consequence in terms of the development of such relationships.

Despite researchers overwhelming recognition of the important of understanding the dark-side in business relationship (e.g. Hakansson & Snehota, 1995; Grayson & Ambler, 1999; Fang, Chang & Peng, 2011), the degree of darkness can be outlined along a spectrum of increased darkness. Figure 1 shows the increased spectrum of darkness in business relationships, by specifically addressing tolerable dark-side and intolerable dark-side. Immediately above the spectrum are the notions that reflect different degrees of darkness. Below the spectrum are reactive behavioral traits to the increased darkness.
3. The tolerable dark-side

In our view, business relationships are not inherently good or bad but rather, relationships can produce both simultaneous bright and dark-side effects. Such dark-side effects in their early appearance may be useful if businesses are capable of effective learning. However, failure to learn and adapt within business relationships can allow for early conflict to appear (Ford, 1980). Being tolerable to such dark-side effects may therefore be essential for managers to realize in order for them to acquire realistic relationship expectations (Hakansson & Snehota, 1995). Awareness of the sources that can contribute to the dark-side can help to play a significant role in dealing with their effects on the relationship. The dark-side can stem from different sources including moderate levels of moral hazards (Wuyts & Geyskens, 2005), the adverse selection of a partner (Swink & Zsidisin, 2006), close interpersonal ties (Noordhoff et al., 2011), and imprecise contractual agreements (Dewatripont & Sekkat, 1991).

However, once the dark-side appears in a relationship, uncertainty immediately emerges too. The negative impact of environmental uncertainty has been well documented in the literature (e.g. Geyskens et al., 1998). Relationship uncertainty can be the outcome of negative interactions, engagement and communications. Uncertainty is defined as the extent to which a partner has sufficient information to foresee the consequences of their decisions and enable them to make key decisions with confidence (Achrol & Stern, 1988). Initial appearance of a dark-side in business relationships leads to low levels of uncertainty. Thus, through the effective sharing of information and flexibility in terms of adaptation, levels of uncertainty can be reduced. Failure to exchange information and an unwillingness to adapt allows uncertainty to increase and

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prevents businesses from seeing unanticipated changes in circumstances around the relationship (Noordeweir et al., 1990). This can often make it more challenging for predicting partners’ demands and behaviours (Kohli, 1989).

The dark-side frequently results in conflicting views around issues relating to the relationship. Conflict is a disagreement between partners (Dwyer et al., 1987), yet it can be resolved as part of on-going business (Anderson & Narus, 1990). Therefore, although routine and expected conflict can exist in most relationships, it may be useful for helping business partners to correct, modify and change their ways to enhance value (Wang et al., 2008). Conflict may arise from differing goals, expectations, or the clashing of cultural norms (Araujo & Mouzas, 1997). The effective handling of conflict can lead to increased productivity (Anderson & Narus, 1990), improved creativity (Bengtsson & Kock, 2000; Gadde & Hakansson, 2010), further relationship benefits (Vaaland & Hakansson, 2003), and greater value creation (Möller & Törnönen, 2003; Mele, 2011). However, what tends to matter when trying to resolve conflict is the parties’ attitudes. While positive attitudes toward conflict enable managers to see its usefulness and long-term benefits for the relationship (Jehn & Mannix, 2001), negative attitudes increase uncertainty and tension (Tjosvold et al., 2003). Rose & Shoham (2004) argue that international partners can be particularly prone to such negative conflict. Meanwhile unresolved conflict can disrupt learning and impede on the sharing of information (Chang & Gotcher, 2010), which in turn increases the emotional distance and tension between relational partners.

The impact of the dark-side will increase in relationships when expected and routine conflicts are not dealt with swiftly or successfully. Tension causes stress and discomfort (Proença & de Castro, 2005), provokes unrest (Good & Evans, 2001), and weakens relationship quality (Dwyer et al., 1987). Dark-side relationships occur when tensions emerge (Fang, Chang & Peng, 2011). Tension singles the end of two important factors in relationships. Firstly, it signals the end of harmonization within relationships that typically involve enhancing trust and future commitment. Secondly, tension can initiate the weakening of previously strong relationships. The danger of tension within relationships is that it can serve as a motive for punishing non-cooperative behavior, adding further costs, wasting opportunities and it has the potential to cause severe and
unrepairable conflict. Studies in sociology have demonstrated a link between tension and increased conflict (Jensen, 2010). In studying tension, Fang et al. (2011) argued that it occurs as a result of contradictory goals, resulting in tension imbalance. While this is helpful for learning more and understanding the role of tension in relationships, there is an apparent absence of studies focusing on tension in relationships, especially in terms of its possible effects on dangerous levels of conflict and misbehavior.

4. Intolerable and irritating dark-side relations

Dark-side relationships are characterized by negative attitudes to conflict, high tension, severe conflict, and the deterioration of trust, commitment and cooperation. Severe conflict is a clear manifestation of dark-side relationships that are irritating, often costly, and cause increasing worries of opportunism. Within this literature, high levels of conflict can be detrimental, leading to reduced productivity, cooperation and performance (Skarmeas, 2006; Massey & Dawes, 2007; Finch, Zhang & Geiger, 2013). It can also serve to destroy any value co-creation (Zhou, Zhuang & Yip, 2007; Meunier-Fitz Hug, Massey & Piercy, 2011; Mele, 2011). High levels of conflict often result in unhealthy behavior such as hostility, distortion, distrust and withholding of information to the detriment of the relationship partner (Menon et al. 1996; Grayson and Ambler, 1999; Selnes & Sallis, 2003; Anderson & Jap, 2005). According to Yang et al. (2012) severe conflict can have a more negative effect in relationships with high levels of trust than in relationships with lower levels of trust. Severe levels of conflict reduce loyalty (Plank & Newell, 2007) and result in less joint decision-making and high uncertainty (Leonidou et al., 2006). High levels of conflict can encourage greater opportunism leading to a real chance of relationship dissolution (Halinen & Tahtinen, 2002; Wang et al., 2010; Yang et al., 2012).

Severe conflict in relationships significantly increases such dark-side effects, including worries regarding opportunism and an increasing likelihood of misbehavior. Opportunism is motivated by the desire to independently exploit a relationship for self-interest or gain and tends to lead to short-term exploitation (Das & Rahman, 2010), particularly dark behavior so much as it violates existing agreements (Liu et al., 2014).
Weak levels of trust and commitment increase the threat that one of the relational partners will engage in opportunistic behavior (Caniëls et al., 2010), which in turn can encourage retaliation and the use of power (Maloni & Benton, 2000).

Many studies have found that opportunism is a true dark force that negatively influences relationships (e.g. Morgan & Hunt, 1994; Joshi & Stump, 1999; Nunlee, 2005; Crosno & Dahlstrom, 2008; Yang & Wang, 2013). However, Hawkins et al. (2008, 2013) argued that opportunism in relationships should be both expected and accepted. There may also be a need to differentiate between weak and strong forms of opportunism (Luo, 2006), as well as combining moral intensity and ethics. Strong forms of opportunism violate contractual norms and weak forms violate relational norms (Luo, 2006). Recently, Jap et al. (2013) questioned whether opportunism causes relationship instability. While these recent claims require further empirical examination and greater context specification, overall opportunism is motivated by and leads to greater use of power (Ireland & Webb, 2007). Power not only leads to opportunism, but it can also destroy strong collaborative relationships (Maloni & Benton, 2000; Zhuang, Xi, & Tsang, 2010).

Although severe conflict and opportunism can truly drag relationships to the dark-side which may seriously lead to their termination, another significant negative effect that can occur at this stage, is perceived unfairness. Samaha et al. (2011, p. 99) claimed that “perceived unfairness acts as ‘relationship poison’ by directly damaging channel relationships, aggravating the negative effects of both conflict and opportunism”. Perceived unfairness motivates actors to take revenge and punishing actions. Fehr & Gächter (2000) suggest that individuals may go out of their way to revenge against unfair behavior. Crosno & Dahlstrom (2008) argued that the effects of conflict and opportunism are contingent on the levels of unfairness, and these were all discussed by Samaha et al. (2011) as potential ‘relationship-destroying factors’.

The combined effects from these factors can therefore damage and lead to termination of previously strong and collaborative relationships. While the literature provides us with a great deal of understanding on how to manage conflict, research on how to suppress and respond to opportunistic behavior is scant. Similarly, there is an
apparent lack of studies on how to manage perceptions of unfairness and deal with emotionally charged partners who seek to punish unfair partners.

5. Contributions to this Special Issue

The special issue consists of nine empirical papers from diverse business-to-business areas. Each paper provides fresh insights and adds new understandings to this area on dark-side relationships. With the aim to answer whether the dark personality trait, desire for control, manifests itself through control mechanisms in a manner detrimental to alliance performance; Musarra, Robson & Katsikeas (2016 – this issue) demonstrate that a focal firm’s desire for control is positively associated with process monitoring as well as output monitoring.

Building on theoretical perspectives of organizational capability, organizational networking and social capital theories, Chung, Wang, Huang & Yang (2016 – this issue) investigate the boundary conditions of personalized business-to-business relationships (managerial ties) on business performance. The findings demonstrate the dark side of political and business ties. Meanwhile Heirati, O’Cass, Schoefer & Siahtiri (2016 – this issue) examined the conditions under which bright-side benefits of professional service firms’ interfirm collaboration turn into dark-side drawbacks. The researchers found that increasing levels of competitive intensity and environmental turbulence encountered by a professional service firm can diminish the capacity of customer and supplier collaboration to drive service performance.

In exploring the dark-side of institutionalized creativity within the context of client-agency relationships, Vafeas & Hughes (2016 – this issue) identify factors that might suppress the dark-side of such relationships. Using a grounded theory approach to investigate the dark-side within a logistics outsourcing relationship, Schmitz, Schweiger & Daft (2016 – this issue) identify four interrelated mechanisms (convincing, tying, complementing and lock-in) that explain dependence and lock-in from a buyer’s perspective. In examining dark network tension and specifically the nature of opportunism in price-fixing cartels, Pressey & Vanharanta (2016 – this issue) found that
network tension is made significantly worse by the illicit nature of cartels and their opportunistic behaviour.

Meanwhile, in studying the dark side of using reseller networks for providing after-sales service, Gupta, Vääätänen & Khaneja (2016 – this issue) found that the dark side of network interdependence negatively affects the shared brand-reseller goal of value co-creation. Moreover, in further researching the dark side effects of value co-creation in business-to-business service networks, Chowdhury, Gruber & Zolkiewski (2016 – this issue) discovered that there are negative aspects associated with value co-creation in advertising service networks. The authors identified role conflict and ambiguity, opportunism and power as key attributes that influence on the dark side in such value co-creation activities.

Finally Tangpong, Li & Hung (2016 – this issue) investigated the impact of reciprocity norms on ethical compromise. Their study revealed that environmental uncertainty, exchange partner’s retaliatory power status, trust and perceived future gain opportunity in relationships serve as potential mediating mechanisms on the reciprocity norm-ethical compromise relationship. Overall, we hope that you will enjoy reading this Special Issue on the dark-side of business relationships and such studies will encourage further research in this field for years to come.
6. References:


