

Effectiveness of Governance Choices in Mitigating the Dark Side - B2B Emerging Market Perspective



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S V Venkataramanan
Indian Institute of Management
(Fi17venkataramanan@iimdr.ac.in)

The post pandemic disruption of global supply chain has caused severe stresses and conflicts in Business to Business dyadic relationships. Opportunism induced intentions to dissolve extant relationships, or their actual terminations by invoking force-majure clauses have aggravated the situation. Reposing on the dark side and governance literature , we investigate the precise nature of the antecedent of stress inducers, the types of manifested conflicts and their outcomes on B2B dyadic exchanges and the effectiveness of governance choices applied in tandem. Using a proprietary survey data set of 487 dyadic conflicts, collected from professionals from procurement, sales, vendor management and legal experts in an emerging market, we provide seminal insights by investigating how the emergence of tolerable dark side in the presence of transactional stress created by false promise, passive deception, misrepresentation leads to task conflict, and further how tolerable dark side leads to dissolution intent in a firm level dyadic exchange. It investigates the specific and critical governance choices that either accentuates or attenuates the effects of dark side effects on B2B dyad. This paper seminally contributes by providing the empirical evidence to the tolerable dark sides and their governance mechanism in B2B dyadic exchanges from a emerging market perspective.

Keywords: Dark Sides, Task Conflicts, Dissolution Intent, Governance Mechanisms, B2B Dyadic Exchanges, Post Pandemic Emerging Markets

1. Introduction

The extant literature on the dark side provides a few antecedents for business failures, especially in a business-to-business (B2B) dyadic relationship. Ideally, a B2B exchange is established via explicit contract with the rights and obligations of dyad members, should not allow opportunism resulting into the dark side. This is especially true in an institutionalized environment, where monitoring and enforcement mechanisms impose costs that abnegate the benefits of contractual agreements and the relational advantages due to opportunism (Meyer, 2001; North, 1987). However, when institutional effectiveness is either compromised via environmental discontinuities or *ab initio* weak or both or due to structural deficiencies, or by not invoking the legal remedy due to the high transaction costs in emerging markets, the opportunistic violation increases which may result in business failure (Amankwah-Amoah & Zhang, 2015). Such a scenario may amount to tolerating dark side in the aforesaid B2B dyadic relationship. However, the *precise nature* of the tolerable dark side, including their antecedent factors, that may emerge in such situations is largely unknown (Oliveira & Lumineau, 2019). More importantly, we have a limited empirical study regarding the *governance mechanisms* that may be effective in controlling the opportunistic behavior by way of structure and the application of appropriate governance choices to mitigate *the effect* of the dark side on the B2B dyadic outcomes. The outcomes encompass various benefits namely increased efficiency, demonstrable flexibility and greater organizational learning at the operational side. On the other hand it addresses whether the relationship is salvageable and sustained or whether it irrevocably progresses towards premature and or unintended termination, often involving costly litigations. The pandemic, coupled with institutional lockdowns, especially in the emerging markets, provides an appropriate context to investigate the above questions in the B2B dyadic relationship.

Literature suggests that the emergence of a dark side in a B2B dyadic relationship is an incremental and evolving process, and the outcomes range from an *intention* towards termination to actual *termination* of that relationship. Abosag et al., (2016) broadly divided the dark side spectrum into *tolerable* and *intolerable dark sides*. A tolerable dark side refers to the stressful but salvageable situation in a B2B dyad, implying an intention towards but not the actual act of termination. We repose on the review by (Oliveira & Lumineau, 2019) that speaks of *negative valence* like misrepresentation, false promise and passively deceitful practices. These factors lead to the emergence of taskconflicts and act as threats to B2B dyad. However, the extent of the threat to the relationship varies with the intensity of the dark side. For example, the scope of opportunism, driven by passive deception, misrepresentation and false promises, may *precipitate* tolerable dark side induced conflicts, resulting in an intention to dissolve the relationship. While literature mentions the dark side based on their *intensity* (Abosag et al., 2016), it is largely silent on several key issues. The two streams of theory, dark side which is evolving and the transaction cost coexist without investigating the interrelated-ness of the clustered governance forms when applied to mitigate the dark side. For example, how to operationalize and measure the tolerable dark side?. Which theoretical frameworks help explain the emergence of the dark sides and why? Finally, contracts have specific clauses and governance choices and hence what unique *governance mechanisms*

should organizations adopt and how do these mechanisms precisely mitigate the tolerable dark sides? Through this research, we step in to investigate and answer the aforesaid questions.

For the purpose of this research, building on transaction cost theory and social exchange theory, we *define the dark side* in a dyadic inter-organizational relationship as guileful, self-interest driven (opportunistic) behavior (Williamson, 1979) manifesting in some form of conflicts, which seemingly threatens the continuation of the dyad but with the possibility of the resurrection of relationship. A short term transactional dyad, experiencing weakened relationship including a *desire* to terminate (but not the actual act) is an outcome of the tolerable dark side. Our conceptualization of the dark side, while consistent with the literature, is an improvement over previous definitions by (Abosag et al., 2016) and (Oliveira & Lumineau, 2019). This research addresses the need to quantify and operationalize the construct, and has replaced the dark side in terms of its *manifestation as an observable task conflict* (with observable outcomes) rather than *hidden and speculative stresses only*. Derived from social exchange theory, task conflict involves disparities in opinions about resource allocation, procedures and other task-related matters (Amazon & Schweiger, 1997; De Dreu & Weingart, 2003). It is less harmful (Desivilya & Yagil, 2005) and is often limited to impersonal, short term transactions. We define these transactional stresses as the outcome of opportunism based mismatch of perceptions, inducing task conflict, and are limited to the work related matters. This research considers transactional stresses and task conflicts as constituting elements of tolerable dark side,

Empirically and contextually, we embed our study in a post-pandemic period in India, an emerging market context that is important for several reasons. First, the data collection period coincided with the immediate aftermath of the second wave of the Covid-19 pandemic from the Delta variant infestation. The sheer scale of new cases of infection (400,000 cases a day as reported by BBC)ⁱ India topped the world, a situation that was aggravated by nonavailability of vaccines. Further some of the key actors were either temporarily or permanently absent, thus affecting the supply chain and the businesses alike. Third, the lockdown and phased unlocking of the economy for the three quarters of 2020 created a demand surge that more or less coincided with the second wave. In a B2B context, that would mean the aforesaid demand surge needed to handle the supply shortages of the previous year's backlog and new demand simultaneously thus straining supply chain, every buyer – seller relationships in the B2B context. This resulted in more pronounced ways of expressing opportunism since exchange partners could not ascertain the veracity of the claims and counter claims of the other partner arising from contractual violations. Finally, the pandemic weakened the functioning of the regulatory institutions. For example, judicial proceedings were held online, a novelty and a desperate adaptation in desperate times that did not allow the necessary time to adapt, thus affecting outcome efficiencies. Consequently, we deemed our interest in exploring the dark sides in B2B dyadic relationships to be well embedded in the context.

Through this research, we make two fundamental contributions to the literature. First and foremost, we contribute by reconceptualizing and operationalizing tolerable dark side which is part of dark side continuum. In the process, we model the underlying structures of the dark sides, a few antecedent factors, the manifestations and the outcomes of the phenomenon. We, therefore, claim to provide the partial spectrum of the dark side phenomenon in the B2B dyadic relationship. Secondly we also elicit the flexible governance choices that moderate and mitigate the transformation of dark sides into the adverse outcomes on the B2B dyadic relationships. Thus, our study sheds light on the dark side induced business failures, especially in the post-pandemic world and provides the possible governance mechanisms that moderates the dark sides to sustain B2B dyadic relationships.

2. Theory Development

Linkage between Transactional Stress, Task Conflict and Dissolution Intent

In an extensive review of the literature on the dark side of inter-organizational relationships that subsumes B2B transactions, (Oliveira & Lumineau, 2019) highlight the preponderance of opportunism, inefficient governance and conflict as the primary descriptors of the dark side (Johnsen & Lacoste, 2016; Vaughan, 1999). The authors also note the marked absence of psychological antecedents of conflict, especially when the literature speaks of the coexistence of emotional and task conflicts (Li & Hambrick, 2005). Apart from the limited insights on the intensity of conflict, the review also found an inadequate emphasis on potential and real unethical practices as a trigger of the dark side. For example, the ethics literature speaks of malpractices like knowingly disseminating faulty conclusions, i.e., misrepresentation (Ferrell et al., 1998), deceiving others by displaying preferential treatment towards some specific suppliers (Nguyen & Cragg, 2012), a critical partner betraying by unilaterally withdrawing from an alliance or not fulfilling the obligations at an opportune moment (Bakker, 2016), making false promises or breaching contracts/agreements (Dawson et al., 2014) or manipulating organizational guidelines (Saini, 2010) as predictors to conflicts. However, the resultant manifestation of conflict, from these unethical practices, as the building blocks of the dark side phenomenon in an empirical context, is limited or missing altogether. (Oliveira & Lumineau, 2019) assign this lack of empirics to challenges in data access. We step into this void and present, via empirical investigation, a theoretical framework that helps identify the antecedents of tolerable dark side along with their unique governance choices.

Transaction cost economics contributes significantly to the governance aspects through the concept of opportunism (Handley & Benton Jr, 2012; Jap & Anderson, 2003). An exchange partner's ability to exhibit opportunism that may invoke the dark side depends on two key conditions. The first condition, derived from the Social Exchange theory, stipulates that opportunistic behavior is meaningful when the benefit from guileful self-interest exceeds the potential retaliatory cost from the beguiled (Cook & Emerson, 1978; Lambe et al., 2001). The second condition, derived from Transaction Cost theory, specifies that the extent of opportunism varies on a temporal scale, with lesser degrees relating to transient exchanges and greater degrees of opportunism relating to long term relationships, provided the *benefits are commensurate* (Seggie et al., 2013). Therefore, in

short-term B2B exchanges, where the relationship is *ideally* limited to the scope and duration of the contract, wherever repeated transactions are infrequent, the scope of opportunism is also limited. Consequently, conflicts that may manifest from such limited opportunism (Whipple et al., 2010) shall, by very nature of the relationship culminate into *task conflict*. Therefore, what is the precise nature of the opportunistic antecedents of task conflict? Given the limited benefits in short term relations, opportunism is likely to be restricted to non-severe forms, lest it jeopardizes the contract and triggers the penal clauses. The non-severe forms, due to its subtleties such as *Passive deception*, often an outcome of non-availability of data due to exogenous factors (Vishwanath et al., 2011), but can be subsequently rectified, qualifies as opportunism in the short term relationship (Olekals & Smith, 2007; Seggie et al., 2013). Likewise, instances of intense negotiation during contracting cycle via data and information *misrepresentation* may lead to opportunistic gains for one of the partners. Such opportunism, which may appear to save the day and, despite being relatively less harmful, triggers *stress-related anxiety* in the minds of the exchange partner by reducing credibility (Jap et al., 2013).

While passive deception and misrepresentation involve the non-availability of information, instances of *false promise* given as a consequence of operational limitations are an observed phenomenon within B2B transactions (Gaim et al., 2021). For instance, logistical uncertainties that are not covered fully under the force majeure clause during pandemic related disruptions may cause an exchange partner to make false promises as a ploy to buy time (Cohen, 2010). Whereas both parties intuitively know the truth, *false promises create uncertainties in the operational allocations of the buyer*, which triggers transactional stress-based task conflict in a B2B context. These operational level *slippages and hindrances* affect efficiencies by causing erosion of *the slacks built into the implementation* timelines of the affected partner. However, such slippages do not result in significant losses for the affected partner, and though, the actual act of contract dissolution do not emerge. The penal cost of contract dissolution, in the context of genuine exogenous disruptions and especially when contested in the court of law far outweighs the benefits of dissolution. Synthesizing, we hypothesize that,

Hypothesis H1a: Passive deception, false promise and misrepresentation related transactional stresses triggers task conflict in a B2B dyadic relationship.

Hypothesis H1b: Tolerable dark side from transactional stress induced task conflict triggers dissolution intent in a B2B dyadic relationship.

Governance Mechanisms and Dark Side Outcomes

The contract reflects many relationship characteristics, namely expectations, standard operating procedures and other observable aspects of an exchange relationship. Contracts typically contain tasks description, Statement of work with boundary conditions. These conditions facilitate measurable outputs and monitoring requirements of the dyadic relationship. Infractions to stipulated norms and specifications may pose a threat to B2B dyad. The dark side is costly especially for relationship termination (Johnsen & Lacoste, 2016). Hence devising appropriate governance mechanisms that mitigate the dark side based conflicts assumes importance (Basu, Aulakh, et al., 2021; Sharma et al., 2022; Verbeke et al., 2021). Building on *behavioral opportunism* and *cost-benefit* aspect of Social Exchange Theory, we segregate the governance mechanisms into those that are *implicitly expected or ex-post emergent* and those that are *ex-ante* contracted and *explicitly* understood. Literature suggests that in long term exchange relationships, relation specific routines self-enforce relational contracts (Klein, 1996), thereby effectively manage engagements (Zollo & Winter, 2002). Relation specific routines lead to *relationship tolerance* which we define as a mechanism by which dyadic partners intend to *downplay* relational conflicts from contractual deviations, and/or violation of benign reciprocity from situational ambiguity in the exchange relationship. Relationship tolerance is an implicit stabilizer to relational status quo. It is important in containing *critical incidents* and *negative events* that threaten the sustainability of B2B dyadic relationships (Keaveney, 1995). Additionally, the TC governance literature (Williamson, 1991a, 1991b) and the industrial organization economic literature (Porter, 2008) suggest that the availability of choices, *ex-ante*, reduces the opportunism based bargaining power (Brown et al., 2000). *However*, the availability of choices, *ex-post to an established exchange relationship*, may accentuate the effect of the dark side.

The literature on explicit and ex-ante governance via contracts provides formal specifications, clauses, definitions and conditions (Argyres et al., 2007; Lumineau & Malhotra, 2011) for an efficient transaction, besides limiting behavioral opportunism in B2B dyad (Poppo & Zenger, 2002a). Given the inherent limitations of contracts, these ex-ante specifications give rise to two forms of governance. The first form, in turn, has two sub-types, namely (i) *interest-based governance* and (ii) *rights-based governance*. Interest-based governance is defined as an inclusive, mutual and problem solving approach (Ury et al., 1988) where the partners share details of their requirements and seek alternatives to keep conflict under control (Malhotra & Lumineau, 2011). A right-based governance, on the other hand, comes under the ex-post contractual governance to overcome the limitation of the relational contract as part of recourse or to exercise remedial measure on the erring partner (Poppo & Zenger, 2002b). In case, interest based governance fails to restore the dyadic exchange relationship, partners may resort to the *second form of governance* that comes from the *effectiveness of formal institutions* to mitigate disputes.

Institutional effectiveness encompasses regulatory interventions and legal enforceability of contracts via designated regulatory institutions (Child et al., 2003). It aims at protecting the interest of the investors/aggrieved party, thereby preventing the emergence of deviant behavior (Vorhies & Morgan, 2003). While emerging markets are often perceived to be weak in institutions (Shou et al., 2016; Zhou & Xu, 2012), we contend, by reposing on the conciliation-adjudication literature (Corredoira & McDermott, 2014; McDermott et al., 2009) to state that institutional and legal remedies are available to the aggrieved parties when properly invoked. Conciliation cum quasi-adjudication mechanisms are often perceived as time and cost-effective ways of resolving disputes (Basu, 2012) to sustain the dyadic relationship. Therefore, signalling the invocation

of conciliation proceedings as a precursor to a costly judicial procedure is considered sufficient to mitigate dark sides in B2B dyadic exchanges. Synthesizing the above we propose the following

Hypothesis H2: Interest-based governance and availability of alternative choices accentuates, while institutional effectiveness attenuates the association between tolerable dark side induced task conflict and dissolution intent in B2B dyadic relationship.

3. Methodology

Context and Data

In line with the contextual requirement in the call for paper, we embed our study in a post-pandemic emerging market, namely India. The pandemic induced a black swan event, wherein economy-wide lockdown persisted for nearly three months, coupled with work from home, disrupted supply chains and caused stresses at multiple levels in the exchange relations. That, in turn, threatened or disrupted long- and short-term B2B relations, precipitating business failure (Amankwah-Amoah & Wang, 2019). To objectively capture the dark side induced outcomes in B2B dyads, we electronically administered a 7-point Likert scale based survey instrument via Qualtrics® to 2,200 to professionals (Hair et al., 2011) who have expertise in the domain. We purposefully chose vendor management, contract management, procurement, sales and legal professionals to overcome the problem of biased responses from either of the aggrieved parties. Besides, field professionals are expected to hold rational and balanced views about the disputants/B2B dyad partners (Krauss et al., 2004). We received 527 responses, of which 487 responses were usable and complete in all aspects. The survey duration was approximately two months, from the middle of November 2021 to the middle of January 2022. Details of our data are presented in Table 1 below

Table 1 Demographic and other Details of the Respondents

Sl. No.	Description	Details
1	Male Respondents	339 (70%)
2	Female Respondents	148 (30%)
Academic Qualification of Respondents		
3	Bachelorette Degree in Law	37%
4	Master's Level Degree	63%
5	Masters Degree in Law but with Engineering Degree at Bachelorette Level	85 (17%)
Experience		
6	Experience: 5-10 Years	65%
7	Experience: 10-20 Years	22%
8	Experience: >20 Years	13%
Industries where the Disputes were Observed		
9	Industry - Manufacturing	65%
10	Industry - Services	35%
Functional Areas involving Disputes		
11	Procurement Department	32%
12	Sales Department	26%
13	Commercial and Contract Department	17%
14	Vendor Management Department	23%
15	Legal Department	2%
Hierarchy of the Dyad Partners		
16	Decision Making Level	64%
17	Decision Enabling Level	36%
Total 487 disputes involving 974 firms		

Measurement Variables

Dependent Variables

Dissolution Intent: Dissolution intent is the starting point of ending a transactional relationship, and is contingent upon some events related to prevailing conditions of the relationship (Giller & Matear, 2001). It is measured using 5 item scale developed by (Pettersen & Rokkan, 2006; C. Yang, Wacker, & Sheu, 2012).

Independent Variables

Passive Deception: It measures the extent of subtle, deceptive practices such as concealing of fact, exaggerating some of the contractual aspects, not sharing certain information as agreed. It is measured using 6 item scale developed by (Liu, Liu, & Li (2014); (R. J. Robinson, Lewicki, & Donahue, 2000); (Gundlach, Achrol, & Mentzer, 1995; Jap & Anderson, 2003; Lewicki, 1983; Liu, Liu, & Li, 2014)(Samaha, Palmatier, & Dant, 2011).

False Promise: It measures the extent to which promises are made to fulfil contractual obligations by one of the exchange partners without actually keeping the promise at the time of execution. It is measured using 5 item scale developed by (Leonidou, Aykol, Fotiadis, Christodoulides, & Zeriti, 2017) and (R. J. Robinson et al., 2000).

Misrepresentation: Misrepresentation measures the extent of incorrect presentation of operational or performance parameters, or a refusal to validate information or intentional misquotation with an intent to secure an advantage over the dyadic partner. It is measured using 5 item scale developed by (Fulmer, Barry, & Long, 2009; R. J. Robinson et al., 2000).

Mediator Variables

Task Conflict: Task Conflict measures the differences of opinion between transacting parties with an intent to secure advantages over the other party in day-to-day tasks. It is measured using a 5-item scale developed by (Mohr, Fisher, & Nevin, 1996; Rose & Shoham, 2004; Wolfe & Murthy, 2005).

Moderator Variables

Interest-Based Governance: Interest-Based Governance measures the consensual agreement to resolve problems, create a cordial environment, setting common goals, and achieving them to protect self-interest. It is measured using 5 item scale developed by (Lumineau & Malhotra, 2011) and (Mac Donald, 1970).

Institutional Effectiveness: It measures the effectiveness of institutional support/intervention when disagreements, breaches, or violations are reported to legal systems in force. *institutional intervention* consisting of 5 items and developed by (S. W. Anderson & Dekker, 2005; Shou et al., 2016).

Alternative Choices: Alternative Choices imply the need to search for alternative vendors/suppliers in case of a switch over due to task conflicts or any other behavioral opportunism. This is a single item construct in 7-point Likert scale adopted from (Beate Pettersen & Rokkan, 2006).

Control Variables

Age of the Firm: We control for the age of the firm. This is because older firms may have matured processes to classify and deal with stresses and contractual violations in vendor relationships and a matured system to guide and govern teams within and across firm boundaries. Firm age was deduced by taking the natural log of the difference between the year of incorporation of the firm and the year of data collection, that is, 2021 (Finkelstein & Hambrick, 1990).

Industry Type: We controlled for industry effect by dichotomizing manufacturing as 1,0 and service as 0,1.

3.1 Conceptual Model and Specifications

Our conceptual model is presented in Figure 1, and the econometric specifications for testing each of the hypotheses are given below

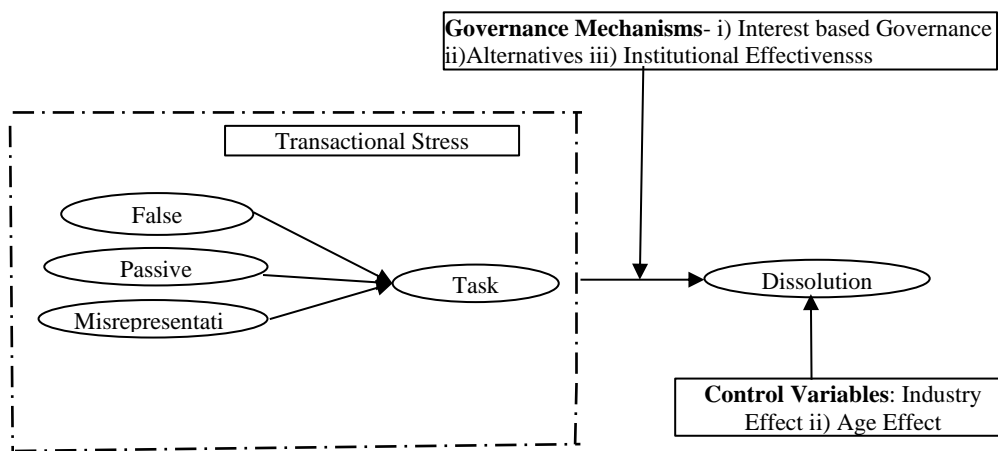


Figure 1 Conceptual Model

To model the influence of passive deception, false promise and misrepresentation as transactional stresses on task conflict (hypothesis H1a) and that of task conflict on dissolution intent (H1b), we model task conflict as a mediator variable and the same is presented in the following generalized expression:

$$TC = \alpha_0 + \alpha_1 \sum TS + \alpha_2 \sum CV + \varepsilon_1 \quad \text{--- (1a)}$$

$$DI = \varphi_0 + \varphi_1 \sum TS + \varphi_2 TC + \varphi_3 \sum CV + \varepsilon_2 \quad \text{--- (1b)}$$

Where TC implies Task Conflict, $\sum TS$ implies the summative effects of three transactional stresses, namely passive deception, false promise, and misrepresentation, DI implies dissolution intent, $\sum CV$ implies the control variables, namely age and industry effect, α and φ are the respective parameters and ε is the error term.

To model the interaction effects of interest-based governance, alternative choices and institutional effectiveness on the task conflict – dissolution intent linkages (H2), we present the following generalized expression:

$$TC = \partial_0 + \partial_1 \sum TS + \partial_2 \sum CV + \varepsilon_5 \quad \text{--- (2a)}$$

$$DI = \psi_0 + \psi_1 \sum TS + \psi_2 TC + \psi_3 GM_i + \psi_4 TC \times GM_i + \psi_5 \sum CV + \varepsilon_6 \quad \text{--- (2b)}$$

where additionally, GM_i implies the individual effect of any one of the three governance mechanism at any given time, and $TC \times GM_i$ implies the interaction effect between task conflict and any of the three governance mechanisms.

We adopted the Seemingly Unrelated Regression (SUR) method in STATA-16.1 to model the mediated moderation effects. Using the nested two-equation approach, we first regressed the task conflicts on the antecedent stress factors. In the second equation, we regressed the dark side outcomes, i.e., dissolution intent on task conflicts and the antecedent stress factors (to ensure full mediation effects). Further to test hypotheses H2, we introduced the interaction terms and the interaction effects in the second equation, thus modelling the mediated moderation effects.

4. Results

Table 2 presented below represents the Pearson’s pairwise correlation matrix for both the tolerable and intolerable dark sides

Table 2 Pearson’s Correlation Matrix

Sl. No	Variables	Mean	ST. Dev	1	2	3	4	5	6	7	8
1	Dissolution Intent	5.4456	0.9022	1.0000							
2	Passive Deception	4.9432	1.2826	0.2430*	1.0000						
3	False Promise	4.9006	1.4090	0.2399*	0.7782*	1.0000					
4	Misrepresentation	4.7848	1.3489	0.2864*	0.8213*	0.7123*	1.0000				
5	Task Conflict	4.7840	1.2341	0.3066*	0.7059*	0.6569*	0.7437*	1.0000			
6	Alternatives	2.3285	1.1560	-0.3617*	-0.1320*	-0.1480*	-0.1631*	-0.2095*	1.0000		
7	Interest-Based Governance	5.4665	0.8727	0.4963*	0.3062*	0.2811*	0.3679*	0.3319*	-0.3747*	1.0000	
8	Institutional Effectiveness	5.7326	0.8003	0.6310*	0.0971*	0.0716	0.1143*	0.1315*	-0.3488*	0.4865*	1.0000

(* at $p < 0.05$)

Hypotheses H1a – H2 are tested via models M2 to M5 in Table 3. Hypothesis H1a posits the association between the antecedent variables like passive deception, false promise and misrepresentation as transactional stresses and task conflict as an intermediate outcome, while H1b suggests the onward association between task conflict and dissolution intent. H1a,b is tested via Model M2, which suggests that all the three dimensions of transactional stresses are positively and significantly associated with task conflict, thus lending support to H1a. Likewise, task conflict, induced by the three antecedent variables, exhibits a positive and significant ($\alpha=0.213, p<0.01$) association with dissolution intent. Thus, hypotheses H1a and b are fully supported. Hypothesis H2 proposes the effects of governance mechanisms like interest-based governance, alternatives, and institutional effectiveness on the association between tolerable dark side based task conflict and dissolution intent. Models M3, M4 and M5 test the aforesaid moderation effects. Model M3 suggests that interest-based governance positively and significantly ($\alpha = 0.087, p<0.05$) moderates the influence of task conflict in auguring dissolution intent. Likewise, model M4 supports a positive and significant ($\alpha = 0.083, p<0.1$) effect of alternatives in accentuating the effect of task conflict on dissolution intent. However, model M5 supports the assertion that institutional effectiveness is a significant and negative ($\alpha = - 0.124, p<0.01$) moderator that attenuates the effect of task conflict on dissolution intent, thus mitigating the effect of the dark side on B2B dyadic relations. Thus, H2 is supported.

Table 3 Models of Tolerable Dark Side

Variables	Model 1	Model 2		Model 3		Model 4		Model 5	
	Dissolution Intent	Task Conflict	Dissolution Intent	Task Conflict	Dissolution Intent	Task Conflict	Dissolution Intent	Task Conflict	Dissolution Intent
Industry Effect	-0.041 (0.035)		-0.014 (0.034)		-0.011 (0.030)		-0.003 (0.032)		0.005 (0.026)
Age of the Organization	-0.090 (0.056)		0.033 (0.056)		0.010 (0.050)		0.042 (0.053)		-0.035 (0.044)
Passive Deception		0.181*** (0.058)	-0.062 (0.087)	0.181*** (0.058)	-0.061 (0.078)	0.181*** (0.058)	-0.032 (0.082)	0.181*** (0.058)	-0.067 (0.067)
False Promise		0.187*** (0.047)	0.050 (0.072)	0.187*** (0.047)	0.036 (0.064)	0.187*** (0.047)	0.035 (0.068)	0.187*** (0.047)	0.068 (0.055)
Misrepresentation		0.462*** (0.052)	0.149* (0.083)	0.462*** (0.052)	0.017 (0.075)	0.462*** (0.052)	0.134* (0.078)	0.462*** (0.052)	0.127** (0.064)
Task Conflict			0.213*** (0.068)		0.124** (0.063)		0.179*** (0.066)		0.187*** (0.055)
Interest Based Governance					0.483***				

					(0.046)				
Task Conflict x Interest based Governance					0.087**				
					(0.040)				
Alternatives							-0.293***		
							(0.043)		
Task Conflict x Alternatives							0.083*		
							(0.046)		
Institutional Effectiveness									0.560***
									(0.036)
Task Conflict x Institutional Effectiveness									-0.124***
									(0.042)
Constant	0.330*	0.000	-0.064	0.000	-0.037	0.000	-0.095	0.000	0.104
	(0.177)	(0.029)	(0.178)	(0.029)	(0.161)	(0.029)	(0.171)	(0.029)	(0.139)
Observations	487	487	487	487	487	487	487	487	487
R-squared	0.008	0.594	0.104	0.594	0.277	0.594	0.201	0.594	0.467

Standard Errors in Parentheses: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

5. Conclusion

The result exhumes the antecedents, manifestations, outcomes, and governance of dark side phenomena in B2B dyadic relationships. We build on the literature that segregates the dark side into two clusters, depending on the intensity of stresses. First, tolerable dark sides generally emerge in short-term transactional exchanges around a specific task. Given that the empirical investigation was conducted in the immediate aftermath of the pandemic, it is fair to expect that *genuine* exogenous factors might have affected B2B transactions. Thus, supply chain disruptions might have forced vendors to resort to misrepresentation or false promises on delivery schedules. While such *lapses* are at abeyance to contractual obligation leading to task conflicts, none of the dyadic partners truly contemplates premature severance. Moreover, if such lapses are not routine affairs and comply with rescheduled timelines/delivery dates, the need to change vendors does not emerge. Consequently, the stresses and conflicts are manageable, thus exhibiting a tolerable dark side in the dyad.

Secondly, governance mechanisms like alternative choices and institutional effectiveness in the dark side context assume importance. As indicated in Tables 3, in almost all the cases, the direct effect of the governance mechanisms on dark side outcomes and the interactive effects are opposite in nature. *Ab initio*, this is intriguing. However, a deeper investigation reveals the following. Generally, alternative choices *available upfront* mimics a perfect market and restrains dyadic partners from exhibiting opportunism. Consequently, the *need to sever relations does not arise* and which implies a negative association with dark side outcomes. But conciliation as institutional governance mechanisms, post-emergence of conflict, mitigates the corresponding dark side and preserves the dyadic relationship. But with the onset of the conflict, long time partners find merits in tolerating genuine deviations from exogenous factors or deviant partners self-rectify themselves to honor the obligatory rights of their partners. Prima facia, in short-term contractual relationships, the self-interest of the dyadic partners tends to increase the intention to discontinue relationships. However, when a dispute or a conflict actually arises, though the effect of interest-based governance on conflict–dissolution continues to be positive, the intensity reduces to a large extent vis-à-vis the direct effect, thereby suggesting a mitigation effect of the dark side. Therefore, our study reveals that conventional relationship governance mechanisms *flip* once dark sides emerge in the dyad.

Finally, we present evidence in Table 3 on the marginal effects of different governance mechanisms introduced sequentially via hierarchical regression on their respective dark side outcomes. We find that for the tolerable dark side, the moderating effect of interest-based governance *increases* relative to its original value in the presence of alternative choices. Both interest-based governance and alternative choices, in unison, significantly enhance the dissolution intent, thereby suggesting the predominance of narrow self-interest over relationships. However, in the presence of alternative institutional resolution mechanisms (institutional effectiveness), both interest-based governance and alternative choices lose strength, as institutional effectiveness tends to restore the relational status quo.

6. Limitations and Future Directions

As with any other research work, the current research suffers from limitations. The first limitation is the manifestation of the dark side in the temporal axis i.e. a business relationship is not a static condition but undergoes multiple phases (Eggert et al., 2006; Johnson & Selnes, 2004; Kusari et al., 2013). In the initial stage of the relationship, expansion and growth will lead to better relational governance. On the other hand, the matured phase of the relationship may have limited interest in expanding due to the declining need for the transaction. Our research has not considered the determinants of the dark side in different relationship phases.

The unit of analysis considered for exploring the dark side antecedents in the exchange relation is at the organizational level. C. Zhang et al., 2011 demonstrate how the trust between supplier and buyer, differs from the trust between buying and selling

organizations. (Tangpong et al., 2010) argued the necessity of integrating individual-level and firm-level units in analysing B2B opportunism. (Ping & Dwyer, 1992) posited that the "manifestation of dissatisfaction" in the exchange level starts with the "individual level" and then affects the "organizational" level. The future research can combine individual and organizational levels to explore the dark side impact.

Thirdly, and in continuation to the previous limitation, we have not *reported* whether the tolerable dark side itself is an antecedent construct to the intolerable dark side. This is conceptually significant as the interplay between stress inducers and stress mitigators (governance mechanisms) in tandem may reveal some other unknown phenomenon, but with a gradual conversion/transformation of the tolerable dark side into the intolerable dark side and a final termination of the relationship, a possible phenomenon as indicated by (Seggie et al., 2013).

Finally, we have considered our model variables to be composed of conceptually consistent reflective constructs as vetted by mainstream and allied literature. However, we agree that there are scopes of additional variables that may strengthen existing constructs like governance mechanisms or additional factors that induce task and relational conflicts. We sound a word of caution for future scholars who may explore and extend the frontiers of the present research explore and extend the present research's frontiers to carefully consider the creation and/or importation of formative constructs in a reflectively measured way model. Such inconsistent importation may lead to incoherent models with spurious findings.

7. References

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