



**Opportunism in buyer-supplier exchange: a critical examination of the concept and its implications for theory and practice**

Journal:	<i>Production Planning &amp; Control</i>
Manuscript ID	TPPC-2016-0121.R2
Manuscript Type:	Research
Date Submitted by the Author:	13-Apr-2018
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Keywords:	Opportunism, Buyer-Supplier Exchange, Critique, Guile

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4 **Opportunism in buyer-supplier exchange: a critical examination of the concept and its**  
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6 **implications for theory and practice**  
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10 **Abstract**  
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15 Claims that opportunism is widespread in the process of buyer-supplier exchange are  
16 commonplace, but direct supporting evidence for such claims is largely absent from the  
17 relevant literatures. This paper offers a critique of the treatment of opportunism in supply  
18 chains by re-establishing the importance of guile in the concept, and investigates existing  
19 published, empirical measures of buyer and supplier opportunistic behaviour. The paper  
20 offers evidence that, despite the frequency with which the concept is discussed in the  
21 literature and applied in research, and the emphasis given to the risks it generates for  
22 management, opportunism with guile between buyers and suppliers appears to be rare in  
23 practice. This paper is the first critical assessment of the concept's treatment in the  
24 Operations Management field, and it argues that practitioners are currently being poorly  
25 advised with respect to the phenomenon, as well as drawing conclusions for both  
26 practitioners and researchers that differ radically from the prevailing consensus on the  
27 subject.  
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45 **Keywords**  
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50 Opportunism, **Guile**, Buyer-Supplier Exchange, Critique  
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# Opportunism in buyer-supplier exchange: a critical examination of the concept and its implications for theory and practice

## 1. Introduction

Buyer-supplier relationships exist between firms to ensure that goods and services can be bought and sold in the most effective and efficient manners. Opportunism is deemed a behaviour that runs contrary to these aims and management devotes considerable time and resources in creating mechanisms to mitigate against it. The purpose of this article is to critically assess the current treatments of the concept of opportunism in relevant literatures by examining existing empirical evidence relating to the phenomenon and reflects the concerns that whilst opportunism is widely researched, it is rarely the central focus of much research and is consequently not completely understood (Hawkins et al. 2013). **The specific focus of this article is an exploration of the role of opportunism with guile in buyer-supplier relationships, as this phenomenon is not explicitly considered by other theories or views and provides the contribution of this article.**

The paper builds on research, which evaluates the presumption of the prevalence of opportunism in buyer-supplier exchanges (Hawkins et al, 2008) and questions the pervasive character of opportunism assumed by proponents of Transaction Economic theory (Moschandreas, 1997). Given the importance accorded to opportunism in business related research (Hawkins et al. 2013), we attempt to re-establish the significance of “guile” in Williamson’s (1985) initial thesis of opportunism in his development of Transaction Cost Economics (TCE). In so doing the paper highlights methodological and survey design factors that may influence data gathering and interpretation of the phenomenon (Crosno and

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2  
3 Dahlstrom, 2008). The practical aim of the paper is to ensure that management responses to  
4 the possible risks of opportunistic behaviour between buyers and suppliers match the  
5 magnitude of the threat the phenomenon poses. In the event of a mismatch, inappropriate  
6 management decisions may result. From an educational perspective and in line with Ketokivi  
7 and Mahoney (2016, p. 136), we suggest that “a thorough understanding can help us take  
8 TCE to the classroom in a constructive manner.”  
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18 We argue that opportunism is central to TCE and widely used in the analysis of buyer-  
19 supplier exchange relationship, although we acknowledge other theoretical perspectives could  
20 provide rival explanations of the phenomenon. The analysis that follows will be of particular  
21 value to researchers and practitioners with an interest in or responsibility for supply chain  
22 performance. The paper analyses the literature on opportunism from different academic  
23 fields to address three main questions:  
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- 31 • Is opportunism with guile common in buyer-supplier exchange?
- 32 • Are different forms of opportunism of equal importance to practitioners?
- 33 • Is opportunism a serious problem that demands significant management  
34 attention?  
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42 The current consensus in a variety of fields including Operations (OM), Marketing and  
43 Purchasing & Supply Management (P&SM) is that opportunism is a commonplace,  
44 significant threat to companies engaged in buyer-supplier exchange. However, this paper will  
45 show, through an evaluation of direct and indirect evidence, that the enactment of  
46 Williamson’s (1985) original definition of opportunism with guile is not as common as the  
47 academic literature purports it to be. The contribution of this paper is threefold:  
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3 I. A more critical treatment of opportunism, which more precisely defines the concept  
4 of guile and its role in opportunistic behaviour, allows us to more clearly differentiate  
5 between truly opportunistic behaviours and those that are overt in nature or are the  
6 results of mistakes, lack of knowledge and experience on the part of the supplier.  
7 Establishing the key role of guile therefore questions the pervasiveness of  
8 opportunism in buyer-supplier relationships.  
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16 II. This more precise view of guile means that practising purchasing managers can focus  
17 their managerial control activities on truly opportunistic behaviours and that  
18 extraordinary supplier evaluation and monitoring efforts are not required to provide  
19 protection from the effects of the opportunism. Practitioners can then more usefully  
20 devote these resources to more effective activities such as dealing with global and  
21 technological challenges resulting from an increasing reliance on digitalisation and  
22 the need to deal with more complex data.  
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31 III. Academic research, meanwhile, might usefully focus on both improving the construct  
32 validity of methods of measuring opportunism, and devising means of dealing with  
33 the epistemological difficulties of obtaining valid empirical responses, in order to  
34 arrive at a more accurate assessment of the actual incidence of the phenomenon.  
35 Further, the continued attribution of opportunism to more ‘innocent’ supplier  
36 behaviour results in the circular argument that opportunism is rife, which is inhibiting  
37 the development of trust and openness in buyer-supplier relationships.  
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48 The paper proceeds with an examination of the meaning of the term ‘opportunism’ in buyer-  
49 supplier exchange, a review of the treatment of the phenomenon in a variety of literatures,  
50 and a critical analysis of the direct and indirect empirical evidence for the prevalence of  
51 buyer-supplier opportunism. This analysis results in the establishment of the lack of  
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3 consideration of the role of guile in defining opportunistic behaviour and concludes with the  
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5 finding that the phenomenon is not sufficiently common to warrant the currently  
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7 recommended levels of management attention.  
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## 10 11 **2. The foundations of opportunism in the literature** 12 13

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15 The concept of opportunism employed in OM stems from microeconomic theory, where it  
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17 was introduced by Oliver Williamson to help explain the emergence of firms from pure  
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19 market trading. Opportunism is an assumption at the heart of Transaction Cost Economics  
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21 (TCE) and defined by Williamson as: ‘...self-interest seeking with guile’ (Williamson, 1985,  
22  
23 p.47). Because of its contribution to the understanding of the make-or-buy decision process in  
24  
25 companies, the concept is of particular interest to the OM, P&SM and Marketing fields where  
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27 the largest number of published references is to be found. However, the term is employed  
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29 widely in a variety of other fields: Organisation Science (Conner & Prahalad, 1996), Finance  
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31 (Douglas, 2007), Strategy (John, 2001), Human Resource Management (Lepak & Snell,  
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33 1999). Close examination reveals that the usage of the term in the literature frequently does  
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35 not match Williamson's (1985) original, idiosyncratic and deliberately narrow definition  
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37 which he devised in order to explain the emergence of firms from the market. It will be  
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39 argued that changes in the definition and flaws in the methods used to measure the concept  
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41 have reduced the validity of empirical data, and practitioner advice derived from such studies  
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43 may thus generate a misallocation of management resources.  
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50 The paper focuses on opportunism in buyer-supplier exchanges, and in particular analyses a  
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52 small number of papers that offer direct and indirect evidence of the prevalence of buyer and  
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54 supplier opportunism. Before the discussion narrows down to the empirical evidence of the  
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3 frequency with which the phenomenon may be encountered, a brief overview summarising its  
4 treatment in the literatures from which those papers are drawn is offered to provide a context  
5 for that evidence. This section also establishes the key role that guile plays in opportunism  
6 and how its usage has developed from Williamson's original establishment of the concept.  
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## 11 12 13 **2.1 Definitions of opportunism** 14

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17 The concept of opportunism refers to a feature of human behaviour rather than a technical,  
18 abstract economics concept, and the following discussion thus begins with general semantics  
19 and English usage. The dictionary definition of the word is relatively straightforward,  
20 opportunism is:  
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28 The art, policy, or practice of taking advantage of opportunities or circumstances  
29 often with little regard for principles or consequences.  
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33 (Merriam-Webster.com, 2014)  
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35 Or:  
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39 The policy of doing what is opportune or at the time expected...often used to imply  
40 sacrifice of principle or an undue spirit of accommodation to present circumstances.  
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44 (Oxford English Dictionary, 1989, p. 865)  
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48 The dictionary definition thus focuses on the taking of some kind of advantage involving a  
49 transgression against some principle, with an element of chance rather than deliberate  
50 planning. The definition devised by Williamson (1985) in Economics differs in several  
51 respects:  
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5 By opportunism I mean self-interest seeking with guile. This includes but is scarcely  
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7 limited to more blatant forms, such as lying, stealing and cheating. Opportunism more  
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9 often involves subtle forms of deceit. [and]...more generally, opportunism refers to  
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11 incomplete or distorted disclosure of information, especially to calculated efforts to  
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13 mislead, distort, disguise, obfuscate, or otherwise confuse.

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16 (Williamson, 1985, p. 47)

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20 The dictionary definition of 'guile' meanwhile is:

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24 Insidious cunning, deceit, treachery.

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26 (Oxford English Dictionary, 1989, p. 934)

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31 Thus, in Williamson's (1985) version, the advantage being taken is self-interest and the main  
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33 principles being violated (as his analysis indicates) are the business norms of being truthful  
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35 and honouring contracts. Such relational norms are said to reduce opportunism as they are  
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37 expectations about behaviour and govern exchange relationships between firms (Heide and  
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39 John, 1992). The element of chance or lack of planning present in the dictionary definition is  
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41 replaced with the opposite notion of *deliberate* planning or intent. Furthermore, because  
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43 deliberately failing to honour a contract is very widely disapproved of in business, and  
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45 dishonesty is met with opprobrium in both business and wider society, the perpetrators of this  
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47 form of opportunism need to employ guile or deceit, and the behaviour is thus conducted in  
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49 secret. When applied to buyer-supplier exchange the differences between the open or overt  
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51 and secretive versions of the concept can be illustrated with reference to a buyer faced with a  
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53 price increase from a supplier and this is shown in Table 1:



<b>Concept</b>	<b>Behaviour</b>	<b>Illustrative example</b>
<b>Overt opportunism</b>	The open pursuit of advantage or benefit by one party to an exchange at the expense of their trading opposite(s).	The supplier forces a price increase through without offering any justification.
<b>Opportunism-with-guile</b>	The hidden pursuit of advantage or benefit, with the deliberate intent to deceive, by one party to an exchange at the expense of their trading opposite(s).	The supplier requests a price increase citing deliberately distorted data in justification, and hides the distortion.

**Table 1 – Example of the overt and with-guile forms of opportunism (source – authors)**

A supplier might employ Overt-opportunism if they were, for example, indifferent towards a buyer and did not care if they kept or lost their business. Suppliers keen to retain a buyer's business might also behave like this if they recognised that the buyer was so dependent on their output that they could demand whatever they liked without fear of losing the buyer's business.

## ***2.2 Current usage of opportunism - the effects of definition choice***

Firstly, we look at whether the concept of opportunism has been critically treated in the OM and Marketing literature, before going on to look at its empirical usage in sections 3.1 and 3.2. One might argue that in an OM paper, it is inappropriate to include data from Marketing studies. However, that field has made many more measurements of the phenomenon than any other to date, and their omission would have produced an indefensible narrowing of the analysis. Moreover, although they employ a different perspective, the Marketing studies examine the same phenomenon as those in OM, P&SM and other fields. Many, use precisely

the same measures in collecting data. Indeed, the concept of opportunism has been enthusiastically embraced by the two fields, as a search using the term “opportunism” in the Google Scholar and Summon search engines, and the EBSCO Business Premier and Emerald databases generated a list of likely target journals (see Table 2 below). These journals were considered to be the most relevant as taken from the Associated Business Schools (ABS) Journal Quality, and the search using “opportunism” generated a combined total of 1486 papers referring to the phenomenon.

### **Operations Management**

Journal of Operations Management, International Journal of Operations and Production Management, Production, Planning and Control, Journal of Purchasing and Supply Management, Supply Chain Management an International Journal, Journal of Supply Chain Management, Journal of Production and Operations Management, Journal of Production Economics, International Journal of Physical Distribution and Logistics Management, Journal of Business logistics, International Journal of Logistics Management, Decision Sciences, European Journal of Operational Research

### **Marketing**

Journal of Marketing Research, Journal of International Marketing, Psychology and Marketing, Journal of Business and Industrial Marketing, Journal of Retailing, Marketing Letters, Marketing Science, International Journal of Research in Marketing, Journal of the Academy of Marketing Science, Industrial Marketing Management, Journal of Marketing, European Journal of Marketing

### **Other managerial areas**

Strategic Management Journal, Academy of Management Journal, Administrative Science Quarterly, British Journal of Management, Journal of Management

**Table 2 – Relevant journals referring to the concept of opportunism**

The papers were divided between the three researchers to scan for evidence of any critical and focused treatment of the concept of “opportunism” and this process identified 37 papers (as seen in Appendix A). Surprisingly, these contain only a few critical observations relating

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3 to the concept, as the focus is of these papers is on empirical measurement of the  
4 phenomenon. One early work (John, 1984) argued that, contrary to Williamson's claims:  
5 '...unrestrained self-interest maximization is not characteristic of human behaviour...' (1985,  
6 p. 278). The concept is widely referred to, and, in common with other fields, the dominant  
7 treatment is that of a problem requiring managing or minimizing, for example: Liu et al.  
8 (2010b, p. 844); Cavusgil et al. (2004, p. 8); Brown et al. (2000, p. 51). Thus Handley &  
9 Benton (2012) comment on the challenges that have been made to Williamson's claim that  
10 opportunism is an innate human characteristic (Williamson, 1985, p. 56), and Gulbrandsen et  
11 al. (2009) deserve mention for referring to weaknesses in the original theory concerning the  
12 effects of opportunism and mechanisms for influencing it. In general, however, the concept  
13 has become so familiar that, with the exception of empirical papers employing the concept as  
14 a variable for measurement, references to it are usually made in passing, and the treatment is  
15 predominantly uncritical. The norm is for opportunism to be presented as a problem  
16 demanding management attention. For example, Cadden et al. (2015) show that opportunistic  
17 behaviour by the buyer (such as price renegotiation in situations of increased buying  
18 volumes) may result in reciprocal behaviour from the supplier (in the form of contract  
19 renegotiations in situations of decreasing buyer volumes) or that behaviour could be  
20 construed by one party as being opportunistic, e.g. in Chen et al. (2016) price increases from  
21 the supplier due to holidays were not believed by the buyer. Although such examples are  
22 nonetheless rigorous in the establishment of links between behaviour and interpretation and  
23 extend the scope of what may be considered opportunistic behaviour, introducing contextual  
24 matters into the discussion, they do not question the fundamental definition of opportunism  
25 used.

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3 Perhaps the most widely cited and hence influential, theoretical source that informs many of  
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5 the later studies of the phenomenon in the OM and Marketing fields is Wathne & Heide  
6  
7 (2000) which has been cited in 374 publications (Scopus, accessed June 15, 2015,  
8  
9 www.scopus.com). They begin with Williamson's 'self-interest seeking with guile'  
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11 definition, and drawing on Masten (1988), describe it as "strong form" or "blatant"  
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13 opportunism (Wathne & Heide, 2000, p. 38). Given the importance of secrecy in  
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15 Williamson's (1985) definition, the latter term is particularly inappropriate. They subdivide  
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17 opportunism into two forms:  
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22 For example, opportunism in the form of quality shirking means that a party is  
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24 withholding efforts, or *passively* failing to honor an agreement. In contrast, breaching  
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26 a distribution contract by selling in an unauthorized territory involves an *active* effort.  
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29 Wathne & Heide, 2000, pp. 36-7 [emphasis in original]  
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33 Both of the examples they refer to may involve the deliberate use of deceit. They also draw  
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35 on Macneil (1981) in the Law field, and employ his alternative definition of opportunism:  
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37 "Self-interest seeking contrary to the principles of the relation in which it occurs." (Macneil,  
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39 1981, p. 1024). Unfortunately, their analysis loses clarity when they repeat a typing error in a  
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41 footnote in Macneil's work (see Macneil, 1981, 1023), thus: "...a necessary starting point is a  
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43 delineation of the term 'guile' which [Macneil] defines as "taking advantage of opportunities  
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45 with little regard for principles or consequences." (Wathne & Heide, 2000, p. 39). Those  
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47 words, however, clearly derive from the Merriam-Webster definition (above) of *opportunism*  
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49 not guile, and by transcribing this error they accidentally drop guile from their formal  
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51 analysis and never clearly state their position on the behaviour. However, since some of the  
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53 examples they subsequently discuss display guile and some do not, one may infer that  
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3 Wathne & Heide's (2000) treatment embraces both the with-guile and overt forms. Finally,  
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5 whereas Williamson's (1985) theory focused narrowly on the violation of the principles of  
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7 telling the truth and the honouring of contracts, Wathne & Heide (2000) introduce a variety  
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9 of other principles that may be violated including: 'the expectation of sharing benefits and  
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11 burdens', 'restraints on unilateral use of power', 'general norms of equity', 'distributive  
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13 justice', 'broad bargaining norms' and 'flexibility' which they define as the 'shared  
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15 expectation that parties will adapt to changing circumstances' (p. 40).  
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21 It is self-evidently possible to devise any number of specialised definitions of the concept of  
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23 opportunism. Williamson (1985) chose a very narrow, specialised form while Macneil (1981)  
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25 and Wathne & Heide (2000) favour a much broader concept. The relative merits of these  
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27 alternative definitions of the concept is of no relevance to the current discussion, but the  
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29 choice of definition made for research purposes is of importance because the breadth of the  
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31 definition has a significant effect on the magnitude of the *perceived* risk or threat that  
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33 opportunism poses in practice. The major differences between Williamson's (1985) and  
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35 Wathne & Heide (2000) and Macneil's (1981) definitions were the intent to deceive and  
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37 hence the need for secrecy, and the number and nature of the principles being violated. In the  
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39 comparison that follows the effects of those differences in practice is evaluated.  
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45 Neither Williamson's (1985) nor Wathne & Heide (2000) and Macneil's (1981) definitions  
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47 have any unambiguous implications for the possible costs generated by opportunism. They  
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49 may be very high or very low in either case. However, when successfully deployed by a  
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51 deceitful organisation, both the presence of opportunism-with-guile, and the source of its  
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53 effects on the victim will be hard to detect, thus making it extremely difficult to manage and  
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55 control. Wathne & Heide (2000) and Macneil's (1981) definitions add openly opportunistic  
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3 behaviours to those involving guile, but since these additional behaviours will be readily  
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5 detected by victims, they will tend to be easier to manage.  
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9 Following criticisms of his opportunism assumption (see Donaldson, 1990 for example),  
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11 Williamson repeatedly argued that his version of the phenomenon will be relatively  
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13 uncommon in practice, see for example: (Williamson, 1998, p. 31; Williamson, 2005, p. 8;  
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15 Williamson, 2008, p. 10, Williamson, 2009, pp. 150-151; Williamson, 2010, p. 678). His  
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17 position is perhaps most clearly expressed here: [I do not believe]’... that most economic  
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19 agents are engaged in opportunistic practices most of the time. Rather, most economic agents  
20  
21 are engaged in business-as-usual, with little or no thought to opportunism, most of the time.  
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23 Furthermore, Williamson repeatedly stressed that opportunism is only likely when the  
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25 potential rewards for the perpetrator are very large or ‘the stakes are high’ - see for example  
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27 (Williamson, 2008, p. 10; 2009, pp. 150-1; 2010, p. 678).  
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33 That opportunism does not continuously intrude is partly because many economic agents are  
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35 well-socialized.’ (Williamson, 1993, p. 98). Many people have been successfully persuaded  
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37 by parents, schools and wider society that the behaviours of lying and cheating, upon which  
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39 opportunism-with-guile relies, are undesirable. Moreover, those social norms are reinforced  
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41 by a number of business norms connecting revealed deceit with damage to company  
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43 reputation. The incidence of contract breach, for example, is low and companies rarely seek  
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45 recourse to the law because: ‘Two norms are widely accepted. (1) Commitments are to be  
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47 honored in almost all situations; one does not welsh on a deal, (2) One ought to produce a  
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49 good product and stand behind it.’ (Macaulay, 1963, p. 63).  
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3 Failure to conform to these norms will damage a company's reputation through the operation  
4 of 'governance mechanisms' such as the monitoring of the performance and behaviour of  
5 trading opposites. Companies who gain a reputation for being unreliable or deceitful may  
6 expect to lose customers or suppliers in the longer term. Klein discusses what he calls the  
7 'self-enforcing range of contractual relationships', which is generated by the threat of the  
8 termination of trading relationships and damage to reputation in the marketplace (Klein 1996,  
9 p. 449). Discussing the building industry, Cox & Thompson (1997) observe that: '...  
10 opportunism is curbed as the supplier is given the incentive of future work'. (p. 134) Fear of  
11 damage to company reputation tends to inhibit this form of bad behaviour.  
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24 Hence opportunism-with-guile may be rare in practice. In contrast, by not only adding Overt  
25 opportunism to Williamson's narrow definition but also increasing the range of principles to  
26 consider as targets for violation, Wathne & Heide (2000) and Macneil's (1981) analysis  
27 would appear to open the door to a radical increase in the likely incidence of opportunism.  
28 Particularly since the high levels of disapproval that are associated with breach of contract  
29 and lying will not necessarily be generated by the violation of 'restraints on unilateral use of  
30 power', 'general norms of equity', 'broad bargaining norms' and the 'shared expectation that  
31 parties will adapt to changing circumstances' and so on.  
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44 Williamson (1985; 1998) was not primarily interested in how buyers and suppliers interact  
45 with each other, his theory required behaviours that were so potentially threatening and  
46 destructive of trust in others that they would only be practiced in secret, and would compel  
47 individuals to stop trading with others and undertake the affected processes themselves, and  
48 thus explain the emergence of the firm from the market. In search of such an extreme  
49 phenomenon, his approach focuses on two principles whose violation is widely disapproved  
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3 of and which need the perpetrators to act with guile as the consequences and costs to them if  
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5 uncovered may be so severe that commercial survival is threatened. Such behaviour will be  
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7 difficult to manage, but the incidence will be low. Wathne & Heide (2000) and Macneil's  
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9 (1981) approaches have no such limitations and their definition allows for a much less  
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11 dramatic phenomenon whose effects can be so relatively innocuous that the perpetrators may  
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13 display the behaviour openly without fear of significant reputation damage.  
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18 Hence in Wathne & Heide (2000) and Macneil's (1981) treatment multiple principles may be  
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20 involved, violation is regarded with differing levels of disapproval by business, guile may or  
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22 may not be employed, the consequences and costs may be severe or slight, the behaviour may  
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24 be difficult or relatively easy to manage, but the frequency should be markedly higher. There  
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26 is no directly relevant data in the empirical literature on either the costs incurred by  
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28 opportunistic behaviour in general or the difficulty of managing the phenomenon. It is  
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30 possible, however, to obtain some data on the frequency of the phenomenon.  
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35 Unlike Williamson's theory (1985), Wathne & Heide (2000) and Macneil's (1981) analysis  
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37 can be used to predict that the opportunism should be relatively commonplace in practice.  
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39 Hawkins et al, (2013, p. 905) state that "Because there is a dearth of empirical research  
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41 examining the opportunism-performance relationship and because some of the literature on  
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43 opportunism suggests that "opportunism pays" in certain situations", the paper turns now to  
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45 that empirical evidence to assess the accuracy of that prediction. Having established that the  
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47 notion of opportunism has moved from Williamson's (1985) initial treatment, i.e. with guile,  
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49 and further established that there is a lack of critical treatment of the concept, we now turn to  
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51 how empirical work has captured data on the phenomenon in using the broader understanding  
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3 of opportunism. This has been perpetuated by the extensive use of Wathne & Heide's (2000)  
4 work, which forms the basis of much empirical research on opportunism.  
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### 9 **3. Literature review methodology to identify empirical evidence of opportunism**

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13 What follows is an assessment of the frequency with which opportunism occurs in buyer-  
14 supplier exchange in order to more fully understand the use of guile in opportunism. This is a  
15 question of the empirical nature of a phenomenon that has been examined for more than a  
16 century: the behaviour of companies in supply chains (See for example Morris, 1910, p. 23)  
17 should not be seen as merely an arcane theoretical discussion about the microeconomic  
18 Theory of the Firm. After this length of time it should be possible to draw some conclusions  
19 about the extent and importance of the phenomenon. One meta-analysis observed that:  
20 '...much of the empirical literature rests on the general presumption of opportunism, but few  
21 studies measure opportunism directly. Given its theoretical centrality, it is surprising that the  
22 empirical literature is largely devoid of efforts to measure opportunism.' (Macher &  
23 Richman, 2008, p. 40).  
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39 As shown in Section 2.2, a list of 1486 papers referring to the phenomenon were identified  
40 and in order to systematically review the literature on empirical evidence, we took the papers  
41 from the initial round of review (i.e. based on the search term "opportunism") and rather than  
42 looking for critical treatments (i.e. as per section 2), we looked at whether there had been any  
43 data collection method used to detect whether opportunism exists in buyer-supplier  
44 relationships. Firstly, we looked to see if any literature established whether "direct" evidence  
45 of opportunism existed. We looked at the papers generated from the journals in Table 2 to  
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establish if there was any actual evidence and examples of opportunistic behaviour. The results and discussion of this are shown in section 3.1.

### 3.1 Direct evidence

The following section examines cases, that claim to describe the presence of opportunism, and attempts to match the phenomena described to the definitions above. The details from these cases are show in Appendix B and table 3 summarises the pertinent points. This table sets out the context of the studies, provides an indication of the possible opportunistic behaviour and also shows an alternative view that may equally explain the behaviour:

Citation	Context	Opportunistic Behaviour	Alternative Explanation
Cox & Thompson (1997)	Construction industry	Adversarial relationships encourage opportunism: Increasing annual turnover through contractual claims	Many reasons why construction companies present contractual claims such as dealing with poor management; inaccurate forecasts; inaccurate information.
Anderson et al. (2000)	US car firms and die manufacturers	No evidence of buyer opportunism, but evidence of suppliers causing delays that could have been attributed to opportunism	External suppliers do more work to perfect the dies than internal suppliers. This takes longer, hence delays.
Wathne and Heide (2000)	Ford and supplier Lear Corp.	Supplier failed to honour promises.	Fords explanation of the supplier's behaviour was that rather than displaying opportunism, Lear was suffering from poor management.
Anderson and Jap (2005)	Car firm and Parts supplier.	Supplier reduces the number of coats of paint to cut costs of unit price.	Evidence of Buyer using power over supplier. Apparently opportunistic behaviour is a result of self-defence.
Mitrega and Zolkiewski (2012)	Internet infrastructure provider	Offering better terms, quality and additional services to new customers at the same	There is no market norm for suppliers to tell buyers the prices paid by all other customers.

		price as the long term customer.	
Mitrega and Zolkiewski (2012)	Coal supplier	Coal supplier not supplying coal at the contracted price	Close reading of the contract showed that the supplier was operating within the terms of the contractual agreement. There was no cheating or deliberate distortion of information.
Cadden et al. (2015)	Telecommunications	The buying firm threatened to use a substitute from an alternative supplier	Traditional mechanism tactics in renegotiations

**Table 3 – Summary of direct evidence cases**

Since the overwhelming majority of published research does not attempt to describe company behaviour in detail, and the cases above are the result of wide ranging searches of the literature, it is suggested that they represent a large sample of the relevant population. In summary, in the five papers discussed, three cases of ‘opportunism’ were ambiguous [Cox & Thompson (1997); Anderson et al. (2000); Mitrega & Zolkiewski (2012)]. One was ambiguous and may well have been a defensive supplier reaction to bad buyer behaviour (Wathne & Heide, 2000), and one appeared to be competitive bargaining behaviour (Mitrega & Zolkiewski (2012)). Two appear to be examples of Overt-opportunism [Klein et al. (1978); Mitrega & Zolkiewski (2012)]. There was only one clear example of opportunism-with-guile (Anderson & Jap (2005), but the authors themselves suggest that the relevant case the behaviour may have been defensive in origin rather than unprompted aggressive pursuit of self-interest through deceit.

In conclusion, there is very little unambiguous, direct, empirical evidence that opportunism of any form constitutes a widespread, significant threat to company performance in buyer-supplier exchanges. What little there is, however, is supplemented by a body of papers

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3 reporting the results of statistical investigations into the concept which offer *indirect* evidence  
4 of the presence and prevalence of the phenomenon, and this paper now turns to an  
5 examination of these.  
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### 10 11 **3.2 Indirect empirical evidence** 12

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15 We then looked for “indirect” evidence of opportunism, i.e. where one of the parties believes  
16 that opportunistic behaviour may be affecting the buyer-supplier relationship.  
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18 By ignoring the normal focus on statistical evidence of associations between variables, and  
19 focusing instead on the data and the method of its collection, it is possible to extract an  
20 indirect measure of the incidence of opportunism from some empirical studies. For example,  
21 (Morgan et al. 2007) measured the phenomenon with a questionnaire asking respondents to  
22 consider a variety of statements relating to ‘opportunistic’ behaviours such as: ‘...considering  
23 this category of products, the supplier who has the most influence... [I]acks integrity when  
24 not closely monitored’ (Morgan et al. 2007, p. 519). Respondents were asked to rate the  
25 accuracy of the statement using a Likert scale with: ‘...“strongly disagree” to “strongly  
26 agree” scale anchors.’ (p. 520). Thus:  
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42 1 Strongly disagree

43 2 Disagree

44 3 Disagree somewhat

45 4 Neither agree nor disagree

46 5 Agree somewhat

47 6 Agree

48 7 Strongly agree  
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5 In their descriptive statistics, they show a mean for opportunism of 2.98 (ibid). Because the  
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7 mean is well below the neutral mid-point value of 4 on their scale, this suggests that when  
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9 asked the extent to which they agreed with the relevant questions many of the respondents  
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11 (buyers) selected the ‘Strongly disagree’, ‘Disagree’ or ‘Disagree somewhat’ choices on the  
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13 questionnaire. Whilst it is possible that in any individual survey a large number of responses  
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15 of 4 or above might be over-whelmed by a smaller number of very low responses, there is no  
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17 reason to suppose that this particular pattern would appear on a regular basis. Consequently,  
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19 if a large number of surveys generate means at or below the mid-point of the scale this would  
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21 suggest that many respondents did not perceive the relevant behaviours to be a significant  
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23 feature of buyer-supplier exchange. Thus, empirical studies focused on buyer-supplier  
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25 exchange, employing a construct for opportunism, citing descriptive statistics including a  
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27 mean for that construct, and describing the scale used to collect the data, can be used to  
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29 generate an indirect measure of the prevalence of opportunism.  
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35 The details of the filtering process varied with the capabilities of the ‘within journal’ search  
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37 option of the various publishers, but after removing those that did not contain the words  
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39 “supplier”, “mean” or ”likert”, a total of 345 papers remained that matched the specification  
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41 above. These were read in detail to remove all studies that failed to refer to buyer-supplier  
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43 exchange - thus some strategic partnership and alliance studies were excluded because  
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45 interactions of this kind take many different forms only a few of which involve buyers  
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47 working with suppliers, e.g. Das & Teng, 2000, p. 13. Many alliance/partnership analyses do  
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49 not focus on buyer-supplier exchanges, e.g.: Fan, 2011; Li, 2008; Luo, 2007; Johnson et al.  
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51 1996; Parkhe, 1993. Furthermore, some do not make clear what type of exchange process  
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53 they are studying, see e.g. Delerue-Vidot, 2006. Non-empirical papers were removed, along  
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with those missing either the scale used in the data collection process or descriptive statistics with a mean for opportunism e.g.: Deligonul et al. (2006); as well as excluding laboratory gaming and simulations to maintain the focus on opportunism in real buyer-supplier relationships.. The resulting list of 37 papers containing the necessary information on supplier and/or buyer opportunism is shown in Table 4 below:

Source	Context	Respondents	Opp. mean (Likert scale format)	Mean at or below mid-point of scale (freq.)	Rank of opp. mean in study	Opp. as dependent variable	Self-report or others
			<b><u>Supplier Opportunism</u></b>				
Handley & Benton, 2012	Large US based companies with domestic and /or offshore business processes.	Suppliers	1.43, 1.40, 1.33, 1.75, 1.51, 1.50, 1.29, 1.26, 1.43 (7 point)	9	Lowest	Y	Self
Lui & Ngo, 2012	Trading companies in garment and toy industries in Hong Kong and suppliers in China.	Buyers	2.8 (5 point)	1	Lowest	N	Others
Yang et al. 2011	Manufacturing firms covering a wide range of industries, electronics, computer equipment, chemicals, apparel,	Buyers	2.46, 3.62 (7 point)	2	Lowest	N	Others

	furniture, food and textiles in China.						
Yen & Barnes, 2011	Anglo - Taiwanese buyer – seller firms.	Buyers	3.07, 2.96, 2.88, 2.93 (7 point)	4	Lowest	Y	Others
Samaha et al. 2011	Fortune 500 firm (seller) and its resellers (Channel members). Sectors included appliances, automotive, clothing, electronics, computers, sport etc.	Buyers	2.23 (5 point)	1	Second lowest	N	Others
Barthélemy, 2011	French franchise chains.	Buyers	3.49 (7 point)	1	Lowest	N	Others
Barnes et al. 2010	Western exporters from US, Canada, GB, Ireland, Australia and New Zealand and importing firms based in Hong Kong.	Buyers	2.96, 3.16, 3.00, 3.28 (7 point)	4	Second lowest	Y	Others
Ghosh & John, 2009	US engineering intensive industry sectors.	Buyers	3.13 (7 point)	1	Second lowest	N	Others
Lui et al. 2009	Hong Kong trading firms and Chinese suppliers.	Buyers	2.9 (5 point)	1	Equal lowest	N	Others
Lado et al. 2008	US catalogue intermediaries affiliated with a large	Buyers	2.24 (5 point)	1	Lowest	N	Others

	retail firm.						
Palmar et al. 2007	Business to business relationships between a major Fortune 500 company (seller) and its local distributor agents. Businesses cover products including clothing, hardware, furniture and appliances.	Buyers	2.06, 2.13 (5 point)	1	2 <sup>nd</sup> lowest	N	Others
Heide et al. 2007	Business to Business relationships between manufacturers (suppliers) of building materials (doors, windows, frames, stairs, roofing products) and their downstream buyers.	Suppliers	1.38, 1.56 (7 point)	2	Lowest	N	Self
Morgan et al. 2007	UK supermarket retailers	Buyers	2.98 (7 point)	1	Lowest	Y	Others
Carson et al. 2006	Outsourced R&D relationships in new product development in US	Buyers	NB 13.81/28 (responses summed not averaged)	1	Middle	N	Others
Wuyts & Geyskens, 2005	Small to medium sized firms in Industrial and	Buyers	1.99 (7 point)	1	Lowest	N	Others



	commercial machinery, computer equipment, electronic, electrical equipment and components in the Netherlands.						
Rokkan et al. 2003	Building material manufacturers and distributors.	Buyers	1.44 (7 point)	1	Lowest	Y	Others
Skarmas et al. 2002	Importing distributors purchasing directly from overseas. Sectors: textiles, pulp and paper, chemicals, machinery and electrical machinery.	Buyers	2.63 (5 point)	1	Lowest	N	Others
Dorsch et al. 1998	Random sample of purchasing executives in the US	Buyers	2.15, 2.32, 3.05 (6 point)	3	Lowest- 2 <sup>nd</sup> lowest	N	Self
Lee, 1998	Australian exporters and foreign exchange partners.	Suppliers	2.1 (7 point)	1	Lowest	Y	Self
			<b><u>Buyer Opportunism</u></b>				
Kashyap et al. 2012	US automotive manufacturers and their dealers.	Buyers	2.32 (7 point)	1	Lowest	Y	Self
Noordhoff et al. 2011	Dutch business to business innovation	Suppliers	2.84 (7 point)	1	Lowest	N	Others

	relationships.						
Dev et al. 2011	Large hotel firms in North America.	Buyers	1.99 (7 point)	1	Lowest	Y	Self
Ju et al. 2011	Export ventures in China	Suppliers	2.42 (5 point)	1	Lowest	Y	Others
Liu et al. 2010b	Buyer-supplier relationships in the context of Chinese household appliances.	Suppliers	3.25 (7 point)	1	Second Lowest	Y	Others
Wong et al. 2005	Manufacturers and suppliers various industries in Shanghai.	Suppliers	2.62 (5 point)	1	Second Lowest	Y	Others
Cavusgil et al. 2004	US based manufacturers and independent foreign distributors.	Suppliers	3.887, 4.262, 4.543, 4.585, 5.072 (7 point)	1	Mixed	Y	Others
Jap, 2003	Supply base of a major firm in the automotive industry involved in on-line reverse auctions.	Suppliers	2.94 (7 point)	1	Lowest	Y	Others
Brown et al. 2000	US Hotel Industry.	Buyers	2.232 (7 point)	1	Lowest	Y	Self
Dahlstrom & Nygaard, 1999	Norwegian franchisee-franchisor relationships in the oil industry.	Buyers	3.06 (7 point)	1	Lowest	N	Others
Provan & Skinner, 1989	Farm and Power equipment dealers and primary supplier	Buyers	2.52 (6 point)	1	2nd lowest	Y	Self

	organisations in US.						
			<b><u>Both Buyer and Supplier Opportunism</u></b>				
Caniëls & Gelderman, 2010	Information and communication Technology professionals in Dutch local government.	Buyers and suppliers	Suppliers: 2.54 Buyers: 2.03 (5 point)	2	Second Lowest Lowest	Y	Both
Liu et al. 2010a	Distributors and Manufacturers in Chinese household appliances.	Buyers and suppliers	4.31 (7 point)	0	Lowest	N	Self
Liu et al. 2009	Household appliance manufacturers and distributors in China.	Buyers and suppliers	4.09 (7 point)	0	Second Lowest	Y	Others
Tokman et al. 2007	Greek SME, 3PL providers.	Buyers and suppliers	3.08 (5 point)	0	Second lowest	N	Others
Kneymeyer & Murphy, 2005	Users and Providers of 3PL services in US.	Buyers and suppliers	Suppliers: 4.0 Buyers: 3.1	1	Second and third lowest	N	Others
Jap & Anderson, 2003	Procurement division of 4 large equipment manufacturers in computing, photography, chemicals and brewing.	Buyers and suppliers	2.15 (7 point)	1	Lowest	N	Others
Jap, 2001	Retailers and manufactures in chemical industry.	Buyers and suppliers	2.2 (7 point)	1	Lowest	N	Others

#### Table 4 - Empirical results: Opportunism in Buyer-Supplier Exchange

There are two clear outliers in table 4: Handley & Benton, 2012, who generated extremely low means for opportunism, and Cavusgil et al. 2004 with unusually high means. The former authors used atypical measures of shirking and poaching behaviours (see further comments below). The latter created an atypical sample by deliberately selecting industrial sectors where they thought it likely that opportunism would be an unusually serious problem, and asking their respondents to focus on only their 'most challenging' trading experiences. The 'unusual' nature of both papers might justify their exclusion from what follows, however, since the results in the two papers in question, broadly speaking, cancel each other out, it was decided to leave them in. There are also a few papers with relatively high means in the 'both buyer and supplier' section, e.g.: Liu et al. 2009; 2010 and Tokman et al. 2007. The companies sampled in those papers include small and medium-sized enterprises (SMEs), Greek companies and some specifically featuring closely cooperative inter-company trading. This prompts speculation about whether opportunistic behaviour is perhaps related to size of firm, or is culture-specific, or is stimulated by especially close inter-company trading? However, with such a small number of papers, definitive statements are not possible at this time.

### 3.3 Data interpretation

The 37 empirical studies shown in Table 4 contain a total of 63 means for opportunism, of which 52 (82.5 %) were at or below the neutral mid-point of the relevant Likert scales used in the studies. Thus 82.5% of the papers appear to indicate that most respondents selected the 'Strongly disagree', 'Disagree' or 'Disagree somewhat' choices on the relevant

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3 questionnaires. Moreover, in more than a third (22) of the studies, the mean for opportunism  
4 was unambiguously the *lowest* recorded for all constructs measured using Likert scales. Thus,  
5 taken as a whole, the results in Table 4 above do not appear to support the claim that  
6 opportunism of any kind is widespread in buyer-supplier exchange. On the contrary, one  
7 might argue that this body of research appears to offer strong support for the view that,  
8 despite the conventional wisdom in the field, opportunistic behaviour is not commonplace  
9 between buyers and suppliers. This finding is reinforced by other scholars such as  
10 Moschandreas (1997) and Ketokvi and Mahoney (2016).  
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## 22 **4. Discussion**

### 23 24 25 26 **4.1 Extended the range of behaviours deemed opportunistic**

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31 The 37 papers detailed **above contained in Table 4 make use of** a total of 185 relevant  
32 questions. Many of these were only slightly modified versions of the same idea, e.g.:  
33 ‘Sometimes this supplier alters the facts slightly in order to get what they need.’ (Lui & Ngo,  
34 2012, p. 93), and ‘[the supplier] Alters facts in order to meet their own goals and objectives.’  
35 (Samaha et al. 2011, p. 113). Others were re-worded to fit a specific market, e.g.: ‘This  
36 supplier exaggerates needs to get what they desire.’ (Skarmas et al. 2002, p. 781) compared  
37 with: ‘The contractor sometimes exaggerated the necessity of changes it wanted to the  
38 development plan or budget.’ (Carson et al. 2006, p. 1076). It is evident that there is  
39 extensive and quite understandable item duplication resulting from the sound research design  
40 practice of using questions from previous surveys whose validity is assumed to have been  
41 established. In order to reduce the entire group to a more manageable size, a list was created  
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and Table 5 shows the underlying, generic questions, the frequency with which each question was employed and the principles to whose breach the questions referred, thus:

Question	Question (principles being violated in bold)	Frequency with which the question has been used
	The [trading opposite]:	
	<b>Honouring contracts/promises</b>	
1	sometimes promises to do things without actually doing them later.	19
2	breaches formal or informal agreements to their benefit.	15
3	does not always act in accordance with our contract(s).	6
4	fails to deliver promises, as described in the contract, for its own interests.	1
	<b>Truth Telling</b>	
5	alters the facts in order to get what they need.	22
6	lies about certain things in order to protect its interests.	19
7	exaggerates needs to get what they desire	11
8	does not provide a completely truthful picture when negotiating	9
9	has presented facts in such a way that has made them look good.	6
10	seems to believe that honesty does not pay when dealing with partners	4
11	makes false accusations	3
12	is candid with us (reverse scored)	2
	<b>Maintaining equity/distributive justice</b>	
13	will try to take advantage of "holes" in our contract to further their own interests.	7
14	feels it is OK to do anything within its means that will help further its own interests.	7
15	avoids fulfilling their responsibilities unless they are watched	6
16	uses unexpected events to extract concessions from our firm.	5
17	has benefited from our relationship to our detriment.	4
18	withholds important information from us.	4
19	fails to provide us with the support they are obliged to	4
20	is unwilling to accept responsibility	3
21	expects my firm to pay for more than their fair share of the costs to correct a problem	2
22	usually register a complaint if our company fails to meet our cooperative agreements	1
23	expects to receive an unreasonably large share of the benefits from our cooperative agreements	1
24	tries to renegotiate contracts to its own advantage	1
25	tends to escalate cost estimates as projects progress	1

26	is less and less cooperative as projects progress	1
27	is reluctant to accept changes without receiving concessions and compromises	1
28	abuses displays of honesty on our part	1
29	has coerced us unfairly in order to gain accessions	1
30	is aloof toward us	1
31	fails to provide proper notification	1
	<b>Observing bargaining norms</b>	
32	does not negotiate from a good faith bargaining perspective	6
	<b>Avoiding shirking</b>	
	<i>If [the customer] were not able to detect it, how likely are members of our organization to...</i>	
33	not assign your best people to your business or account with [the customer] ?	1
34	provide a lower than agreed to level of resources?	1
35	withhold information that may be beneficial to [the customer]?	1
36	not share the benefits of process improvements?	1
37	delay making agreed to investments in employee training?	1
38	delay making agreed to investments in new technology?	1
	<b>Avoiding poaching</b>	
	<i>If [the customer] were not able to detect it, how likely are members of our organization to...</i>	
39	use potentially proprietary information obtained through your relationship with [the customer] to gain favor with other clients?	1
40	use potentially proprietary information obtained through your relationship with [the customer] to help win business with other customers?	1
41	use potentially proprietary information obtained through your relationship with [the customer] to develop new services that you can offer in the marketplace?	1
	<b>Avoiding deceit</b>	
42	has tried to deceive us on several occasions	1

**Table 5 – Generic questions in empirical surveys**

Many of the behaviours described by that set of questions could only hope to have positive outcomes for the perpetrators if they possessed a power surplus over their trading partners and were prepared to use it to further their own interests, thus violating the principle of restraining from the 'unilateral use of power'. Question 27 addresses the 'shared expectation that parties will adapt to changing circumstances and question 32 refers directly to bargaining

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3 behaviour, albeit in a somewhat puzzling manner that is discussed below. Overall, one may  
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5 conclude that the 37 empirical studies have incorporated, to varying degrees, all of the  
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7 additional principles described by Wathne & Heide (2000), and this is unlikely therefore to  
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9 be a limiting factor on the recorded incidence of opportunism. The process of continually  
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11 basing new research on existing survey constructs therefore serves to extend the perception of  
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13 behaviours that can be considered opportunistic. As scholars use the term to apply to a wider  
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15 range of behaviours, future research should focus on a return to Williamson's core definition.  
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#### 22 ***4.2 Distinguishing between motivations – re-establishing the key role of guile***

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26 The critical factor defining the presence of all forms of opportunism is the *motivation* of the  
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28 party breaking the promise. In studies where they are asked to describe the behaviour of their  
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30 trading opposites (see final column in Table 4), the motivations underlying that behaviour are  
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32 frequently unknown to the respondents. An examination of the questions reveals that they  
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34 have differing abilities to capture data relating to, and subsequently distinguish between, not  
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36 only Overt-opportunism and opportunism-with-guile, but also opportunistic and non-  
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38 opportunistic behaviours in general. Consequently, versions of the questions above will, not  
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40 only pick up incidences of opportunism with and without guile, but also other, non-  
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42 opportunistic behaviours.  
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48 This lack of concern for the presence or absence of guile is shown in question 1: 'This  
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50 supplier has sometimes promised to do things without actually doing them later.'(Ghosh &  
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52 John, 2009, p.603). This question appears in 19 papers with only minor variations in wording.  
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54 Whilst the question appears superficially to match Williamson's (1985) definition, there are  
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3 many reasons why companies fail to honour promises. Companies may do so as a result of  
4 both opportunism-with-guile or Overt-opportunism. However, such behaviour might equally  
5 be caused by unforeseeable events such as accidents, management incompetence, human  
6 error, working on the basis of inaccurate information such as forecasts, ambiguity in framing  
7 leading to differing interpretations of contracts and instructions and even offering well-  
8 intentioned but erroneous statements and so on. Similarly, all of the truth telling violation  
9 questions (5-12), with the exception perhaps of number 11, are capable of generating scores  
10 above the neutral mid-point on the scale in response to the various non-opportunistic reasons  
11 such as incompetence, accidents and the like. Reduced question validity of this kind will act  
12 to inflate the apparent incidence of opportunism.  
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26 To successfully capture the incidence of opportunism-with-guile, questionnaire items must  
27 *exclude* behaviours conducted openly. Failure to do so will exaggerate recorded frequencies.  
28 For example: 'this buyer will take advantage of 'holes' in our contracts to further their own  
29 interests' (Liu et al, 2010b, p. 849), or: 'The distributor has interpreted terms of the contract  
30 in [its] favour at our expense.' (Cavusgil et al. 2004, p. 17). If the distributor or buyer exhibits  
31 these behaviours openly without making any attempt to hide or disguise their actions, then  
32 this might be the result of Overt-opportunism or perhaps management incompetence and so  
33 on. Excluding the questions relating to the act of lying (which are dealt with below), only a  
34 few items in the studies were specifically intended to detect opportunism-with-guile by  
35 stressing the use of secrecy by the perpetrators. Thus (Morgan et al. 2007) include question  
36 42 in Table 5: '...considering this category of products, the supplier who has the most  
37 influence has tried to deceive us on several occasions...' (p. 519). Six surveys including  
38 (Morgan et al. 2007) use variations on question 15: 'avoids fulfilling their responsibilities  
39 unless they are watched'. In each case these questions were mixed in with others less closely  
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3 targeted on guile, thus making it impossible to single out the incidence of opportunism-with-  
4 guile from those studies. Handley & Benton (2010), in contrast, sought to capture the  
5 respondents' intent to deceive throughout their entire survey by preceding all questions with  
6 the phrase 'If [the customer] were not able to detect it, how likely are members of our  
7 organization to...'(questions 33-41). Their findings include the lowest means for  
8 opportunism in all of the studies in this analysis, and thus may support Williamson's claim  
9 that opportunism-with-guile will be unusual in practice. It should be noted however that  
10 another explanation for the very low incidence reported by Handley & Benton is that  
11 respondents asked to self-report opportunistic behaviour are likely to under-report as a result  
12 of the effects of social acceptability bias. Few practitioners will be keen to tell researchers  
13 that they have behaved in a reprehensible manner. Thus, it would be reasonable to suppose  
14 that the real incidence of opportunism-with-guile is somewhat higher than that captured in  
15 Handley & Benton (2010). The apparent incidence will also be boosted by above neutral  
16 responses to some of the questions that make no attempt to stress secrecy.  
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35 In addition to the distortions generated by social acceptability bias there is another severe  
36 epistemological difficulty in designing questionnaire items capable of detecting opportunism-  
37 with-guile. For example, one commonly employed question takes the form: 'This supplier  
38 breaches formal or informal agreements to their benefit'. If the supplier commits the breach  
39 openly then the behaviour may be Overt-opportunism. However, if the perpetrators use guile  
40 to hide their actions in order to avoid the disapproval that would follow their discovery, the  
41 victims will be unaware that any breach has occurred, unless the attempt is uncovered and  
42 thus fails in its objective. Thus, all such questions will, by definition, be unable to detect  
43 successful acts of opportunism-with-guile, and only capable of picking up both Overt-  
44 opportunism and *failed* attempts at opportunism-with-guile. However, there will be no way of  
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3 distinguishing between the overt and with-guile forms of behaviour in the published data.  
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5 Where questions of this form are employed the true incidence of opportunism-with-guile may  
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7 be higher than the results suggest, but unlike the incidence depressing effects of social  
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9 acceptability bias, because the behaviour is detected, the combined incidence of opportunism  
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11 with and without guile will not be artificially reduced.  
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16 Excluding the 16 questions specifically designed to detect secrecy and deceit and the 6  
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18 questions targeting negotiating practice (see below), *all* of the remaining questionnaire items  
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20 are capable of generating positive, above neutral responses to, variously, failed opportunism-  
21  
22 with-guile, Overt-opportunism, some routine negotiating practices and a variety of other non-  
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24 opportunistic behaviours. Authors may have decided that it is either not necessary to search  
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26 for evidence of guile, or perhaps too difficult to achieve that objective. Given the very high  
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28 citation level of Wathne & Heide's (2000) paper with its confusing handling of the concept of  
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30 guile and emphasis on Overt-opportunism [53% of the empirical papers discussed below that  
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32 were published after 2000 cite Wathne & Heide (2000) directly - see 'Comments' column in  
33  
34 Appendix A: Definitions of opportunism in the empirical literature], belief that it is not  
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36 necessary to search for guile is entirely understandable.  
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42 In Williamson's (1985) theory, the guile was needed to hide the reprehensible behaviour and  
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44 would only be used when the potential benefits to the perpetrators were high enough to  
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46 warrant the risk of reputation damage. Hence the incidence should be low. By ignoring guile  
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48 the incidence should be increased as an extensive range of trivial, low cost/benefit behaviours  
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50 will match the alternative, guile-free treatment of the phenomenon. It is, for example, not  
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52 normal practice to attack your own organisation's image when talking to trading opposites.  
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55 So buyers or suppliers might quite openly and casually present: 'facts in such a way that has  
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3 made them look good.’ (question 9) in minor events that have no significant monetary  
4 implications. Similarly, a supplier who explains a late delivery by reference to a vehicle  
5 breakdown might be perceived as using: ‘unexpected events to extract concessions from our  
6 firm’ (question 16), and so on. It is reasonable to suppose therefore that many of the  
7 remaining 162 questions will be likely to generate more above neutral responses, than  
8 questions designed to detect only high-costs behaviours carried out in secret.  
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### 16 17 18 ***4.3 Accepted principles - negotiation practice*** 19

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22 As was discussed earlier, Williamson’s theory focuses mainly on the principles of truth-  
23 telling and the honouring of contracts. One of Wathne & Heide’s (2000) contributions  
24 drawing on Macneil (1981), was to expand the number of principles that could be violated by  
25 opportunistic behaviour to include ‘the expectation of sharing benefits and burdens’, ‘general  
26 norms of equity’, ‘distributive justice’, ‘restraints on unilateral use of power’, the ‘shared  
27 expectation that parties will adapt to changing circumstances’ and ‘broad bargaining norms’.  
28 (Wathne & Heide’s, 2000, p. 40). The first three of those principles are variations on the  
29 principle of behaving in a fair manner towards your trading opposites. These are  
30 comprehensively covered by questions 13-31 in Table 5 all of which relate to the principle of  
31 ‘Maintaining equity/distributive justice’.  
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46 Wathne & Heide (2000) refer to the principle of ‘broad bargaining norms’ and question 32:  
47 ‘does not negotiate from a good faith bargaining perspective’ clearly refers to this activity. It  
48 is possible, however that, the question might be misinterpreted by respondents unfamiliar  
49 with the detailed, American legal origins of the phrase. Particularly since there is one  
50 common form of negotiating that bears a superficial resemblance to opportunism. There are  
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3 two main bargaining strategies employed in Buyer-supplier exchange - Distributive and  
4 Integrative (Lewicki et al. 2006). The former is competitive whereas the latter is entirely  
5 cooperative in nature and used, for example, in strategic partnerships. The majority of buyer-  
6 supplier negotiations use a combination of tactics from both strategies. Distributive  
7 negotiation routinely involves the use of a number of tactics that may resemble opportunism-  
8 with-guile, including the deliberate distortion or withholding of information, lying,  
9 exaggerating, bluffing and the like.  
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20 These behaviours are regarded as perfectly acceptable within the context of the distributive  
21 negotiating process, but once negotiations are concluded and an agreement reached, the same  
22 behaviours revert to their 'unacceptable' status. In addition to question 32, 103 of the  
23 questions could return an above neutral response if the respondent was considering the  
24 behaviour of their trading partners during distributive negotiations. For example it is not  
25 uncommon for negotiators to either exaggerate a position (question 7) or refer to unexpected  
26 events to extract concessions (question 16) during a distributive negotiation. By accidentally  
27 recording non-opportunistic distributive negotiating behaviours as a form of opportunism,  
28 this reduced question validity is likely to create a false increase in the recorded incidence of  
29 the phenomenon.  
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#### 44 ***4.4 Summary of discussion***

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48 There is likely to be some under-reporting of opportunism-with-guile, but Williamson (1985)  
49 has argued that this behaviour will be relatively unusual. Moreover, one may argue that this  
50 under-reporting will be more than compensated for by the over-reporting of apparent  
51 opportunism that will occur as many of the questions employed record above neutral  
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3 responses to behaviours that have no opportunistic intent. The construct validity of many of  
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5 the questions is open to question. However, the net effect of their reduced construct validity  
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7 should be an over, rather than an under-reporting of the incidence of opportunism. Hence the  
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9 conclusion that the very low incidence of opportunistic behaviours recorded is not the result  
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11 of poorly designed questionnaire items. Indeed, the recorded incidence, despite being very  
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13 low, may well be exaggerated. The published direct and indirect empirical evidence thus  
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15 suggests that, contrary to the conventional wisdom in the relevant literatures, opportunistic  
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17 behaviours of all kinds may indeed be relatively uncommon in buyer-supplier exchange (see  
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19 also Moschandreas, 1979).  
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25 However, before one can conclude that management may safely ignore the concept, one  
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27 objection remains. Although the incidence may be low, the effects of the phenomenon may  
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29 be so severe that they cannot safely be ignored (Crosno and Dahlstron, 2008). In the  
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31 Purchasing context, it would only take one major opportunistic act by a supplier of a critical  
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33 product or service, performed at the wrong point in time, to cause a serious failure for a  
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35 buyer's organisation. From a management perspective, what matters is the balance of the  
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37 magnitude of the threat with the likelihood of its occurrence and not all instances of  
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39 opportunism will have severe consequences. This follows the portfolio approach advocated  
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41 initially by Kraljic (1983) in which categories of spend are differentiated according to their  
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43 risk impact on operational disruption and also on bottom line profitability. This segmentation  
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45 allows buying organizations to adopt different strategies to best deal with specific type of  
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47 purchases. Companies aim to move their supply relationships to those of a less impactful  
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49 nature (Gelderman and Van Weele, 2002) and have significantly reduced the number of  
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51 major suppliers in recent years (Wagner & Johnson, 2004), to try and establish closer  
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53 relationships with fewer selected suppliers (e.g., Goffin et al., 1997). If a supplier should  
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3 display such opportunistic behaviour, this will only be of significance if they also happen to  
4 supply a product or service that is both of strategic importance to the buyer, and difficult to  
5 re-source. However, the majority of any company's purchases are of not of strategic  
6 significance (e.g. 20% of overall purchases as shown in Gangurde & Chavan, 2016), and only  
7 a minority is difficult to re-source. Performance failures by most suppliers can be worked  
8 around with relatively little difficulty. Competent purchasing functions will already be paying  
9 close management attention to strategically important suppliers/purchases, regardless of the  
10 possible risk from opportunism. Once more, this reduces the likelihood and frequency of  
11 large-impact threats from this phenomenon. Similarly, if the overwhelming view of  
12 practitioners was that supplier relationships are inherent opportunistic, we would expect to  
13 see a decrease in the quantity and/or range of outsourcing activities, but the evidence is to the  
14 contrary (Financial Times).

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31 The broader treatment of Wathne & Heide (2000) not only makes opportunism much more  
32 common than the Williamson variant, but also much less commercially threatening. By  
33 rejecting Williamson's need for guile and increasing the range of principles that may be  
34 considered for potential violation, Wathne & Heide (2000) and all the authors who follow  
35 this approach also remove the likelihood that the costs/benefits arising from the act of  
36 opportunism will be substantial. Indeed, taken to their logical limit, a principle such as their:  
37 'shared expectation that parties will adapt to changing circumstances'

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48 The definitions of opportunism as applied to Buyer-supplier exchange have been clarified to  
49 sharpen the effects of the presence or absence of guile on the frequency, difficulty of  
50 managing and potential associated costs generated by the phenomenon. Direct evidence of  
51 the presence of opportunism has been shown to be extremely limited and ambiguous in  
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3 nature, and the indirect empirical evidence appears to contradict the claim that the  
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5 opportunism is widespread in the process of buyer-supplier exchange.  
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## 8 9 **5. Implications**

### 10 11 ***5.1 Research and methodological implications***

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16 Clearly it would be unreasonable to criticise the empirical papers discussed above for a  
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18 failure to test the underlying assumptions of the TCE model; their purpose is to search for  
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20 statistical relationships between constructs and in some ways this reflects the perception that  
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22 much of this research does not have opportunism as it's central focus (Hawkins et al. 2013) .  
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24 Nevertheless, where research employs Likert scales in questionnaires that subsequently  
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26 generate a mean for the dependent variable that is below the mid-way point on the scale (see  
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28 the second last column in Table 4, one might suggest that alarm bells should begin to sound.  
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30 This finding suggests that any positive correlations uncovered between the opportunism scale  
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32 and independent variables indicate that increases in the various independent variables are  
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34 associated with increases in the numerical value of the scale. However, if these variations are  
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36 not sufficient to change the mean value of the scale to a value above the mid-point, then the  
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38 variations only reduce the extent to which the respondents did not find their trading partners'  
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40 behaviour to be opportunistic in nature. Thus, in such studies, findings of this kind suggest  
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42 that the importance, if not the very existence of the core phenomenon being studied is under  
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44 some doubt.  
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51 Moreover, the definition of opportunism offered by Macneil (1981) and Wathne & Heide  
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53 (2000) has so little in common with the deliberately narrow, specialised version devised by  
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55 Williamson (1985) that work on buyer-supplier relationships should ensure that it is clear  
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3 which “type” of opportunism is being used. Our research suggests that there is lack of  
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5 critique relating “opportunism with guile” as Williamson meant. The word “guile” has been  
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7 lost and the way surveys are designed perpetuates this view.  
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11 It is recommended therefore that there is an urgent need to answer, instead the following  
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13 questions:

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15 • How common-place are the different forms of opportunism?
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17 • How do the risks and threats posed by the different forms to victims and perpetrators  
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19 compare?  
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22 This will require significant improvements in the construct validity of measures of  
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24 opportunism and solutions to the epistemological difficulties discussed above that confound  
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26 the task of measuring the incidence of the phenomenon. This research highlights the  
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28 weaknesses of previous methodologies, particularly due to the social desirability effect (as  
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30 per Crosno & Dahlstrom, 2008) when trying to uncover “opportunism with guile” in buyer-  
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32 supplier exchanges and also the difficulty in obtaining direct empirical evidence when there  
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34 are potential disparities between reasons and actions/behaviour. Given that most of the  
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36 previous research on the topic have been based on surveys it seems appropriate to consider  
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38 qualitative methods such as observation or critical incident techniques to explore these  
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40 relationships more closely, over a period of time and to gain a deeper understanding of the  
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42 phenomenon.  
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## 48 ***5.2 Management implications***

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52 From a management perspective, there is a risk that an uncritical acceptance of the supposed  
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54 prevalence of opportunism will encourage organisations to adopt a variety of policies and  
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behaviours inimical to their long-term financial wellbeing. If buyers assume that suppliers are essentially untrustworthy in nature, they might, for example, develop an unnecessarily adversarial trading attitude that would prevent the potential benefits that flow from more cooperative inter-company trading. They might also be reluctant to make long-term commitments that would enhance the process of exchange with suppliers. Similarly, suppliers wary of opportunistic buyers might hesitate before sharing information capable of improving the buyer's effectiveness. Suspicious buyers may devote excessive time and effort to the construction of unnecessarily complex contractual arrangements, or perhaps the waste of resources on expensive policies intended to police supplier quality control procedures, and so on. However, the results of the analysis above suggest that in the interests of attaining maximum system efficiency, management should avoid devoting large amounts of resources to the control of opportunism.

## 6. Conclusions and contributions

It is now possible to offer answers to the questions the paper set out to tackle:

- Is opportunistic behaviour common in buyer-supplier exchange?
- Are different forms of opportunism of equal importance to practitioners?
- Is opportunism a serious problem that demands significant management attention?

We make no comment on the issue with regard to staff relations *within* organisations (e.g. Head & Lucas, 2004) or between organisations in other forms of inter-company relations such as strategic alliances (e.g. Das, 2004). Nevertheless, TCE theory predicts that high levels

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3 of opportunism-with-guile will be unusual in markets (Williamson, 1985), and the direct and  
4 indirect evidence discussed above indicates that opportunism, both with guile and without, is  
5 a relatively rare phenomenon in buyer-supplier exchange. It is not suggested that  
6 opportunism poses no risk, but although Overt-opportunism displayed by very powerful  
7 buyers may be relatively common in some markets, managements are familiar with these  
8 challenges and need little help from academia in identifying or coping with them. Logic  
9 suggests that forms of opportunism that pose a high risk to the would-be perpetrators will  
10 occur very infrequently, whereas those with a low risk such as Overt-opportunism with  
11 limited commercial implications will be more common-place.  
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24 Overall, we suggest that there is a possibility that opportunism will occasionally generate  
25 serious problems for a very small number of companies. However, the frequency of the  
26 occurrence of severe problems will be so low that it does not warrant the allocation of  
27 significant management resources beyond those routinely allocated to strategically critical  
28 customers or suppliers. Therefore, these can be seen as being serious events whose  
29 occurrence is so unusual that they are not regarded as being worthy of management attention.  
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40 Finally, a persuasive piece of evidence that the risk is very small lies in the absence of  
41 records of cases of opportunistic behaviour causing catastrophic survival problems for  
42 companies. It is reasonable to suppose that such events would have made some impression  
43 and been cited, yet they appear to be absent from the relevant literatures. We would suggest  
44 that opportunism falls into the category of phenomena that are real and with potentially  
45 serious consequences, but also sufficiently rare as to require little dedicated management  
46 attention.  
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3 The available empirical evidence on many aspects of the phenomenon is very limited and this  
4 prompts some recommendations for future research. The current research on opportunism is  
5 towards further exploration of methods of controlling or minimising occurrences of  
6 opportunism. However, our contribution calls for the relevance of “guile” to be re-  
7 established and our detailed review of the empirical evidence shows that it may be an  
8 unusual, relatively low-risk phenomenon and suggests this current approach is not well  
9 founded. From this perspective there has been a move away from the original Williamson  
10 definition to cover behaviours, which we class as overt opportunism, which can be uncovered  
11 and controlled by behavioural means, openness and trust in the buyer-supplier exchange  
12 relationships. Even with overt opportunism, our research indicates that this is still not  
13 significant. Our contribution calls for the relevance of “guile” to be re-established and to go  
14 back to the source of the concept rather than creating an academic consensus through circular  
15 use of ill- defined surveys.  
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## Appendix A - Definitions of opportunism in the empirical literature

Literature Source	Definition of Opportunism	Comments
Handley and Benton, 2012	'Opportunism is defined as "self-interest seeking with guile" (Williamson, 1975, p. 6). The behavioral assumption of opportunism in TCT presupposes that if given the opportunity, individuals will naturally act in a deceitful, self-serving manner.' p. 56	Williamson's 1975 definition is used. Guile and/or deceit present. Wathne & Heide (2000) cited.
Lui & Ngo, 2012	'Transaction cost economics assumes the exchange partners to be opportunistic, and will seek self-interest at the expense of the common interests of a relationship (Williamson, 1985).' p. 81	Williamson's 1985 reference, but guile omitted. Wathne & Heide (2000) cited.
Kashyap et al. 2012	Does not define	Wathne & Heide (2000) cited
Yang et al. 2011	'...opportunism, or "self-interest seeking with guile," which includes such behaviors as lying and cheating, as well as more subtle forms of deceit, like violating agreements (Williamson, 1985: p.47).' p. 90	Williamson's 1985 definition is used. Guile and/or deceit present. Wathne & Heide (2000) not cited.
Noordhoff et al. 2011	Does not define	Wathne & Heide (2000) cited.
Ju et al. 2011	'...franchisees may be tempted to engage in opportunistic behavior by "wilfully disregarding the franchisor's goals in pursuit of their own entrepreneurial interests" ...' p. 95	Guile omitted. Wathne & Heide (2000) cited.
Yen & Barnes, 2011	'From a buyer's perspective, opportunistic behavior occurs when the seller takes unexpected action for its own gain but generates negative outcomes for the relationship partner...' p. 349	Guile omitted. Wathne & Heide (2000) not cited.
Samaha et al. 2011	'We use the term "seller opportunism" to capture the channel member's perception of the degree to which the	Williamson's 1975 definition is used. Guile and/or deceit present. Wathne & Heide (2000) not cited.

	seller engages in self-interest-seeking behaviors with guile.’ p. 102	
Barthélemy, 2011	‘...franchisees may be tempted to engage in opportunistic behavior by “wilfully disregarding the franchisor's goals in pursuit of their own entrepreneurial interests” ...’ p. 95	Guile omitted. Wathne & Heide (2000) not cited.
Dev et al. 2011	‘...possibility arises that one partner or the other will work deceptively to its own advantage.’ p. 377	Deceit present. Wathne & Heide (2000) cited.
Caniëls & Gelderman, 2010	‘... ‘self interest seeking with guile’ (Williamson, 1975, p. 6). Opportunism includes all kinds of deceitful behaviour .’ p. 239	Williamson’s 1975 definition is used. Guile and/or deceit present. Wathne & Heide (2000) not cited.
Barnes et al. 2010	‘In brief, opportunism reflects a form of behavior in which some element of deceit is apparent...’ p. 35	Deceit present. Wathne & Heide (2000) cited.
Liu et al. (2010)a	Williamson’s 1985 definition is used.	Williamson’s 1985 definition is used. Guile and/or deceit present. Wathne & Heide (2000) not cited.
Liu et al. (2010)b	‘Opportunism, defined as the extent to which a channel member perceives his partner to engage in “self-seeking behaviors with guile” (Williamson, 1975)...’ p.846	Williamson’s 1975 definition is used. Guile present. Wathne & Heide (2000) not cited.
Ghosh & John, 2009	‘...by self-interested strategic behavior and guile on the part of the supplier during contract execution.’ p. 602	Guile present. Wathne & Heide (2000) not cited.
Liu et al. 2009	‘Opportunism is defined by Williamson as self-interest seeking with guile (1985).’, p. 294	Williamson's 1985 definition is used. Guile present. Wathne & Heide (2000) cited.
Lui et al. 2009	‘...self-interest seeking with guile.’ p.1215	Williamson’s 1975 definition is used. Guile present. Wathne & Heide (2000) not cited.
Lado et al. 2008	‘...opportunism refers to ‘calculated efforts [by an exchange agent] to mislead, distort, disguise, obfuscate, or otherwise confuse’ (Williamson, 1985: 47) an exchange party.’ p. 403	Williamson's 1985 definition is used. Guile present. Wathne & Heide (2000) not cited.
Palmatier et al. 2007	Does not define	Wathne & Heide (2000) cited.



Heide et al. 2007	'Supplier opportunism. The scale describes the extent to which the supplier engages in "self-interest seeking with guile" (see Williamson's [1975, p. 6]' p. 429	Williamson's 1975 definition is used. Guile present. Wathne & Heide (2000) not cited.
Tokman et al. 2007	Does not define	Wathne & Heide (2000) not cited.
Morgan et al. 2007	'...is more likely to engage in guileful self-interest seeking, i.e., opportunistic behavior ...', p. 515	Williamson definition with guile. Wathne & Heide (2000) cited.
Carson et al. 2006	'Williamson (1985) defined opportunism as self-interest eking of a strategic (i.e., secretive, deceptive, or guileful) nature undertaken to redirect profits from vulnerable partners.', p. 1059	Williamson's 1985 definition is used. Guile present. Wathne & Heide (2000) not cited.
Wuyts & Geyskens, 2005	'Opportunism is defined as self-interest seeking with guile...' p.106	Williamson definition. Guile present. Wathne & Heide (2000) not cited.
Wong et al. 2005	'The possibility of opportunistic behavior is an important barrier to collaboration because it raises fears of exploitation as partners pursue their self-interests with guile (Williamson, 1985, 1991).' p782	Williamson's 1985 definition is used. Guile present. Wathne & Heide (2000) cited.
Kneymeyer & Murphy, 2005	'...deceit-oriented violation of implicit or explicit promises about one's appropriate or required role behavior.' p. 712	Guile present. Wathne & Heide (2000) not cited.
Cavusgil et al. 2004	'... it is possible to have a relationship that is characterized as cooperative in an aggregate sense but that over time may offer opportunities for self-interest seeking at the other party's expense...' p. 211	Guile omitted. Wathne & Heide (2000) cited.
Jap, 2003	'...defined as self-interest-seeking with guile.', p. 98	Guile present. Wathne & Heide (2000) cited.
Jap & Anderson, 2003	'Opportunism is self-interest seeking with guile', p. 1686	Guile present. Wathne & Heide (2000) cited.
Rokkan et al. 2003	Not defined.	Wathne & Heide (2000) cited.
Skarmeas et al. 2002	Williamson's 1985 definition is used.	Guile present. Wathne & Heide (2000) cited.
Jap, 2001	' <i>self-interest seeking with guile,</i> ' p. 24	Guile present. Wathne & Heide (2000) cited.



Brown et al. 2000	Williamson's 1975 definition is used.	Guile present.
Dahlstrom & Nygaard, 1999	Williamson's 1985 definition is used. '...calculated efforts to mislead and confuse trading partners.' p. 161	Guile present.
Dorsch et al. 1998	Williamson's 1975 definition is used.	Guile present.
Lee, 1998	Williamson's 1975 definition is used.	Guile present.
Provan & Skinner, 1989	Williamson's 1975 definition is used.	Guile present.

## Appendix B – Direct evidence cases (further details)

Cox & Thompson (1997) suggest that the 'peculiar' nature of the UK construction industry has created: '...adversarial arms-length relations with the parties selecting opportunistic behaviour rather than working together.' (p. 129). They claim 'considerable' evidence thus: '...a recent survey of the top 50 UK contractors revealed that a quarter earned between 10% and 15% of their annual turnovers through contractual claims with clients or suppliers, and a further third earned between 5% and 10% of their turnovers in a similar way...' *ibid.* There are a large number of reasons why construction companies resort to contractual claims such as responding to incompetent management practices, dealing with inaccurate forecasts/information and so on. Opportunism of any kind is only one of them. In the absence of evidence that opportunism is the main cause, the incidence of opportunism in this market remains indeterminate. Anderson et al. (2000) studied relations between US car firms and die manufacturers. They found no evidence of buyer opportunism, but did find evidence of suppliers causing delivery delays that *may* have been attributable to opportunism. However, these effects were explained by the supplier as the result of: '... anticipating that their parts are likely to be blamed for problems, external suppliers do more work to perfect the dies (relative to part-level specifications) than internal suppliers resulting in "better" parts (lower rework) but taking longer to achieve (longer submission delays). (Anderson et al. 2000, 745). Since it impossible to judge the veracity of the supplier's claims, it is not possible to arrive at an unequivocal identification of the form of company behaviour described.

In the same year, Wathne & Heide (2000) described two relevant cases. One features Ford and a supplier (Lear Corp.), who failed to honour promises. However, the gap between the supplier's promises and actions was so wide that the chances of guile remaining undetected

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3 were minimal. If it had been uncovered, it would have damaged Lear's relations with Ford.  
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5 Consequently, it is most unlikely that that they set out to deliberately deceive Ford - for  
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7 details see Walton, (1997). This may therefore have been a case of Overt-opportunism.  
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9 However, a Ford cost analyst commenting on one aspect of Lear's behaviour is quoted  
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11 saying: "They're not venal, just incompetent" (Walton, 1997, 154). It is possible that, rather  
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13 than displaying opportunism, Lear may simply have suffered from poor management. Once  
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15 more a definitive identification of opportunism is impossible. Moreover, even if we  
16  
17 tentatively conclude that it was an example of Overt-opportunism, the description of Ford's  
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19 behaviour at the time includes the following phrases: 'Ford seemed wedded to old smash-  
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21 mouth tactics'; the program manager was a '...tough-minded Ford veteran with an especially  
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23 combative attitude toward suppliers' and so on (Walton, 1997). Given the combination of  
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25 Ford's power and aggressive attitude, it is possible that some of Lear's behaviour may have  
26  
27 been defensive reaction to earlier attacks from Ford. Companies who act 'opportunistically'  
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29 in response to previous bad behaviour on the part of trading partners may well be breaching  
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31 the principles of telling the truth or honouring contracts, however they are not simply 'taking  
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33 advantage' of their trading opposites. They may be acting to avoid the breach of a different,  
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35 conflicting principle such as Wathne & Heide's 'general norms of equity', 'restraints on  
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37 unilateral use of power', the need to avoid 'exploiting vulnerability' and so on. An  
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39 unambiguous identification of transgressive, opportunistic behaviour on the part of one  
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41 trading partner is impossible when multiple conflicting principles are present and under  
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43 attack. In such cases, it is necessary to examine the behaviour of all the parties involved, and  
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45 the sequence of events. Only the first 'bad' behaviour in circumstances such as those just  
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47 described would be opportunistic in the sense of one party 'taking advantage' of the other,  
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49 but details of precisely who did what and when are rarely available in such cases. It is  
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51 possible, therefore, that Lear's behaviour in the above case was not something arising in the  
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3 market beyond the buyer's control that required management attention. Ford may have  
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5 caused the behaviour to arise in the first place, and if so, the 'problem' might have been  
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7 avoided if the buyer had behaved more reasonably.  
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11 In Anderson & Jap (2005), a supplier dealing with a car company is quoted stating: 'If one  
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13 decides to eliminate the first three coats of paint put on the component, well, then one cuts  
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15 costs on the price of the unit, and that profit will be shared with Purchasing, which will  
16  
17 recuperate a piece of the pie. *Now, if one doesn't say anything, all the savings are ours...*  
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19 [emphasis in the original]' (Anderson & Jap, 2005, 77). This does indeed appear to be an  
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21 unambiguous example of opportunism-with-guile. However, earlier in the same paper the  
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23 authors observe that the car company buyer used its power over the supplier in an over-  
24  
25 bearing manner (p. 77) and conclude that: 'Lest one be tempted to condemn the parts maker,  
26  
27 recall the many stories in the business press of how some automakers have abused the trust  
28  
29 and investment of their suppliers. Opportunism can run both ways.' (ibid). Thus, this case  
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31 may well be another example of apparently opportunistic behaviour actually resulting from a  
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33 self-defence reaction to prevent the breach of a conflicting principle. If so, then once more, it  
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35 did not constitute a supplier-based threat to the buyer's interests, and hence did not require  
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37 significant management attention to control the supplier's behaviour.  
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44 Mitrega & Zolkiewski (2012) claim to identify opportunism on the part of an Internet  
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46 infrastructure provider in a case: "The first contract ended and we continued dealing with  
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48 each other. After a while I got reliable information from my colleague from another company  
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50 that ... is offering much better terms of contract to new customers. These customers had  
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52 better quality and more additional services at the same price ... When we contacted .... they  
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54 said that these are special terms for new customers and maybe we can have just 10% discount  
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3 ... Only when we discussed the possibility of not lengthening the contract did they finally  
4 agree to providing us the same terms". (p. 891). This behaviour would only constitute  
5 opportunism if there was a market norm for suppliers to tell buyers the prices paid by all  
6 other customers. No such norm exists in most markets, and consequently this more closely  
7 resembles an example of competitive negotiating practice. The authors also suggest that the  
8 'Worsening of negotiation position...' and a supplier becoming 'less oriented to my  
9 individual situation and more at procedures and documentation" (p. 890) are examples of  
10 passive opportunism - that is the: '...shirking or evasion of obligations in the ongoing  
11 relationship.' Or '...one of the parties to the exchange ...purposely withholding effort...'  
12 (Wathne & Heide, 2000, 38). However, precisely the same supplier behaviours could have  
13 been motivated by a variety of factors other than opportunism, such as staffing problems,  
14 incompetence, changes in strategic objectives, unexpected demands from other strategically  
15 critical customers and so on. An unequivocal identification of opportunism is thus  
16 impossible.

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35 On the other hand, the same authors describe an apparently clear example of Overt-  
36 opportunism committed by a coal supplier who: '...used blackmail in terms of not supplying  
37 coal at the contracted price.' (Mitrega & Zolkiewski, 2012, 890). One other case that may be  
38 an example of Overt-opportunism can be found in Wathne & Heide (2000) who cite Klein  
39 (1996) and the relationship between General Motors and a supplier in 1926 described in  
40 Klein et al. (1978). A close reading of that original study reveals a supplier extracting as  
41 much profit as possible *within the terms* of an agreed contract. Since there is no mention of  
42 cheating, lying, the deliberate distortion of information or treachery of any kind this may be a  
43 case of Overt-opportunism possibly violating the norm of distributive justice.

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Finally, Cadden et al. (2015) show that transactional mechanisms at a strategic level led to opportunistic behaviour. A buying organisations used price renegotiation (by threatening with the use of substitute from alternative suppliers) when buying volumes increased and suppliers reciprocated this behaviour by trying to alter contract and relationship terms when buyer volumes decreased.

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**Reviewer comments and responses:**

Opportunism in buyer-supplier exchange: a critical examination of the concept and its implications for theory and practice.

We would like to thank the reviewers, who have taken a considerable amount of time to read and then provide a set of detailed and insightful comments on our revised submission. We have incorporated these and feel that they have helped us to further improve our paper. Please find our responses to reviewers in the table below and we have made any changes to the paper itself in red, as per the journal requirements. In addition, we have gone through the publisher layout guide and, in accordance with this document, the main body of the work is now fully in Times New Roman, 12 point and double-spaced and the headings/sub-headings are in alignment.

Comments	Response
I would recommend that you add 'guile' to the keywords to emphasise that this is where your contribution lies.	'Guile' has been added to the keywords.
I am not convinced that switching to the first person at the end of the first paragraph in the introduction works. I feel that explanation would be better in the third person.	This part of the Introduction has now been changed into the third person.
I am also not convinced that the text "and our main argument would be lost by including other theoretical explanations" is needed here. It seems out of place, you should always be able to make your argument with clarity.	This text has now been deleted and the sentence has been amended to show a more direct focus on our specific contribution based on the concepts of guile.
Throughout I would expect you to always cite the year when you cite an author's name, there are numerous places where the year is not cited for Williamson, Wathne & Heide and Macneil, for example.	This has been corrected throughout the article.
On page 3 you state "Through an evaluation of direct and indirect evidence this paper argues that Williamson's original definition of opportunism with guile is not as common as academic literature purports it to be." I am rather confused by this statement, would this be better phrased "Enactment of Williamson's (year) definition....."	We have changed this sentence accordingly and it now reads much more clearly.
Pg. 13, line 56 'paper' should be 'papers'.	We have made this change.
You need to check all the cross-references to the tables, a number are incorrect.	All the tables are now accurately cross-referenced throughout the paper.
A cross-reference to the appropriate tables would be useful at the beginning of section 3.3 and 4.1	Additional text has been added to the start of these sections to highlight the specific tables being referred to. In addition, similar insertions have been made at other relevant points of the paper.
Pg. 28, lines 16/17 'includes' should be 'include'.	We have made this change.
Section 4.2 remains long-winded and difficult to read through. Would it not be possible to add	We have reviewed this section thoroughly and agree that it is long-winded. Therefore, we

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<p>some of this material to Table 5, then a more succinct discussion provided.</p>	<p>have merged small parts of the second paragraph with the first as these were effectively dealing with the same point. Overall, in this section we have now adopted shorter paragraphs to make it more succinct and easier to follow and have also removed any extraneous aspects of the paragraphs themselves.</p>
<p>While the new subheadings in the discussion help with the structure, this key section remains rather long and unwieldy. Please try to make this discussion much more 'punchy'.</p>	<p>We have removed a paragraph from this section, which did cover a number of additional examples and on reviewing this we felt it was not adding anything significant to the argument. In addition, we have also created a separate conclusions and contributions section that provides a clearer focus on the research questions and makes the preceding section shorter and less unwieldy.</p>
<p>You need to add more supporting citations for the counter points you raise throughout the paper, but especially on pg. 31 lines 12-19.</p>	<p>As part of our review of section 4.2 (as per above), this specific section has now been integrated into the section 4.4 (summary of discussion) and we have now provided supporting citations, primarily linking the argument to Kraljic's portfolio approach and the rise in outsourcing. We hope these more fully underpin the points we are making.</p>

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## Tables and Figures

<b>Concept</b>	<b>Behaviour</b>	<b>Illustrative example</b>
<b>Overt opportunism</b>	The open pursuit of advantage or benefit by one party to an exchange at the expense of their trading opposite(s).	The supplier forces a price increase through without offering any justification.
<b>Opportunism-with-guile</b>	The hidden pursuit of advantage or benefit, with the deliberate intent to deceive, by one party to an exchange at the expense of their trading opposite(s).	The supplier requests a price increase citing deliberately distorted data in justification, and hides the distortion.

**Table 1 – Example of the overt and with-guile forms of opportunism (source – authors)**

<p><b>Operations Management</b></p> <p>Journal of Operations Management, International Journal of Operations and Production Management, Production, Planning and Control, Journal of Purchasing and Supply Management, Supply Chain Management an International Journal, Journal of Supply Chain Management, Journal of Production and Operations Management, Journal of Production Economics, International Journal of Physical Distribution and Logistics Management, Journal of Business logistics, International Journal of Logistics Management, Decision Sciences, European Journal of Operational Research</p> <p><b>Marketing</b></p> <p>Journal of Marketing Research, Journal of International Marketing, Psychology and Marketing, Journal of Business and Industrial Marketing, Journal of Retailing, Marketing Letters, Marketing Science, International Journal of Research in Marketing, Journal of the Academy of Marketing Science, Industrial Marketing Management, Journal of Marketing, European Journal of Marketing</p> <p><b>Other managerial areas</b></p> <p>Strategic Management Journal, Academy of Management Journal, Administrative Science Quarterly, British Journal of Management, Journal of Management</p>
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**Table 2 – Relevant journals referring to the concept of opportunism**

Citation	Context	Opportunistic Behaviour	Alternative Explanation
Cox & Thompson (1997)	Construction industry	Adversarial relationships encourage opportunism: Increasing annual turnover through contractual claims	Many reasons why construction companies present contractual claims such as dealing with poor management; inaccurate forecasts; inaccurate information.
Anderson et al. (2000)	US car firms and die manufacturers	No evidence of buyer opportunism, but evidence of suppliers causing delays that could have been attributed to opportunism	External suppliers do more work to perfect the dies than internal suppliers. This takes longer, hence delays.
Wathne and Heide (2000)	Ford and supplier Lear Corp.	Supplier failed to honour promises.	Fords explanation of the supplier's behaviour was that rather than displaying opportunism, Lear was suffering from poor management.
Anderson and Jap (2005)	Car firm and Parts supplier.	Supplier reduces the number of coats of paint to cut costs of unit price.	Evidence of Buyer using power over supplier. Apparently opportunistic behaviour is a result of self-defence.
Mitrega and Zolkiewski (2012)	Internet infrastructure provider	Offering better terms, quality and additional services to new customers at the same price as the long term customer.	There is no market norm for suppliers to tell buyers the prices paid by all other customers.
Mitrega and Zolkiewski (2012)	Coal supplier	Coal supplier not supplying coal at the contracted price	Close reading of the contract showed that the supplier was operating within the terms of the contractual agreement. There was no cheating or deliberate distortion of information.
Cadden et al. (2015)	Telecommunications	The buying firm threatened to use a substitute from an alternative supplier	Traditional mechanism tactics in renegotiations

**Table 3 – Summary of direct evidence cases**

Source	Context	Respondents	Opp. mean (Likert scale format)	Mean at or below mid-point of scale (freq.)	Rank of opp. mean in study	Opp. as dependent variable	Self-report or others
			<b><u>Supplier Opportunism</u></b>				
Handley & Benton, 2012	Large US based companies with domestic and /or offshore business processes.	Suppliers	1.43, 1.40, 1.33, 1.75, 1.51, 1.50, 1.29, 1.26, 1.43 (7 point)	9	Lowest	Y	Self
Lui & Ngo, 2012	Trading companies in garment and toy industries in Hong Kong and suppliers in China.	Buyers	2.8 (5 point)	1	Lowest	N	Others
Yang et al. 2011	Manufacturing firms covering a wide range of industries, electronics, computer equipment, chemicals, apparel, furniture, food and textiles in China.	Buyers	2.46, 3.62 (7 point)	2	Lowest	N	Others
Yen & Barnes, 2011	Anglo - Taiwanese buyer – seller firms.	Buyers	3.07, 2.96, 2.88, 2.93 (7 point)	4	Lowest	Y	Others
Samaha et al. 2011	Fortune 500 firm (seller) and its resellers	Buyers	2.23 (5 point)	1	Second lowest	N	Others

	(Channel members). Sectors included appliances, automotive, clothing, electronics, computers, sport etc.						
Barthélemy, 2011	French franchise chains.	Buyers	3.49 (7 point)	1	Lowest	N	Others
Barnes et al. 2010	Western exporters from US, Canada, GB, Ireland, Australia and New Zealand and importing firms based in Hong Kong.	Buyers	2.96, 3.16, 3.00, 3.28 (7 point)	4	Second lowest	Y	Others
Ghosh & John, 2009	US engineering intensive industry sectors.	Buyers	3.13 (7 point)	1	Second lowest	N	Others
Lui et al. 2009	Hong Kong trading firms and Chinese suppliers.	Buyers	2.9 (5 point)	1	Equal lowest	N	Others
Lado et al. 2008	US catalogue intermediaries affiliated with a large retail firm.	Buyers	2.24 (5 point)	1	Lowest	N	Others
Palmatier et al. 2007	Business to business relationships between a major Fortune 500 company (seller) and its local distributor agents.	Buyers	2.06, 2.13 (5 point)	1	2 <sup>nd</sup> lowest	N	Others

	Businesses cover products including clothing, hardware, furniture and appliances.						
Heide et al. 2007	Business to Business relationships between manufacturers (suppliers) of building materials (doors, windows, frames, stairs, roofing products) and their downstream buyers.	Suppliers	1.38, 1.56 (7 point)	2	Lowest	N	Self
Morgan et al. 2007	UK supermarket retailers	Buyers	2.98 (7 point)	1	Lowest	Y	Others
Carson et al. 2006	Outsourced R&D relationships in new product development in US	Buyers	NB 13.81/28 (responses summed not averaged)	1	Middle	N	Others
Wuyts & Geyskens, 2005	Small to medium sized firms in Industrial and commercial machinery, computer equipment, electronic, electrical equipment and components in the Netherlands.	Buyers	1.99 (7 point)	1	Lowest	N	Others
Rokkan	Building	Buyers	1.44	1	Lowest	Y	Others

1	et al.	material	(7 point)				
2	2003	manufacturer					
3		s and					
4		distributors.					
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7	Skarmea	Importing	2.63	1	Lowest	N	Others
8	s et al.	distributors	(5 point)				
9	2002	purchasing					
10		directly from					
11		overseas.					
12		Sectors:					
13		textiles, pulp					
14		and paper,					
15		chemicals,					
16		machinery					
17		and electrical					
18		machinery.					
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20	Dorsch	Random	2.15, 2.32,	3	Lowest- 2 <sup>nd</sup>	N	Self
21	et al.	sample of	3.05		lowest		
22	1998	purchasing	(6 point)				
23		executives in					
24		the US					
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26	Lee,	Australian	2.1	1	Lowest	Y	Self
27	1998	exporters and	(7 point)				
28		foreign					
29		exchange					
30		partners.					
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33			<b><u>Buyer</u></b>				
34			<b><u>Opportunism</u></b>				
35	Kashyap	US	2.32	1	Lowest	Y	Self
36	et al.	automotive	(7 point)				
37	2012	manufacturer					
38		s and their					
39		dealers.					
40	Noordho	Dutch	2.84	1	Lowest	N	Others
41	ff et al.	business to	(7 point)				
42	2011	business					
43		innovation					
44		relationships.					
45	Dev et	Large hotel	1.99	1	Lowest	Y	Self
46	al. 2011	firms in	(7 point)				
47		North					
48		America.					
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50	Ju et al.	Export	2.42	1	Lowest	Y	Others
51	2011	ventures in	(5 point)				
52		China					
53	Liu et al.	Buyer-	3.25	1	Second	Y	Others
54	2010b	supplier	(7 point)		Lowest		
55		relationships					
56		in the context					
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	of Chinese household appliances.						
Wong et al. 2005	Manufacturers and suppliers various industries in Shanghai.	Suppliers	2.62 (5 point)	1	Second Lowest	Y	Others
Cavusgil et al. 2004	US based manufacturers and independent foreign distributors.	Suppliers	3.887, 4.262, 4.543, 4.585, 5.072 (7 point)	1	Mixed	Y	Others
Jap, 2003	Supply base of a major firm in the automotive industry involved in on-line reverse auctions.	Suppliers	2.94 (7 point)	1	Lowest	Y	Others
Brown et al. 2000	US Hotel Industry.	Buyers	2.232 (7 point)	1	Lowest	Y	Self
Dahlstrom & Nygaard, 1999	Norwegian franchisee-franchisor relationships in the oil industry.	Buyers	3.06 (7 point)	1	Lowest	N	Others
Provan & Skinner, 1989	Farm and Power equipment dealers and primary supplier organisations in US.	Buyers	2.52 (6 point)	1	2nd lowest	Y	Self
			<b><u>Both Buyer and Supplier Opportunism</u></b>				
Caniëls & Gelderman, 2010	Information and communication Technology professionals	Buyers and suppliers	Suppliers: 2.54 Buyers: 2.03 (5 point)	2	Second Lowest Lowest	Y	Both

	in Dutch local government.						
Liu et al. 2010a	Distributors and Manufacturers in Chinese household appliances.	Buyers and suppliers	4.31 (7 point)	0	Lowest	N	Self
Liu et al. 2009	Household appliance manufacturers and distributors in China.	Buyers and suppliers	4.09 (7 point)	0	Second Lowest	Y	Others
Tokman et al. 2007	Greek SME, 3PL providers.	Buyers and suppliers	3.08 (5 point)	0	Second lowest	N	Others
Kneymeyer & Murphy, 2005	Users and Providers of 3PL services in US.	Buyers and suppliers	Suppliers: 4.0 Buyers: 3.1	1	Second and third lowest	N	Others
Jap & Anderson, 2003	Procurement division of 4 large equipment manufacturers in computing, photography, chemicals and brewing.	Buyers and suppliers	2.15 (7 point)	1	Lowest	N	Others
Jap, 2001	Retailers and manufactures in chemical industry.	Buyers and suppliers	2.2 (7 point)	1	Lowest	N	Others

**Table 4 - Empirical results: Opportunism in Buyer-Supplier Exchange**

Question	Question (principles being violated in bold)	Frequency with which the
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		<b>question has been used</b>
	The [trading opposite]:	
	<b>Honouring contracts/promises</b>	
1	sometimes promises to do things without actually doing them later.	19
2	breaches formal or informal agreements to their benefit.	15
3	does not always act in accordance with our contract(s).	6
4	fails to deliver promises, as described in the contract, for its own interests.	1
	<b>Truth Telling</b>	
5	alters the facts in order to get what they need.	22
6	lies about certain things in order to protect its interests.	19
7	exaggerates needs to get what they desire	11
8	does not provide a completely truthful picture when negotiating	9
9	has presented facts in such a way that has made them look good.	6
10	seems to believe that honesty does not pay when dealing with partners	4
11	makes false accusations	3
12	is candid with us (reverse scored)	2
	<b>Maintaining equity/distributive justice</b>	
13	will try to take advantage of "holes" in our contract to further their own interests.	7
14	feels it is OK to do anything within its means that will help further its own interests.	7
15	avoids fulfilling their responsibilities unless they are watched	6
16	uses unexpected events to extract concessions from our firm.	5
17	has benefited from our relationship to our detriment.	4
18	withholds important information from us.	4
19	fails to provide us with the support they are obliged to	4
20	is unwilling to accept responsibility	3
21	expects my firm to pay for more than their fair share of the costs to correct a problem	2
22	usually register a complaint if our company fails to meet our cooperative agreements	1
23	expects to receive an unreasonably large share of the benefits from our cooperative agreements	1
24	tries to renegotiate contracts to its own advantage	1
25	tends to escalate cost estimates as projects progress	1
26	is less and less cooperative as projects progress	1
27	is reluctant to accept changes without receiving concessions and compromises	1
28	abuses displays of honesty on our part	1
29	has coerced us unfairly in order to gain accessions	1
30	is aloof toward us	1
31	fails to provide proper notification	1

	<b>Observing bargaining norms</b>	
32	does not negotiate from a good faith bargaining perspective	6
	<b>Avoiding shirking</b>	
	<i>If [the customer] were not able to detect it, how likely are members of our organization to...</i>	
33	not assign your best people to your business or account with [the customer] ?	1
34	provide a lower than agreed to level of resources?	1
35	withhold information that may be beneficial to [the customer]?	1
36	not share the benefits of process improvements?	1
37	delay making agreed to investments in employee training?	1
38	delay making agreed to investments in new technology?	1
	<b>Avoiding poaching</b>	
	<i>If [the customer] were not able to detect it, how likely are members of our organization to...</i>	
39	use potentially proprietary information obtained through your relationship with [the customer] to gain favor with other clients?	1
40	use potentially proprietary information obtained through your relationship with [the customer] to help win business with other customers?	1
41	use potentially proprietary information obtained through your relationship with [the customer] to develop new services that you can offer in the marketplace?	1
	<b>Avoiding deceit</b>	
42	has tried to deceive us on several occasions	1

**Table 5 – Generic questions in empirical surveys**

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4 **Opportunism in buyer-supplier exchange: a critical examination of the concept and its**  
5 **implications for theory and practice**  
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