Investigating governance of tolerable and intolerable dark sides in B2B dyads in post pandemic emerging markets

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A B S T R A C T

The post-pandemic disruption of the global supply chain has caused severe stresses and conflicts in business-to-business dyadic relationships. Furthermore, intentions to dissolve extant relationships, motivated by opportunism, or actual terminations have aggravated the situation. Drawing on the dark side literature, we investigate the precise nature of the stress-inducing antecedents, the types of manifested conflicts and their outcomes on B2B dyadic exchanges. Using a proprietary survey data set of 487 dyadic conflicts collected from conciliation-arbitration cum legal experts in an emerging market, we provide insights into how tolerable and intolerable dark sides adversely affect short-term transactional and long-term relational B2B dyads, respectively. More importantly, we provide deep insights into specific and critical governance mechanisms invoked to attenuate/accentuate the respective dark side effects on B2B dyads. We contribute by providing an *end-to-end spectrum* of dark sides and their governance mechanism in B2B dyadic exchanges.

1. Introduction

The literature on the dark side offers an exciting analytical framework to study business failures, especially in business-to-business (B2B) dyadic exchange relationships. Ideally, a B2B exchange established via explicit contract that comprehensively articulates rights and obligations should not trigger the dark side. This is especially true in an institutionalized environment, where governance mechanisms impose costs on opportunistic violators (Meyer, 2001; North, 1987). In contrast, when institutions are ab initio weak and/or their effectiveness is disrupted via environmental discontinuities, the chance and incidence of opportunism increases. Such a scenario may precipitate the dark side in B2B dyads, potentially causing business failures (Amankwah-Amoah & Zhang, 2015). However, in the above scenario, the *precise nature* of the dark side, including the constituent factors, is largely unknown (Oliveira & Lumineau, 2019). Additionally, how temporal contingencies such as contract tenure affect the nature and intensity of the dark side and what governance mechanisms may be designed or invoked to mitigate the dark side effects on dyad outcomes are unknown. By outcomes, we mean whether the exchange relationship is salvageable and sustained, or

whether it irrevocably gravitates toward unintended or premature termination, which often involves costly litigations. The pandemic, coupled with environmental disruptions such as lockdowns, especially in emerging markets, provides an appropriate context to investigate the above questions.

The literature suggests that the emergence of the dark side in a B2B dyad is an incremental and evolving process in which outcomes range from an *intention* toward termination to actual *termination* of that relationship. In their summarization of the reviewed literature on *the* dark side, Abosag, Yen, and Barnes (2016) broadly divided the spectrum into *tolerable* and *intolerable dark sides*. A tolerable dark side refers to the stressful but salvageable situation, leading toward an intention but not the actual act of termination. An intolerable dark side, however, leads to actual termination of a B2B dyad. In constructing the antecedents to these two dark side outcomes, we draw on the review by Oliveira and Lumineau (2019), which speaks of *negative valence* such as manipulation, misuse or misrepresentation, false representation, deceitful practice, and opportunism. These factors lead to the emergence of conflicts that threaten the B2B dyad. However, the extent of the threat varies with the intensity of the dark side. For example, opportunistic practices, such

as deception, misrepresentation, and false promises *may* precipitate tolerable dark side-related *conflicts* and an *intent* to dissolve the relationship whereas acts of betrayal, manipulation, and more intense forms of deception may signal severe forms of intolerable dark side that could terminate the relationship. Building on the identified gaps in the literature, we pose the following questions and investigate them in this study. How do we operationalize and distinguish the tolerable dark side from the intolerable one? Which theoretical frameworks help explain their emergence and why? What unique *governance mechanisms* should organizations adopt, and how do they precisely mitigate the dark side outcomes?

For the purpose of this research and to build on transaction cost theory and social exchange theory, we *define the dark side* in a dyadic interorganizational (B2B) relationship as guileful, self-interest driven (opportunistic) (Williamson, 1979) *stressful behavior, manifesting* in some form of conflict, which adversely affects the sustenance of the dyadic relationship. *Thus, the dark side constitutes both behavioral and manifestation aspects*. Furthermore, depending on the *nature and intensity* of the manifested conflict, the dyadic relationship may *reparably weaken or irreparably rupture*. One outcome of the tolerable dark side in a short-term transactional dyad is a weakened relationship that includes the *desire* to terminate but not the actual act. On the other hand, an intolerable dark side leads to the actual termination of a long-term relational dyad. Our conceptualization of the dark side involves *temporal dimensions*, is consistent with the literature but is an improvement upon the previous definition by Abosag et al. (2016) and Oliveira and Lumineau (2019). To operationalize the construct, we emplace the dark side in its *manifestation as an observable conflict* with *observable outcomes* rather than *hidden and speculative stresses and tensions only*. Furthermore, we conceptually segregate tolerable dark side from intolerable dark side by *separating the manifested conflicts* into *task conflict* and *relational conflict*. Derived from social exchange theory, task conflict involves disparities in professional opinions about resource allocation, procedures, and other task-related matters (Amason & Schweiger, 1997; De Dreu & Weingart, 2003). Task conflict is relatively less harmful (Desivilya & Yagil, 2005) and is often limited to *impersonal, short-term* transactions. Relational conflicts involve personal and affective elements, including tension, dislike, and disagreements over values, personal tastes, and interpersonal styles (Desivilya & Yagil, 2005; Jehn, 1994). Relational conflicts trigger more intense adversarial effects on long-term relationships, including termination. Finally, we segregate the conflict-inducing *antecedent behavioral aspects* into *transactional and behavioral* stresses. We define transactional stress as the outcome of opportunism-based mismatch of perceptions, inducing task conflict, which is limited to work-related matters. In contrast, behavioral stresses emerge from deceitful activities that are against the affective elements and value systems, triggering relational conflicts. Transactional stresses and task conflicts constitute the tolerable dark side, while behavioral stresses and relational conflicts constitute the intolerable dark side. Our conceptualization of *stress* as a construct in a dyadic exchange *precedes* the concept of *tension* (Fang, Chang, & Peng, 2011; Abosag et al., 2016; Sharma, Kingshott, Leung, & Malik, 2022; Caprar, Walker, & Ashforth, 2022). While stress is a priori induced in the affected party by the deviant behavior of the counterparty, tension emerges *ex posteriori* under a *simultaneous action-reaction* scenario between the two parties once the *affected party retaliates*.

Empirically, we embed our study in a mid- to post-pandemic period in India. In addition to being an important emerging market, India offers many advantages for empirical examination. First, India accounts for the greatest number of new cases of infection (400,000 cases a day as reported by the BBC)[1] and commensurate mortality. Second, unlike in the first wave and despite the high levels of infections and deaths, the

government of India did not impose a nationwide lockdown in subsequent waves. Thus, economic activities involving in-person exchanges continued as usual. This period of non-isolation during a more virulent strain, often without personal protective devices or vaccination, aggravated contagion-based casualties. Among others, professionals working in operations and B2B exchanges fell victim to the disease, which impacted the operational and relational aspects of the dyads, leading to the emergence of the dark side. Third, the lockdown and phased unlocking of the economy created a demand surge that more or less coincided with the second wave. The surge in backlogged and new demand traversed the entire length of the supply chain, straining every buyer–seller relationship in the B2B context. With part of the supply chain being outside of the country, the situation was only aggravated by dissimilar pandemic-related restrictions across borders, especially when exchange partners could not ascertain the veracity of the counterparty claims. Finally, the pandemic weakened the functioning of regulatory institutions. For example, judicial proceedings were held online, a novel but desperate adaptation in exigent circumstances. Consequently, we deemed our interest in exploring the dark sides and their governance in B2B dyadic relationships to be well embedded in this context.

This study offers two fundamental contributions to the literature. First and foremost, we contribute by reconceptualizing and operationalizing tolerable and intolerable dark side phenomena in a B2B dyadic relationship. In this process, we model the underlying structures of the dark sides replete with their antecedent factors, manifestations, and outcomes. Therefore, we claim to provide *an end-to-end spectrum of the dark side phenomenon* for both types of B2B exchanges. Second, we elicit the respective governance mechanisms that moderate the transformation of dark sides into their respective adverse outcomes on B2B dyadic relationships. Mitigating the stress-induced conflicts of the dark side on the B2B dyadic relationship is more important than the phenomenon of the dark side per se. To that end, we provide a sequential set of governance mechanisms with construct specificities and commonalities via-a-vis the two types of dark sides and report their moderating effects on the relationship dyads. Thus, our study not only sheds light on dark-side-induced business failures in the post-pandemic world but also provides possible governance mechanisms that attenuate (or accentuate) dark-side effects on B2B dyadic relationships.

2. Theory and hypotheses

In their extensive review of the dark side literature on interorganizational relationships that includes B2B transactions, Oliveira and Lumineau (2019) highlight the preponderance of *opportunism* and *conflict* as the primary descriptors of the dark side (Johnsen & Lacoste, 2016; Vaughan, 1999). The authors also note the marked absence of psychological antecedents of conflict, especially when the literature speaks of the coexistence of emotional and task conflicts (Li & Hambrick, 2005). Apart from the limited insights on the *intensity of conflict*, the review also revealed an inadequate emphasis on *potential* and *real unethical practices* as triggers of the dark side. For example, the ethics literature speaks of malpractices such as knowingly disseminating faulty conclusions, i.e., *misrepresentation* (Ferrell, Hartline, & McDaniel, 1998), *deceiving* others by displaying preferential treatment toward some specific suppliers (Nguyen & Cragg, 2012), *betraying* by unilaterally withdrawing from an alliance (Bakker, 2016), making *false promises* or breaching contracts/agreements (Dawson, Karahanna, & Buchholtz, 2014), and *manipulating* organizational guidelines (Saini, 2010) as predictors of conflicts. However, the resultant manifestation of conflict from these unethical practices, as the *building blocks of the dark side phenomenon* in an empirical context, is limited or missing altogether. Oliveira and Lumineau (2019) assign this lack of empirics to challenges in data access.

We step into this void and present, via empirical investigation, a theoretical framework that segregates the two types of the dark side temporally and along with their internal structures and linkages. We

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[1] Source: https://www.bbc.com/news/world-asia-india-56961940, accessed on March 02, 2022.

have proposed two specific outcomes of dark side: a) dissolution intent, and b) termination. Specifically, an intent to dissolve is triggered by tolerable dark side, while termination of B2B dyads is triggered by an intolerable dark side. In addition, we suggest respective governance mechanisms to mitigate the effects of the two dark sides in B2B dyadic exchanges.

2.1. Transactional stress, task conflict and dissolution intent

Transaction cost theory contributes significantly to the dark side literature through the concept of opportunism (Handley & Benton Jr, 2012; Jap & Anderson, 2003). An exchange partner's ability to exhibit opportunism that may invoke the dark side depends on two key conditions. The first condition, derived from social exchange theory, stipulates that opportunistic behavior is meaningful when the benefit from guileful self-interest exceeds the potential retaliatory cost from the beguiled party (Cook & Emerson, 1978; Lambe, Wittmann, & Spekman, 2001). The second condition, derived from transaction cost theory, specifies that the extent of opportunism varies on a temporal scale, with lesser degrees relating to transient exchanges and greater degrees of opportunism relating to long-term relationships, provided the *benefits are commensurate* (Seggie, Griffith, & Jap, 2013). Therefore, in short-term B2B exchanges, where the relationship is *ideally* limited to the scope and duration of the contract, the scope of opportunism is also limited.

Consequently, conflicts that may manifest from such limited opportunism (Whipple, Lynch, & Nyaga, 2010) often arise due to other non-severe forms of scheming, such as passive deception (Lewicki, 1983), misrepresentation (Jap, Robertson, Rindfleisch, & Hamilton, 2013), and false promise (Gaim, Clegg, Cunha, & e., 2021), that do not jeopardize the contract and trigger the penal clauses. *Passive deception*, often an outcome of non-availability of data due to exogenous factors (Vishwanath, Herath, Chen, Wang, & Rao, 2011) but which can be subsequently rectified, qualifies as opportunism in a short-term relationship (Olekalns & Smith, 2007; Seggie et al., 2013). Likewise, instances of street-smart opportunism during contracting and negotiation via data and information *misrepresentation* may lead to opportunistic gains for one of the partners. Such opportunism, which may be short-lived and relatively less harmful, triggers *transaction level stress and anxiety* in the exchange partner and reducing credibility (Jap et al., 2013).

While passive deception and misrepresentation involve the non-availability of information, instances of *false promise* are made as a consequence of operational limitations (Gaim et al., 2021). For instance, logistical uncertainties that are not covered fully under the force majeure clause during pandemic-related disruptions may lead an exchange partner to make false promises as a ploy to buy time (Cohen, 2010). False promises create uncertainties in the operational allocations of the buyer. Information and operations-centric uncertainties are largely impersonal and transactional-level issues. They lead to *slippages and hindrances* that affect efficiencies by *eating into time slacks built into the implementation schedules* of the affected partner. Operational slippages and loss of slack from passive deception, misrepresentation and/or false promise induce transaction level stresses because the buyer's operations rests upon supplies under disruption. These accumulating transactional stresses manifest as task-based conflicts in the B2B context.

Operational slippages tolerable until they do not result in significant losses for the affected partner. Consequently, the resultant conflict may not lead to actual dissolution of the contract, although the option may be contemplated. Moreover, the penal cost of contract dissolution, in the context of genuine exogenous disruptions and especially when contested in the court of law, far outweighs the benefits of dissolution. Synthesizing the above, we hypothesize the following:

Hypothesis H1a. Within the tolerable dark side narrative, passive deception, false promise, and misrepresentation-based transactional stresses positively induce task conflicts in B2B dyadic relationships.

Hypothesis H1b. Within the tolerable dark side narrative, task conflicts positively mediate the association between transactional stresses and dissolution intent in B2B dyadic relationships.

2.2. Behavioral stress, relational conflict and termination

Under conditions of environmental discontinuities, as exemplified by the COVID-19 pandemic, the steady supply of resources was disrupted while contractual obligations continue (Keller, Lumineau, Mellewigt, & Ariño, 2021). At the same time, disruption in the supply chain causes scarcity, which creates an opportunity to maximize profits because supply is hindered (Kiraz & Üstün, 2020). However, if supply is unencumbered that opportunity is limited, especially in *long-term B2B contractual obligations*, *unless* resource availability with a vendor is *unverifiable*. We posit such situations may trigger an intolerable dark side that involves behavioral stresses and relational conflict among the supply chain partners.

The prospect of unverifiable stocks, in a distress-driven constrained supply situation with the prospect of selling *elsewhere* at a premium, will incite a vendor to resort to *manipulation*. Manipulation is *action-oriented, and intention driven* (Noggle, 1996). In the initial stages, it is usually hidden and wrapped in lies from the exchange partner (Baron, 2003). However, during extended periods of discontinuity, such as pandemic lockdowns, manipulative partners to be more creative and attempt *active deception*.

Active deception involves a deliberate attempt by the partner to intentionally feed inaccurate or false information (Gaspar, Methasani, & Schweitzer, 2019; Schweitzer & Croson, 1999). However, instances of active deception are relatively easy to identify via a range of active deception detection tools (Schweitzer & Croson, 1999). Moreover, in the age of e-tailing, the availability of more than expected supplies from competitors can always be traced back to contractual violations made by one's own supplier for opportunistic profiteering. Such one-sided profiteering at the cost of a long-term dyad relationship triggers a sense of *betrayal* by the deceiver.

Betrayal is a voluntary violation of contract terms (Morris & Moberg, 1994) and includes actions such as withholding promised support/supply. It is a condition when one of the dyadic partner breaks trust willfully with the explicit and implicit awareness and expectations of (long-term) contracts (Elangovan & Shapiro, 1998). This awareness prohibits the deviant partner from hiding under ignorance, ambiguity, or lack of knowledge. Betrayal is an outcome of a partner's decision-making process. It is premeditated in nature and is not an impulsive act (Eoyang, 1994; Grover, 1993; Lewicki, 1983). Betrayal is strategically chosen over other options due to the utility and pay off calculation (Lewicki, 1983; Sarbin, 1994).

Manipulation, active deception, and betrayal induce behavioral stress within the deceived partner. Once induced, the impact of behavioral stress such as betrayal on the deceived partner is long-lasting (Elangovan & Shapiro, 1998). Behavioral stresses almost always lead to retaliatory outcomes, with or without material gains in mind (Grégoire & Fisher, 2008). Behavioral stress-induced conflict in relationships is not easily forgiven (Finkel, Rusbult, Kumashiro, & Hannon, 2002), is perceived to violate moral norms (Turiel, 1998) and tarnishes the reputation in an exchange relationship (Kowalski, 2001). Behavioral stressors irreparably damage relations and induce conflicts (John, 1984). Eventually, this pose a threat to the continuation of a long-term relationship (Jones & Burdette, 1994) as invocation of *force majeure* clauses built into contracts is legally enforceable (Robinson, Selman, Steineker, & Thrasher, 2020). Thus, such relational conflicts invoke the intolerable dark side and lead to the termination of long-term B2B dyadic relationships. Therefore, we posit that.

Hypothesis H2a. Within the intolerable dark side narrative, manipulation, active deception, and betrayal-based behavioral stresses positively induce relational conflicts in B2B dyadic relationships.

Hypothesis H2b. Within the intolerable dark side narrative, relational conflicts positively mediate the association between behavioral stresses and termination characterizing the intolerable dark side in B2B dyadic relationships.

2.3. Governance mechanisms and dark side outcomes

The threat to the B2B dyad from the dark side is costly, especially in the case of relationship termination (Johnsen & Lacoste, 2016). Hence, devising appropriate governance mechanisms that mitigate dark side-based conflicts is important (Basu, Aulakh, & Munjal, 2021; Sharma et al., 2022; Verbeke, Hutzschenreuter, & Pyasi, 2021). Building on *behavioral opportunism* and the *cost–benefit* aspect of social exchange theory, we segregate governance mechanisms into those that are *implicitly expected or ex post emergent* and those that are *ex ante* contracted and *explicitly* understood. The literature suggests that in long-term exchange relationships, relation-specific routines self-enforce relational contracts (Klein, 1996), thereby effectively managing engagements (Zollo & Winter, 2002). Relation-specific routines lead to *relationship tolerance,* which we define as "a mechanism by which dyadic partners intend to *downplay* relational conflicts from contractual deviations, and/or violation of benign reciprocity, and/or adverse effect of opportunisms from situational ambiguity in the exchange relationship." Relationship tolerance is an implicit stabilizer of the relational status quo. It is important to contain *critical incidents* and *negative events* that threaten the sustainability of B2B dyadic relationships (Keaveney, 1995).

Additionally, the TC governance literature (Williamson, 1991a, 1991b) and the industrial organization economic literature (Porter, 2008) suggest that the availability of choices *ex ante* reduces opportunism-based bargaining power (Brown, Dev, & Lee, 2000). However, the availability of choices *ex post to an established exchange relationship* may accentuate the effect of the dark side. For example, more profitable alternatives may induce violations by a supplier. Likewise, better options may induce an aggrieved buyer to terminate a repeatedly deviant vendor (Beate Pettersen and Rokkan, 2006).

The literature on explicit and ex-ante governance via contracts provides formal specifications, clauses, definitions, and conditions (Argyres, Bercovitz, & Mayer, 2007; Lumineau & Malhotra, 2011) for an efficient transaction, in addition to limiting behavioral opportunism in B2B dyads (Poppo & Zenger, 2002). Given the inherent limitations of contracts, these ex-ante specifications give rise to two forms of governance. The first form, in turn, has two subtypes: (i) *interest-based governance* and (ii) *rights-based governance*. Interest-based governance is defined as an inclusive, mutual, and problem-solving approach (Ury, Brett, & Goldberg, 1988) in which the partners share details of their requirements and seek alternatives to keep conflict under control (Malhotra & Lumineau, 2011). Right-based governance, on the other hand, comes under the ex post contractual governance method to overcome the limitation of the relational contract as part of recourse or to exercise remedial measures on the erring partner (Poppo & Zenger, 2002). Right-based governance comes with the strong form of governance attributes, namely, *distributive, adversarial*, and *competitive* (Brett, Goldberg, & Ury, 1990). Partners involved in exercising rights-based governance will tend to reinforce and legitimize the specifications of the contract to remind each other, via legal arguments, of the responsibility as per contractual obligations (Malhotra & Lumineau, 2011). The reliance on formal contracts tends to mitigate information asymmetry-based opportunism, as both parties search for clauses within the contract to restrict the erring partner within contractual obligations and expectations (Woolthuis, Hillebrand, & Nooteboom, 2005). If both interest- and rights-based governance fail to restore the dyadic exchange relationship, then partners may signal the intent or actually resort to the *second form of governance* that comes from the *effectiveness of formal institutions* to mitigate disputes.

In this study, *institutional effectiveness* includes quasi-regulatory interventions and legal enforceability of contracts via designated regulatory institutions (Child, Chung, & Davies, 2003). It aims at protecting the interest of the investors/aggrieved party, thereby preventing the emergence of deviant/cheating behavior (Vorhies & Morgan, 2003). While emerging markets are often perceived to have weak institutions (Buckley, Cavusgil, Elia, & Munjal, 2023; Shou, Zheng, & Zhu, 2016; Patnaik, Munjal, Varma, & Sinha, 2022; Zhou & Xu, 2012), by reposing the conciliation-adjudication literature (Corredoira & McDermott, 2014; McDermott, Corredoira, & Kruse, 2009) we contend to state that institutional and legal remedies are available to the aggrieved parties when properly invoked. Conciliation cum quasi-adjudication mechanisms are often perceived as time- and cost-effective ways of resolving disputes (Basu, 2012) to sustain the dyadic relationship. Therefore, signaling the invocation of conciliation proceedings as a precursor to a costly judicial procedure is considered sufficient to mitigate dark sides in B2B dyadic exchanges. Synthesizing the above, we propose the following:

Hypothesis H3a. Within the tolerable dark side narrative, interest-based governance, and the availability of alternative choices positively moderate, while institutional effectiveness negatively moderates, the task conflict-mediated association between transactional stress and dissolution intent in B2B dyadic relationships.

Hypothesis H3b. Within the intolerable dark-side narrative, rights-based governance, and the availability of alternative choices positively moderate, while relational tolerance and institutional effectiveness negatively moderate, the relational conflict-mediated association between behavioral stress and the termination of the B2B dyadic relationships.

3. Research method

3.1. Context and data

In line with the contextual requirement in the call for paper, we embed our study in a post-pandemic emerging market, namely, India. The pandemic induced a black swan event, wherein economy-wide lockdown persisted for nearly three months, coupled with work from home and disrupted supply chains, and caused stresses at multiple levels in the exchange relations. That, in turn, threatened or disrupted long- and short-term B2B relations, precipitating business failure (Amankwah-Amoah & Wang, 2019). To objectively model the dark side-induced outcomes in B2B dyads (Hair, Ringle, & Sarstedt, 2011), we electronically administered a 7-point Likert scale-based survey instrument via Qualtrics to 2200 *legal professionals* who have expertise in providing advisory services in conciliation and commercial arbitration in B2B disputes. These legal experts were *required to respond only if they were involved as consultants in B2B disputes that had a bearing on the supply chain disruption from the COVID-19 pandemic*. We purposefully chose legal professionals to overcome the problem of biased responses from either of the aggrieved parties. In addition, professional legal experts are supposed to have full information about the nature of the B2B disputes from their clients and are expected to hold *rational and balanced views* about the disputants/B2B dyad partners (Krauss, Lieberman, & Olson, 2004). *We construe our data collection technique to be unique to the literature* since involving third-party rational respondents, with full information on both sides of the dyad, overcomes many of the inherent limitations of the survey method, including those of response biases. We received 527 responses, of which 487 were usable and complete in all aspects. The survey data collection lasted for approximately two months from the middle of November 2021 to the middle of January 2022. This period coincided with the final termination of the (Delta variant induced) second wave of COVID-19 in India and the opening up of the economy, *albeit* under the shadow of the emerging Omicron variant (third wave). Thus, our research context coincided with the post pandemic requirement of the special issue (Amankwah-Amoah, Khan, & Adomako, 2023). Details of our data are presented in Table 1 below.

Table 1
Demographic and other details of the respondents.

S. N.	Description	Details
1	Male Respondents	339 (70%)
2	Female Respondents	148 (30%)
	Academic Qualification of Respondents	
3	Bachelorette Degree in Law	37%
4	Masters Level Degree	63%
5	Masters Degree in Law but with Engineering Degree at Bachelorette Level	85 (17%)
	Legal (Work) Experience	
6	Legal Experience: 5–10 Years	65%
7	Legal Experience: 10–20 Years	22%
8	Legal Experience: >20 Years	13%
	Industries where the Disputes were Observed	
9	Industry - Manufacturing	65%
10	Industry - Services	35%
	Functional Areas involving Disputes	
11	Procurement Department	32%
12	Sales Department	26%
13	Commercial and Contract Department	17%
14	Vendor Management Department	23%
15	Legal Department	2%
	Hierarchy of the Dyad Partners	
16	Decision Making Level	64%
17	Decision Enabling Level	36%
	Total 487 disputes involving 974 firms	

3.2. Measurement variables

3.2.1. Dependent variables

The two dependent variables in our research, *dissolution intent* and *termination*, capture the outcomes of tolerable and intolerable dark sides, respectively. These are explained below.

3.2.1.1. Dissolution intent. This is a *seed of distrust sown* when there is incoherence in partner behavior in the form of opportunism and which is at odds with the counter party expectations (Wang, Kayande, & Jap, 2010). It is the beginning of the end of a transactional relationship (Giller & Matear, 2001) and is measured using a 5-item scale developed by Pettersen and Rokkan (2006) and Yang, Wacker, and Sheu (2012).

3.2.1.2. Termination. This is an extreme form of relationship severance when one of the partner's opportunistic behaviors violates the tenets of contractual expectancy via manipulation, deception, and repeated betrayal (Giller & Matear, 2001). It is measured using a 5-item scale developed by Hibbard, Kumar, and Stern (2001); Johnson (1999) and Yang, Sivadas, Kang, and Oh (2012).

3.2.2. Independent variables

We developed two sets of independent variables for tolerable and intolerable dark side-based stresses. For tolerable dark side, involving transactional stresses, the antecedent variables are passive deception, false promise, and misrepresentation. For intolerable dark side based behavioral stresses, they are manipulation, active deception, and betrayal. They are described below.

3.2.2.1. Passive deception. It measures the extent of subtle, deceptive practices such as concealing a fact, exaggerating some of the contractual aspects, not sharing information or not fulfilling contractual obligations. It is measured using 6-item scale developed by Liu, Liu, and Li (2014); Robinson, Lewicki, and Donahue (2000); Jap and Anderson (2003) and Samaha, Palmatier, and Dant (2011).

3.2.2.2. False promise. It measures the extent to which contractual promises were not kept at the time of execution. It is measured using 5-

item scale developed by Leonidou, Aykol, Fotiadis, Christodoulides, and Zeriti (2017) and Robinson et al. (2000).

3.2.2.3. Misrepresentation. It measures the extent of incorrect presentation, a refusal to validate or intentional misquotation of operational level metrics with an intent to secure an advantage. It is measured using 5-item scale developed by Fulmer, Barry, and Long (2009) and Robinson et al. (2000).

3.2.2.4. Manipulation. It measures the extent to which performance goals and counter party efforts are misdirected to exploit contractual ambiguities and is captured using 6-item scale developed by Gruenfeld, Inesi, Magee, and Galinsky (2008); Jap and Anderson (2003); Leonidou et al. (2017); and Rokkan, Heide, and Wathne (2003).

3.2.2.5. Active deception. Active deception measures the extent of deceptive practices like willingly providing false information, actively concealing a fact, avoiding the contractual aspects, deceiving on critical performance parameters etc. It is measured using a 5-item scale developed by Jap and Anderson (2003).

3.2.2.6. Betrayal. Betrayal is the willful failure to support a needy partner through deceitful and selfish activities with the sole purpose of self-advancement (Carney, 1994; Hogan & Hogan, 1994). It is measured using 5-items scale Leonidou et al. (2017).

3.2.3. Mediator variables

3.2.3.1. Task conflict. This measures the differences of opinion between transacting parties with the intent to secure advantages over the other party in day-to-day tasks, role clarities, and activities planned for the future. It is measured using a 5-item scale developed by Mohr, Fisher, and Nevin (1996); Rose and Shoham (2004); and Wolfe and Murthy (2005).

3.2.3.2. Relational conflict. Relational conflict measures the difference of opinion developed at the relational level due to unreasonable demands, stressful working relationships, conflicts, severe forms of disagreement and cultural conflicts that are violative of reciprocity norms and is measured using a 5-item scale developed by Leonidou et al. (2017) and Lee and Kim (1999).

3.2.4. Moderator variables

3.2.4.1. Interest-based governance. This measures consensual agreement to resolve problems, create a cordial environment, set common goals, and achieve them to protect self-interest. It is measured using a 5-item scale developed by Lumineau and Malhotra (2011) and Macdonald, 1970

3.2.4.2. Right-based governance. This measures the partner's willingness to exercise contractual rights and obligations during contractual violations and is measured using a 5-item scale developed by Lumineau and Malhotra (2011).

3.2.4.3. Institutional effectiveness. This measures the effectiveness of institutional intervention when disagreements, breaches, or violations are reported to the alternate dispute resolution mechanisms or any other legal systems in force. Institutional effectiveness comprises two sub-dimensions, namely, *enforcement* comprises five items developed by Antia and Frazier (2001), and *institutional intervention* comprises five items developed by Anderson and Dekker (2005) and Shou et al. (2016).

3.2.4.4. Alternative choices. This implies the need to search for alternative vendors in case of a need to switch over due to task/relational

conflicts in the ongoing relationship. This is a single item construct adopted from Pettersen and Rokkan (2006).

3.2.4.5. Relational tolerance. This measures the extent to which deviant behavior is tolerated or the willingness of the exchange partner to provide an additional resource for the sake of long-term relations. It is measured using a 5-item scale developed by Anderson and Weitz (1992), Leonidou et al. (2017), and Monteiro et al. (2019).

3.2.5. Control variables

3.2.5.1. Age of the firm. We control for the age of the firm, as older firms with mature systems and processes may deal with stress and contractual violation more effectively than newer firms. Age was deduced by taking

the natural log of the difference between the year of incorporation of the aggrieved firm and the year of data collection, which was 2021 (Finkelstein & Hambrick, 1990).

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

A generalized description of the scale items is provided in Appendix 1. Further tests for response and common method biases and choice of analytical techniques are given in Appendix 2.

3.3. Choice of analytical technique, conceptual model and specifications

Our conceptual models with emplaced hypotheses are presented in Fig. 1, and the econometric specifications for testing each of the
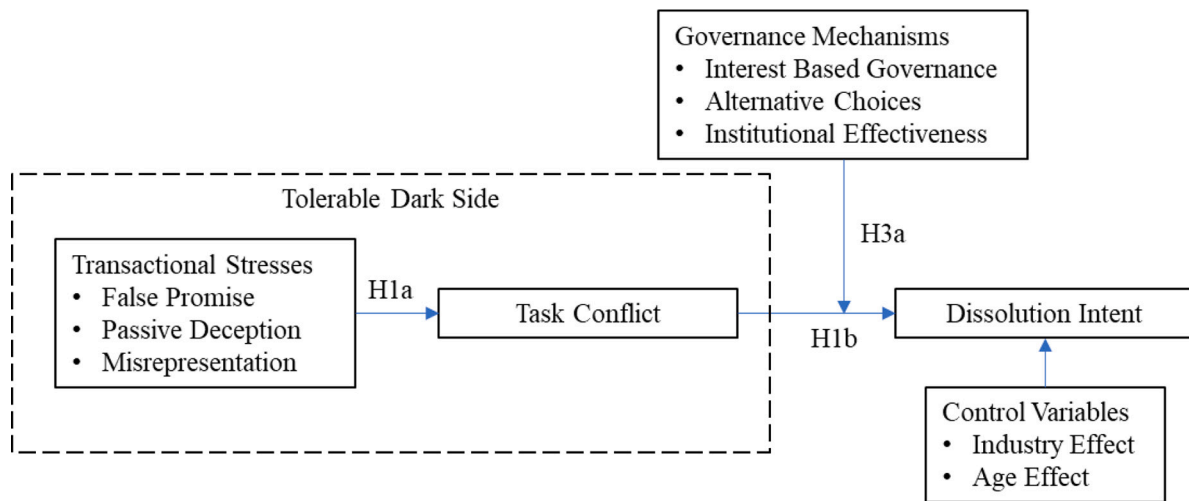
Tolerable Dark Side, Dissolution Intent and Governance Mechanisms in B2B Dyadic Relationship
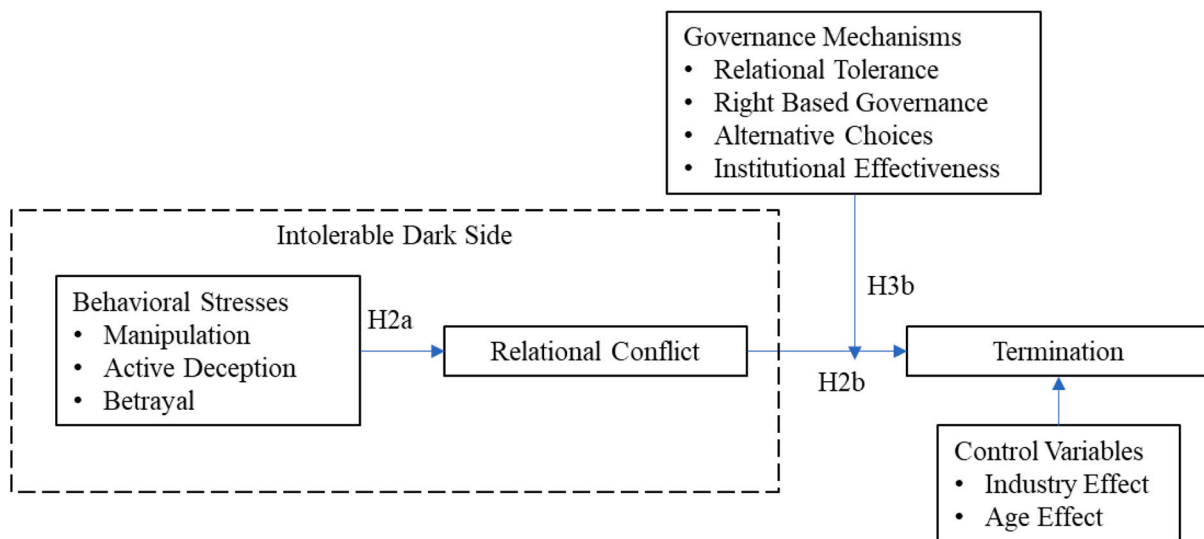
Tolerable Dark Side, Termination and Governance Mechanisms in B2B Dyadic Relationship

Fig. 1. Conceptual models.

hypotheses are explained below.

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

$$TC = \alpha_0 + \alpha_1 \sum TS + \alpha_2 \sum CV + \varepsilon_1 \qquad (1a)$$

$$DI = \varphi_0 + \varphi_1 \sum TS + \varphi_2 TC + \varphi_3 \sum CV + \varepsilon_2 \qquad (1b)$$

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

To test H2a and H2b, model the influence of manipulation, active deception, and betrayal as behavioral stresses on relational conflict (H2a) and that of relational conflict on termination (H2b), we model relational conflict as a mediator variable and the same is presented in the following generalized expression:

$$RC = \gamma_0 + \gamma_1 \sum BS + \gamma_2 \sum CV + \varepsilon_3 \qquad (2a)$$

$$T = \beta_0 + \beta_1 \sum BS + \beta_2 RC + \beta_3 \sum CV + \varepsilon_4 \qquad (2b)$$

where RC implies Relational Conflict, $\sum BS$ implies the summative effects of three behavioral stresses, namely manipulation, active deception, and betrayal; T implies termination, and γ and β are the respective parameters.

To model the interaction effects of the governance mechanisms (H3a) interest-based governance, alternative choices, and institutional effectiveness on the task conflict – dissolution intent linkages (H3a), we present the following generalized expression:

$$TC = \partial_0 + \partial_1 \sum TS + \partial_2 \sum CV + \varepsilon_5 \qquad (3a)$$

$$DI = \psi_0 + \psi_1 \sum TS + \psi_2 TC + \psi_3 GM_i + \psi_4 TC \times GM_i + \psi_5 \sum CV + \varepsilon_6 \qquad (3b)$$

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

Likewise, to test H3b, we modeled interaction effects of relational tolerance, right based governance, alternative choices, and institutional effectiveness on the relational conflict – termination linkages (H3b), we present the following generalized expression:

$$RC = \chi_0 + \chi_1 \sum BS + \chi_2 \sum CV + \varepsilon_7 \qquad (4a)$$

$$T = \lambda_0 + \lambda_1 \sum BS + \lambda_2 RC + \lambda_3 RGM_j + \lambda_4 RC \times RGM_j + \lambda_5 \sum CV + \varepsilon_8 \qquad (4b)$$

where additionally, RGM_j implies the individual effect of any one of the four-governance mechanism at any given time, and $RC \times RGM_i$ implies the interaction effect between relational conflict and any of the four governance mechanisms.

We used maximum likelihood-based principal factor reduction (MLPFR) technique with varimax rotation using STATA-16.1 to load items to the constructs and reduce redundant (or significantly correlated) dimensions (Ahammad, Basu, Munjal, Clegg, & Shoham, 2021). The resultant dimensions retained most of the variance present in the original data matrix. Additionally, MLPFR checks for a) independence (sphericity control), b) Heywood boundary control and c) single factor saturated models (Fabrigar, MacCallum, Wegener, & Strahan, 1999). To further enhance internal consistency among the items, we suppressed items with factor loading <0.2 (Dess & Beard, 1984).

We adopted the Seemingly Unrelated Regression (SUR) method in STATA-16.1 to model the *mediated moderation* effects. Using the nested two-equation approach, we first regressed the task/relational conflicts on their respective antecedent stress factors. In the second equation, we regressed the dark side outcomes, i.e., dissolution intent/termination on task/relational conflicts and the antecedent stress factors (to ensure full mediation effects). Further to test hypotheses H3a and H3b, we introduced the interaction terms and the interaction effects in the second equation, thus modelling the mediated moderation effects.

4. Results

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

Hypotheses H1a – H3b are tested via Models 2 to Model 11 in Tables 3 and 4, respectively. Hypothesis H1a posits that passive deception, false promise and misrepresentation positively affect task conflict, while H1b suggests the mediating effect of task conflict on dissolution intent. H1a and b are tested via Model 2, which suggests that all the three dimensions of transactional stress are positively and significantly associated with task conflict, thus lending support to H1a. Likewise, task conflict exhibits a positive and significant mediation effect ($\varphi_2 = 0.213$, $p < 0.01$) between transactional stresses and dissolution intent. Thus, Hypotheses H1a, b are fully supported. Likewise, Hypothesis H2a posits that betrayal, active deception and manipulation positively affect relational conflict, whereas H2b posits the mediation effect of relational conflict on termination of B2B relationship. Model 7 tests the above association and suggests that betrayal, active deception, and manipulation have a positive and significant effect on the emergence of relational conflict while relational conflict positively and significantly ($\beta_2 = 0.294$, $p < 0.01$) leads to termination-based emergence of the intolerable dark side. Thus, Hypotheses H2a, b are also fully supported.

Hypothesis H3a proposes the effects of governance mechanisms such as interest-based governance, alternatives, and institutional effectiveness on the association between tolerable dark side-based task conflict and dissolution intent. Models 3, Model 4, and Model 5 test the aforementioned moderation effects. Model 3 suggests that interest-based governance positively and significantly ($\psi = 0.087$, $p < 0.05$) moderates the influence of task conflict in predicting dissolution intent. Likewise, Model 4 supports a positive and significant ($\psi = 0.083$, $p < 0.1$) effect of alternatives in accentuating the effect of task conflict on dissolution intent. However, Model M5 supports the assertion that institutional effectiveness is a significant and negative ($\psi = -0.124$, $p < 0.01$) moderator that attenuates the effect of task conflict on dissolution intent, thus mitigating the effect of the dark side on B2B dyadic relations. Thus, H3a is supported.

Hypothesis H3b proposes the effects of governance mechanisms such as relational tolerance, rights-based governance, alternatives, and institutional effectiveness on the association between intolerable dark side-based relational conflict and termination. Models 8, Model 9, Model 10, and Model 11 test the aforementioned moderation effects. Models 8 suggests that relational tolerance has a negative and significant ($\lambda = -0.099$, $p < 0.05$) moderating influence, while Model 9 suggests that rights-based governance has a negative but insignificant ($\lambda = -0.032$, $p > 0.1$) moderating influence on the relational conflict and termination linkage. In contrast, Model 10 suggests that the availability of alternatives positively and significantly ($\lambda = 0.145$, $p < 0.01$) moderates the association between relational conflict and termination. Finally, Model 11 shows that institutional effectiveness negatively and significantly ($\lambda = -0.149$, $p < 0.01$) moderates the effect of relational conflict on termination, thus suggesting itself to be a robust governance mechanism to mitigate the emergence of the intolerable dark side. Thus, H3b is also supported. The results are presented in Tables 3 and 4 below.

Table 2
Pearson's correlation matrix.

	Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Dissolution Intent	1														
2	Termination	0.665*	1													
3	Passive Deception	0.243*	0.200*	1												
4	False Promise	0.239*	0.173*	0.778*	1											
5	Misrepresentation	0.286*	0.224*	0.821*	0.712*	1										
6	Task Conflict	0.306*	0.268*	0.705*	0.656*	0.743*	1									
7	Manipulation	0.310*	0.272*	0.770*	0.705*	0.811*	0.783*	1								
8	Active Deception	0.330*	0.239*	0.745*	0.678*	0.841*	0.705*	0.774*	1							
9	Betrayal	0.287*	0.191*	0.808*	0.747*	0.868*	0.733*	0.782*	0.791*	1						
10	Relational Conflict	0.339*	0.318*	0.666*	0.608*	0.695*	0.806*	0.728*	0.658*	0.694*	1					
11	Alternatives	-0.361*	-0.456*	-0.132*	-0.148*	-0.163*	-0.209*	-0.163*	-0.185*	-0.135*	-0.182*	1				
12	Interest based Governance	0.496*	0.531*	0.306*	0.281*	0.367*	0.331*	0.373*	0.364*	0.341*	0.364*	-0.374*	1			
13	Right based Governance	0.502*	0.587*	0.165*	0.081	0.106*	0.203*	0.185*	0.139*	0.095*	0.240*	-0.392*	0.488*	1		
14	Relational Tolerance	0.468*	0.562*	0.204*	0.215*	0.222*	0.311*	0.300*	0.178*	0.222*	0.297*	-0.396*	0.582*	0.585*	1	
15	Institutional Effectiveness	0.631*	0.654*	0.097*	0.071	0.114*	0.131*	0.167*	0.113*	0.124*	0.181*	-0.348*	0.486*	0.669*	0.564*	1

* at $p < 0.05$.

4.1. Robustness test

We performed a robustness test by fitting the effects of the antecedent variables on their respective types of conflicts by employing a HAT/projection matrix (Ahammad, Basu, Munjal, Clegg, & Shoham, 2021; Hoaglin & Welsch, 1978). Thus, we regressed task conflict on transactional stress and created the HAT matrix-based construct named *Tolerable Dark Side Induced Stress*, which takes the form of $\left[X \times \left(X^T \times X \right)^{-1} \times X^T \right] \times$ *Task Conflict*, where X represents the transactional stress-based matrices of passive deception, false promise, and misrepresentation and where the covariance matrix of the error vector takes the form of $\Sigma \varepsilon = (I - H) \times \sigma^2$ for linear models and i.i.d. errors, I is the identity vector, and H is the HAT matrix. We repeat the procedure to create another HAT matrix-based construct called *Intolerable Dark Side Induced Stress* by regressing relational conflict on relational stresses, namely, betrayal, active deception, and manipulation. Thus, the generic equation between the dark side and its outcome takes the form of:

$$Outcome_{(\partial,\tau)} = \theta_0 + \theta_1 Darkside_{(\partial,\tau)} + \theta_2 \sum CV + \varepsilon_9 \qquad (5)$$

where $Outcome_{(\partial,\tau)}$ represents the outcomes of dark side induced stresses with the suffices ∂ and τ representing dissolution intent and termination, respectively, and $Darkside_{(\partial,\tau)}$ represents the HAT matrix created as described above with $Darkside_{(\partial,\tau)}$ implying the HAT matrices for tolerable and intolerable dark side stresses, respectively.

The moderation effects of governance mechanisms are represented via a generic hierarchical form:

$$Outcome_{(\partial,\tau)} = \pi_0 + \pi_1 Darkside_{(\partial,\tau)} + \pi_2 \sum GM + \pi_3 Darkside_{(\partial,\tau)} \\ \times \sum GM + \pi_4 \sum CV + \varepsilon_{10} \qquad (6)$$

where $\pi_3 Darkside_{(\partial,\tau)} \times \sum GM$ represents the moderating effect of the governance mechanisms on the HAT matrices with the suffixes (∂, τ) having their respective meanings.

Eq. (5) subsumes Hypotheses H1a, b and H2a, b for the tolerable and intolerable dark sides, and is tested via Models 12 and Model 16, respectively. Eq. (6) subsumes Hypotheses H3a, b for the interaction effects and is tested via Models Model 13 – Model 15 (for tolerable) and Model 17 – Model 20 for intolerable dark side, respectively. Models M12 – Model 20 are presented in Table 5.

Presented sequentially in a hierarchical regression form, we find from Model 12 that tolerable dark side induced stresses positively and significantly ($\theta = 0.374$, $p < 0.01$) affect dissolution intent. Likewise, Model 13 and Model 14 show that interest-based governance ($\pi = 0.169$, $p < 0.01$) and alternative choices ($\pi = 0.149$, $p < 0.05$) positively and significantly moderate the association between the induced stresses and dissolution intent, respectively. Additionally, Model 15 shows that institutional effectiveness has a negative and significant moderation effect ($\pi = -0.138$, $p < 0.05$) on dissolution intent. Likewise, Model 16 suggests that relational stresses trigger the termination of the B2B dyadic relationship ($\theta = 0.359$, $p < 0.01$). Finally, Model 17 (relational tolerance as moderator), Model 18 (right-based governance in addition to relational tolerance), Model 19 (alternative choices in addition to the previous two moderators), and Model 20 (the additional effect of institutional effectiveness) have similar effects, although only the negative moderation effect of institutional effectiveness is significant ($\pi = -0.129$, $p < 0.1$). The robustness test is presented in Table 5 below.

5. Discussion and conclusion

The extant literature provides two competing perspectives for explaining business failure, viz., the voluntaristic perspective and the deterministic perspective (Mellahi & Wilkinson, 2004). The voluntaristic perspective accounts for weaknesses and constraints within the

Table 3
Models of tolerable dark side.

Variables	Model 1	Model 2		Model 3		Model 4		Model 5	
	Dissolution Intent	Task Conflict	Dissolution Intent	Task Conflict	Dissolution Intent	Task Conflict	Dissolution Intent	Task Conflict	Dissolution Intent
Industry Effect	−0.041 (0.035)		−0.014 (0.034)		−0.011 (0.030)		−0.003 (0.032)		0.005 (0.026)
Age of the Organization	−0.090 (0.056)		0.033 (0.056)		0.010 (0.050)		0.042 (0.053)		−0.035 (0.044)
Passive Deception		0.181*** (0.058)	−0.062 (0.087)	0.181*** (0.058)	−0.061 (0.078)	0.181*** (0.058)	−0.032 (0.082)	0.181*** (0.058)	−0.067 (0.067)
False Promise		0.187*** (0.047)	0.050 (0.072)	0.187*** (0.047)	0.036 (0.064)	0.187*** (0.047)	0.035 (0.068)	0.187*** (0.047)	0.068 (0.055)
Misrepresentation		0.462*** (0.052)	0.149* (0.083)	0.462*** (0.052)	0.017 (0.075)	0.462*** (0.052)	0.134* (0.078)	0.462*** (0.052)	0.127** (0.064)
Task Conflict			0.213*** (0.068)		0.124** (0.063)		0.179*** (0.066)		0.187*** (0.055)
Interest Based Governance					0.483*** (0.046)				
Task Conflict x Interest based Governance					0.087** (0.040)				
Alternatives							−0.293*** (0.043)		
Task Conflict x Alternatives							0.083* (0.046)		
Institutional Effectiveness									0.560*** (0.036)
Task Conflict x Institutional Effectiveness									−0.124*** (0.042)
Constant	0.330* (0.177)	0.000 (0.029)	−0.064 (0.178)	0.000 (0.029)	−0.037 (0.161)	0.000 (0.029)	−0.095 (0.171)	0.000 (0.029)	0.104 (0.139)
Observations	487	487	487	487	487	487	487	487	487
R-squared	0.008	0.594	0.104	0.594	0.277	0.594	0.201	0.594	0.467

Standard errors in parentheses: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

firm, such as poor allocation of resources and weak leadership (Hager, Galaskiewicz, & Larson, 2004; Habersang, Küberling-Jost, Reihlen, & Seckler, 2019), which can lead to failure. In contrast, the deterministic perspective accounts for external conditions, such as changes in technology, market structure, and political environment, which emerge from outside the boundary of the firm and affect the firm's survival (Amankwah-Amoah & Zhang, 2015). Between deterministic and voluntaristic perspectives, scholars have paid limited attention to deterministic perspective and event less emphasis has been paid on the stochastic perspective, which is a special case of deterministic view involving *high uncertainties from random events* in the *external environment* (Amankwah-Amoah, Khan, & Wood, 2021; Amankwah-Amoah & Wang, 2019).

Contributing to this under researched domain, our study examined how stochastical environmental shocks, such as COVID-19, effect business failures by disrupting supply chains. It offered two scenarios to comprehend the interplay between the pandemic led disruption and business failure. First, economy-wide lockdowns across political boundaries significantly disrupted the supply chains of goods and services that rely on the efficiency of the global factory model (Buckley, 2011). Second, when lockdowns were asynchronously relaxed, and demand started picking up, supply side remained faltering. Even for existing contracts, dyadic exchange partners lacked clarity about their counterparty's role in disrupted supply. B2B partners could not ascertain whether the disruption was short term or long term, genuine or opportunistic/artificial. This lack of clarity magnified cross-border supply chain problems and led to the formation of stresses and conflicts between partners involved in the exchange.

Though organizations adopt governance mechanisms to fulfil contractual obligations and to avoid possibilities of stress and conflicts with the other party (Basu, Aulakh, & Munjal, 2021; Sharma et al., 2022; Verbeke et al., 2021), the pandemic led disruptions was unique. It forced buyers to be considerate and provided prospects to sellers to make

opportunistic gains. In short term contracts, the scale and intensity of such opportunism is generally low, but it leads to task conflicts. However, in long term contacts when scale and intensity of opportunism rises it can create behavioral stresses and relational conflicts. The extant literature discusses the role of institutional effectiveness in enforcing contracts (Meyer, 2001), but when institutions are ab initio weak the propensity for scaled up opportunistic gain is high. This can affect the party's intent to dissolve in the short run and terminate in the long run.

Additionally, previous research (e.g., Klein, 1996; Zollo & Winter, 2002) suggest that relational contracts can be an effective instrument for managing long-term exchange, our study indicates that lower relational tolerance and access to alternative choices and legal rights can adversely affect the survival of B2B dyadic relationships. To facilitate scholarly understanding of these complex narratives our study provides a *comprehensive conceptual model* of dark side in B2B dyadic exchanges with antecedent factors, manifestations, and outcomes, thus addressing a significant gap in the literature (Abosag et al., 2016; Oliveira & Lumineau, 2019). The framework aids in (a) analyzing factors that cause transactional and behavioral stresses in B2B dyads operating during stochastic environmental discontinuities, (b) relating transactional and behavioral stresses with tolerable and intolerable dark side, (c) assessing the intermediate effect of transactional and behavioral stresses on parties involved in B2B dyads via task conflict and relational conflict between them, and finally (d) comprehending the impact of governance mechanisms on the ultimate outcome of such stresses in terms of the intent to dissolve and the actual termination of B2B dyads.

5.1. Theoretical implications in the post pandemic context

By studying the underlying structures of the dark side phenomenon, which consist of stress-based psychological predictors of conflicts and their outcomes, we shed light on some of the unethical industry practices (such as active/passive deceptions, false promises, misrepresentation,

Table 4

Models of intolerable dark side.

Variables	Model 6	Model 7		Model 8		Model 9		Model 10		Model 11	
	Termination	Relational Conflict	Termination	Relational Conflict	Termination	Relational Conflict	Termination	Relational Conflict	Termination	Relational Conflict	Termination
Industry Effect	−0.070**		−0.039		−0.036		−0.025		−0.027		−0.020
	(0.035)		(0.033)		(0.028)		(0.028)		(0.030)		(0.025)
Age of the Organization	−0.020		0.099*		0.105**		0.054		0.114**		0.025
	(0.056)		(0.055)		(0.047)		(0.046)		(0.049)		(0.042)
Betrayal		0.266***	−0.185**	0.266***	−0.176***	0.266***	−0.065	0.266***	−0.150**	0.266***	−0.149**
		(0.054)	(0.079)	(0.054)	(0.067)	(0.054)	(0.067)	(0.054)	(0.071)	(0.054)	(0.060)
Active Deception		0.111**	0.097	0.111**	0.204***	0.111**	0.081	0.111**	0.053	0.111**	0.114**
		(0.053)	(0.076)	(0.053)	(0.065)	(0.053)	(0.064)	(0.053)	(0.069)	(0.053)	(0.058)
Manipulation		0.435***	0.145*	0.435***	0.003	0.435***	0.074	0.435***	0.125*	0.435***	0.082
		(0.052)	(0.080)	(0.052)	(0.069)	(0.052)	(0.067)	(0.052)	(0.071)	(0.052)	(0.061)
Relational Conflict			0.294***		0.206***		0.152***		0.291***		0.243***
			(0.065)		(0.056)		(0.057)		(0.060)		(0.051)
Relational Tolerance					0.497***						
					(0.039)						
Relational Conflict x Rel. Tolerance					−0.099**						
					(0.039)						
Right based Governance							0.522***				
							(0.040)				
Relational Conflict x Right based Governance							−0.032				
							(0.040)				
Alternative Choices									−0.391***		
									(0.039)		
Relational Conflict x Alt. Choice									0.145***		
									(0.043)		
Institutional Effectiveness											0.552***
											(0.036)
Relational Conflict x Institutional Effectiveness											−0.149***
											(0.038)
Constant	0.189	−0.000	−0.201	−0.000	−0.194	−0.000	−0.096	−0.000	−0.241	−0.000	−0.003
	(0.177)	(0.030)	(0.175)	(0.030)	(0.151)	(0.030)	(0.148)	(0.030)	(0.159)	(0.030)	(0.134)
Observations	487	487	487	487	487	487	487	487	487	487	487
R-squared	0.008	0.575	0.124	0.575	0.374	0.575	0.387	0.575	0.301	0.575	0.497

Standard errors in parentheses: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 5
Robustness test: sequential hierarchical regression for tolerable and intolerable dark side.

Variables	Model 12	Model 13	Model 14	Model 15	Model 16	Model 17	Model 18	Model 19	Model 20
	Dissolution Intent	Dissolution Intent	Dissolution Intent	Dissolution Intent	Termination	Termination	Termination	Termination	Termination
Industry Effect	−0.021 (0.034)	−0.016 (0.031)	−0.013 (0.03)	−0.002 (0.026)	−0.046 (0.034)	−0.038 (0.029)	−0.032 (0.027)	−0.025 (0.027)	−0.018 (0.025)
Age	0.016 (0.056)	0.004 (0.05)	0.016 (0.049)	−0.029 (0.043)	0.081 (0.057)	0.100** (0.048)	0.06 (0.045)	0.075* (0.044)	0.047 (0.041)
Tolerable Dark Side Induced Stress	0.374*** (0.059)	0.097 (0.06)	0.128** (0.059)	0.206*** (0.054)					
Interest-based Governance		0.508*** (0.046)	0.430*** (0.047)	0.202*** (0.045)					
Alternative Choices			−0.190*** (0.041)	−0.086** (0.037)				−0.207*** (0.037)	−0.182*** (0.035)
Institutional Effectiveness				0.469*** (0.04)					0.368*** (0.045)
Intolerable Dark Side Induced Stress					0.359*** (0.061)	0.181*** (0.057)	0.211*** (0.056)	0.202*** (0.055)	0.177*** (0.052)
Relational Tolerance						0.526*** (0.042)	0.296*** (0.047)	0.245*** (0.046)	0.146*** (0.045)
Right based Governance							0.366*** (0.046)	0.320*** (0.045)	0.151*** (0.047)
Tolerable Dark Side Induced Stress x Interest-based Governance		0.146*** (0.048)	0.169*** (0.049)	0.146*** (0.045)					
Tolerable Dark Side Induced Stress x Alternative Choices			0.149** (0.058)	0.021 (0.053)					
Tolerable Dark Side Induced Stress x Institutional Effectiveness				−0.138** (0.058)					
Intolerable Dark Side Induced Stress x Relational Tolerance						−0.022 (0.053)	−0.022 (0.055)	−0.025 (0.054)	−0.029 (0.051)
Intolerable Dark Side Induced Stress x Right based Governance							−0.077 (0.058)	−0.044 (0.059)	0.09 (0.067)
Intolerable Dark Side Induced Stress x Alternative Choices								0.064 (0.055)	0.009 (0.052)
Intolerable Dark Side Induced Stress x Institutional Effectiveness									−0.129* (0.072)
Constant	−0.005 (0.179)	−0.021 (0.161)	−0.048 (0.158)	0.059 (0.137)	−0.138 (0.18)	−0.2 (0.156)	−0.092 (0.145)	−0.142 (0.141)	−0.085 (0.132)
Observations	487	487	487	487	487	487	487	487	487
R-squared	0.083	0.274	0.315	0.491	0.075	0.337	0.437	0.473	0.545

Standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

manipulation, and betrayal) associated with the dark side in B2B transactions. Furthermore, by gaining insights into the *content and combination* of those *stress-inducing practices* grounded in behavioral psychology, our study helps *predict when, how, and why* those practices may only potentially (tolerable dark side) or actually (intolerable dark side) disrupt B2B dyadic networks, leading to business failures. Thus, we contribute toward a *robust theorization of the hitherto unobserved* dark side phenomenon by providing an *end-to-end spectrum* of both types in B2B dyadic exchanges.

Additionally, our research helps unearth the respective governance mechanisms to control the disruptive outcomes of the dark side. Taken together, the triggers to the dark side and their governance mechanism *embed* our study within the conversation of transaction cost theory. To explicate, transaction cost theory posits the importance of contract-based governance to mitigate uncertainties from opportunism (Williamson, 1973, 1976). Contracts have a temporal dimension depending upon the importance of the exchanged goods and services. Short-term contracts are more transactional, while long-term contracts become more relational between B2B exchange partners. Our study suggests that tolerable dark side involving transactional stresses and task conflicts are more common in short-term contracts, which are more market centric. In contrast, long-term contracts, which are closer to hierarchical forms,

are more prone to intolerable dark side because of behavioral stresses and relational conflicts involved in them. This often leads to the termination of B2B dyad. Thus, our study reveals a *novel evidence* of higher degrees of vulnerability arising from the intolerable dark side to hierarchical or quasi-hierarchical forms of contractual governance. Contextually, this means that post-pandemic disruptions are likely to be more pronounced in vertically integrated (or ancillary driven) large organizations than in smaller firms. The semiconductor-related disruption in the automobile industry post pandemic can be considered as a case in point.

Extending the above argument, we show that even some of the traditional transaction cost related governance mechanisms produce opposite effects when viewed from the dark side lens. For example, transaction cost theory suggests that the *availability* of choices/alternatives *ex ante reduces* chances of opportunism-based transactional failures *ex post* (Gundlach, Achrol, & Mentzer, 1995; Lahiri, Kundu, & Munjal, 2021; Parkhe, 1993). However, for preexisting transactional relations in formal/informal networks and in (quasi-)hierarchical structures, we find evidence that the *availability* of choices/alternatives, especially in post-pandemic disruptions, *increases* the chances of transactional failures. *Thus, contrary to the narrative of transaction cost theory contracts being the preferred mechanisms to govern opportunism, in the post pandemic dark-side*

context, contracts themselves are vulnerable to opportunistic pressures of renegotiation and/or termination.

Finally, our study of the dark side phenomenon in B2B dyads in a post pandemic disruption context extends the current theorization of transaction cost economics. To explicate, in its pristine form, the transaction cost narrative from the behavioral perspective specifies that [Asset Specificity, Bounded Rationality and Frequency] → [Behavioral Opportunism] → [Transactional Uncertainties]. Our study suggests that [Behavioral Opportunism] → [Emergence of Transactional/Behavioral Stresses] → [Task/Relational Conflicts] → [Transactional Uncertainties via intent or real termination of B2B dyads]. Thus, we not only add two critical elements (stress and conflict), but we also specify and delineate their intensities on transactional uncertainty. We further specify the unitary and combinatory effects of the governance mechanisms of the dark sides on B2B dyadic outcomes. We believe our addition opens new avenues of exploration within the transaction cost narrative.

5.2. Managerial implications in emerging economy context

Our study offers several insights that are particularly valuable for managers in emerging markets. Most importantly, it identifies the precise governance mechanisms that are employed by managers and their effects on dark side outcomes. These governance mechanisms, which have market and non-market (including quasi-legal) foundations, are important for managers in emerging economies who often encounter weak institutions, which in turn trigger the emergence of dark side elements (Basu, Munjal, Budhwar, & Misra, 2022). Onto themselves, most *non-market governance mechanisms* in the dark side context are penal in nature. They impose costs on deviant behavior, jeopardizing dyadic exchanges. Conversely, managers can comprehend that the same penal characteristics of the (quasi-)legal framework can also have positive outcomes for the dyadic exchange. For example, *conciliation* as institutional governance mechanisms after conflict mitigates the corresponding dark side and preserves the dyadic relationship. Likewise, when complacency in a long-term relationship makes partners susceptible to contractual deviations or become less tolerant to slippages, thereby triggering dark side-induced stresses, relational tolerance and rights-based governance mechanisms can mitigate relationship rupture. Influenced by these mechanisms, long-term partners find merit in tolerating genuine deviations due to exogenous factors, or deviant partners self-rectifying themselves to honor the obligatory rights of their partners. Similarly, in short-term B2B exchanges, interest-based governance tends to reduce the intensity of opportunism (vis-à-vis the direct effect) on dark-side outcomes once task conflict has emerged.

In emerging markets, although markets and formal judicial institutions are relatively weak, they are not absent altogether. Hence, these two factors also influence dark-side outcomes. Option or alternative choice is an essential market-based governance mechanism. Ex ante availability of alternatives, mimicking a perfect market, enable selection of the optimal exchange partner and strengthens the longevity of the relationship. However, once the conflict emerges, the *availability of and search for* alternatives signals an intent to either dissolve the relationship or terminate it altogether. This evidence finds support in social cum family structures concerning relational stresses during discontinuities such as COVID-19 (Goldberg, Allen, & Smith, 2021). Therefore, our study reveals that conventional relationship governance mechanisms often *flip* once dark sides emerge in the dyad, which has significant managerial implications in a B2B dyadic exchange.

Finally, as a guide to managerial decision making with regard to the governance of dark side-induced conflicts, we present a set of sequential action outcomes in Table 6 below. Derived from the marginal effects of different governance mechanisms introduced sequentially via hierarchical regression (Table 5), these outcomes inform the manager when to adopt a specific dark side governance mechanism. Table 6 also highlights *how* the effect of each mechanism changes as other mechanisms are sequentially introduced for each of the dark side types.

Managers may note that rights-based governance, which otherwise attenuates the termination outcome of long-term B2B dyads, *flips* in the presence of institutional effectiveness. This apparent anomaly can be explained by considering the dynamics of litigation/conciliation proceedings. Before a (quasi-) legal authority, each of the disputing parties hardens their stance in a bid to extract concessions from their counterparties. In this game of bargaining and negotiation, each party is driven by their respective ability to highlight and establish the legal and contractual rights and obligations of their counterparties. The harder they bargain, in a *sub judice dispute*, the less likely they would reconcile, which manifests as a positive effect on relationship termination. However, due to the *sub judice* nature of the dispute under effective institutional interventions, the relationship attains a *status quo ante*. Hence, institutional effectiveness has an overall mitigating effect on relationship termination.

5.3. Limitations and future directions

Our novel study has quite a few limitations that afford scope for further development. First and foremost, during the survey, we did not segregate the data based on the tolerable dark side and an intolerable dark side, i.e., where dissolution intent in an *existing* relationship is an *ongoing* process and where termination of the B2B dyadic relationship is a *fait accompli*. This limitation, in part, stems from our *primary motive to identify a set of governance mechanisms* to control the emergence of the dark side than to report the definitive outcomes. Additionally, we relied on the *perception of legal experts* on what they believe is fomenting dissolution intent, what may (or actually) lead to termination, and what mechanisms inhibit these dark side outcomes in cases/disputes handled by them. With our theoretical model in hindsight, future research may

Table 6

Moderating effect of governance mechanisms on dark side outcomes in isolation and in combination.

Tolerable Dark Side in B2B Dyadic Exchanges				Intolerable Dark Side in B2B Dyadic Exchanges				
Post Emergence of Task Conflict	Dissolution Intent	Dissolution Intent	Dissolution Intent	Post Emergence of Relational Conflict	Termination	Termination	Termination	Termination
Moderating Role of Interest Based Governance	Accentuation (↑↑)	Enhanced Accentuation (↑↑↑)	Original level of Accentuation (↑↑)	Moderating Role of Relational Tolerance	Attenuation (↓↓)	Attenuation (↓↓)	Enhanced Attenuation (↓↓↓)	Enhanced Attenuation (↓↓↓)
Moderating Role of Alternative Choices		Accentuation (↑↑)	Reduced Accentuation (↑)	Moderating Role of Right Based Governance		Attenuation (↓↓)	Reduced Attenuation (↓)	Accentuation (↑↑)
Moderating Role of Institutional Effectiveness			Attenuation (↓↓)	Moderating Role of Alternative Choices			Accentuation (↑↑)	Reduced Accentuation (↑)
				Moderating Role of Institutional Effectiveness				Attenuation (↓↓)

(The arrows ↑↓ are pictorially indicative of the attenuation and accentuation effect and do not reflect the statistical strength and significance of linkages).

refine upon the explanatory and governing constructs with robust dichotomous outcomes.

Second, our study does not shed light on how tolerable and intolerable dark sides accumulate in a functional B2B dyad. Specifically, we have not investigated whether there is a temporal sequence of emergence of antecedent factors of the tolerable dark side followed by those of the intolerable dark side or whether they emerge independently. Our contextualization of the tolerable dark side in short-term transactional exchanges separates the same from the intolerable dark side, which emerges in long-term relational exchanges, both within a B2B dyad. However, we do not discount the possibility of reciprocal occurrences, i. e., the intolerable dark side in short-term transactional exchanges and vice versa. This is conceptually significant, as *intolerable dark side-induced termination in short-term transactional exchanges* may provide an *alternate explanation for the emergence of perfect markets* where no exchange relationship grows beyond the immediate transactions, *despite the social familiarity* of transacting parties. Conversely, given the omnipresent friction in any relationship, the presence of tolerable dark side-induced conflict and their governance may alternatively explain the formation of long-term and repetitive transactional relationships.

Third, and in continuation of the previous limitation, we have not *reported* whether the tolerable dark side itself is an antecedent construct to the intolerable dark side. This is conceptually significant, as the interplay between stress inducers and stress mitigators (governance mechanisms) in tandem may reveal a sinusoidal function but with an increasing axial gradient. This signifies the gradual conversion/transformation of the tolerable dark side into the intolerable dark side and a final termination of the relationship, a possible phenomenon as indicated by Seggie et al. (2013). Concurrently, this sinusoidal function may represent the underlying structure of the relational tensions proposed in the tension-based view of the dark side (Fang, Chang, & Peng, 2011). The fact that a majority of governance mechanisms are common across both types of the dark side lends credibility to the sinusoidal nature of the dark side phenomenon. Fourth, and in continuation of the above two limitations, we have not provided information on the sequential employment of the different governance mechanisms by partners to mitigate the dark side-induced stresses. Although we have highlighted the marginal effects of each governance mechanism through nested hierarchical regression (Table 4), an *explicit sequence of engagement of the mechanisms is lacking*. This is partly due to the survey-based nature of the data. We encourage future research to examine this aspect via longitudinal case studies.

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

Data availability

The data that has been used is confidential.

Appendix 1: Description of items in the scale

Dimensions	Scale items	References
Dissolution Intention	If vendor delivers products of lower quality than our firm require, we will consider to leave the current vendor	Pettersen and Rokkan (2006)
	If this vendor holds back information that could be useful to us, we will consider leaving the current vendor	
	If this vendor demands too high prices, we will consider leaving the current vendor	
	If this vendor does not respond to correct failures, we would consider leaving the current Vendor	
	We are looking for a replacement of vendor	Yang, Sivadas, et al. (2012)
Termination	Vendor's Manipulative behavior reduced our enthusiasm to continue in future	Hibbard et al. (2001)
	Vendor's conflicting approach makes us less involved in engaging with him	
	We end the relationship when vendor involves in deceptive practices	Yang, Sivadas, et al. (2012)
	We exit the relationship when vendor involves in Misrepresentation of facts	
	We are likely to terminate the relationship due to significant violation to the contract	Johnson (1999)
False Promise	Vendor commits to do things without actually doing them later	Leonidou et al. (2017)
	Vendor agrees to perform on paper but violates it later	Robinson et al. (2000)
	Vendor promises superior performance without an intention of performing it	
	Vendor gives false information about various aspects of work	
	Vendor intentionally hides factual information related to the contract	
Passive Deception	Vendor tries to avoid performing contractual obligations	Liu et al. (2014)
	Vendor conceals his poor performance	Robinson et al. (2000)
	Vendor does not share facts, when its advantageous to us	
	Vendor makes empty promises without an intention to meet it	Jap and Anderson (2003).
	Our vendor exaggerates his needs in order to get what it wants	Samaha et al. (2011)
	Our vendor does window dressing of his efforts to improve performance	Jap and Anderson (2003).
Misrepresentation	Vendor purposefully misrepresents performance related measure in order to take advantage of us	Robinson et al. (2000)
	Vendor denies the validity of information given by him in the past	
	Vendor Intentionally misquotes the progress of the activities	
	Vendor misrepresents certain facts (e.g., skills, price, capacities) at the time of negotiations	
	Our vendor withholds truth that would benefit exchange relationship	Fulmer et al. (2009)
Betrayal	Vendor often fails to provide expected support when we are in need of	Leonidou et al. (2017)
	Vendor lets us down by his dishonest behavior	
	We have found vendor disclosing confidential information to others	
	Sometimes vendor is disloyal to us whenever there is an opportunity	
	We have lost faith as a result of exploitative behavior by vendor	
Active Deception	Vendor gives us false information about deviations	Jap and Anderson (2003)
	Vendor fails to meet the deliverables as per the contract	Leonidou et al. (2017)
	Vendor avoids performing his responsibilities unless monitored closely	
	Vendor lies about the deliverables in order to protect his interest	Rokkan et al. (2003)

(*continued*)

Dimensions	Scale items	References
Manipulation	Vendor deceives us in critical performance area as required by contract	Liu et al. (2014)
	Vendor alters the facts in order to meet his performance objectives	Leonidou et al. (2017)
	Vendor manipulates performance goals	Gruenfeld et al. (2008)
	Vendor manipulates target completion efforts	
	Vendor takes advantage of holes in contract to improve their own benefit	Rokkan et al. (2003)
	Vendor sometimes uses unexpected events to force concessions from our firm	
	Vendor charges extra from us to correct mistakes	Jap and Anderson (2003)
Task Conflicts	We differ with our vendor on day-to-day tasks being performed	Rose and Shoham (2004)
	We disagree with our vendor regarding the upcoming tasks	
	Our management disagrees with vendor regarding the overall work being performed	
	We disagree over alternatives proposed by our vendor	Wolfe and Murthy (2005)
	We argue frequently with the vendor about the business issues	Mohr et al. (1996)
Relational Conflict	There are unreasonable demands made by the vendor	Leonidou et al. (2017)
	The working relationship with the vendor is very stressful	
	There are conflicts with vendors in working relationship	
	There are often disagreements with vendor concerning the relationship	
	We noticed cultural difference with vender organization	Lee and Kim (1999)
Interest Based Governance	We take consensus-based approach to solve contractual problems	Lumineau and Malhotra
	We address differences with the vendors for the mutual benefits	(2011)
	We uphold common interest in case of disputes with vendor	
	We settle disagreements amicably with vendors	
	We go beyond contracts and help vendors	Macdonald (1970)
Relational Tolerance	We are patient with the vendor even if they make mistakes	Anderson and Weitz
	We are willing to dedicate people and resources to meet our commercial success	(1992)
	We are willing to make long-term investments with the vendor	
	If the vendor holds back useful information, we would not consider leaving him	Leonidou et al. (2017)
	We are not continually on the lookout for replacing this vendor	Monteiro et al. (2019)
Right Based Governance	We demand periodic written reports from vendor about the performance	Lumineau and Malhotra
	We send notice to vendor in case of significant deviations	(2011)
	We have included "right to examine and audit" of all relevant records of the vendor	
	We have specific clauses to a violation of the contract	
	We have included termination clauses for ending contracts prior to original date	
Institutional Effectiveness - Enforcement	Our organization does not compromise on quality of deliverables	Antia and Frazier (2001)
	Inadequate performance of vendor will be viewed seriously	
	Our organization responds firmly to non-performance of vendors	
	Our organization takes tough measures in case of a breach of contract	
	There are penalties applied for contractual breaches	
Institutional Effectiveness - Institutional Intervention	Legal system helps resolve transactional disputes with vendor (e.g., price differences, product/service deficiency, warranty etc.)	Anderson and Dekker (2005)
	Legal system ensures accuracy of delivery obligations by vendor	Shou et al. (2016)
	Legal system protects of our investments	
	Legal system protects our interest in case of a dispute with the vendor	
	The legal system prevents us from being cheated by vendor	
Alternative Choices	If this supplier relationship is dissolved, then other firms can deliver what we buy from this supplier	Pettersen and Rokkan (2006)

Appendix 2: bias tests and note on choice of analytical techniques

Response bias test

We used Armstrong & Overton's (1977) method to test sample representativeness and non-response biases. The total sample was divided into two equal groups based on early and late responses. We performed an analysis of variance (ANOVA) test on all 15 dimensions of the four broad constructs (Tolerable Dark Side = 4, Intolerable Dark Side = 4, Governance Mechanisms = 5, and Outcomes = 2). The results of the ANOVA ($0 < F < 1.28$) suggest that there is no significant difference between early and late respondents. The analysis of the gender profile of respondents, educational qualification (bachelorette and masters), experience (<10 years and >10 years), and hierarchy (decision-maker vs decision enabler) reveals that there are no significant differences ($p > 0.23$, $p > 0.31$, $p > 0.54$, $p > 0.44$) in responses and consequently, response bias is not a problem.

Common method variance test

Ab initio, our data does not suffer from common method variances as our data was collected from rational respondents who either knew the outcome of the dark sides with respect to their business clients or could predict the same by way of specialized knowledge. Secondly, we adopted well regarded procedural approaches by ensuring that the respondents understood the complete confidentiality of their responses (Becker, Klein, & Wetzels, 2012; Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). Finally, our constructs and dimensions are adopted from literature which does not suffer from conceptual overlap (Brannick, Chan, Conway, Lance, & Spector, 2010). Analysis performed ex-post using variance inflation factor (VIF) returned the highest score of 3.65 (<5), with mean scores around 1.18. Consequently, the possibility of inflated bias, characteristic of CMV, as a consequence of item overlap is unlikely to exist (Conway & Lance, 2010). Thus, CMV was fully accounted for in our study.

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