An Examination of the Drivers of Retaliation in Business-to-Business Relationships

Abstract
Recognizing the limited theoretical effort devoted to the analysis of dealers’ retaliatory behaviors, our study investigates retaliation drivers in business-to-business relationships. The proposed framework assumes that retaliation is conditioned by cognitive, affective, and relationship-related factors. Data used to assess this model was collected from 171 independent dealers associated with one focal manufacturer and analyzed through PLS path modeling procedures. As a whole, results show strong support for the theoretical model: retaliation is a function of (1) dealers’ causal attributions and angry feelings they give rise to, (2) relationship quality, and (3) dealers’ dependence toward their supplier. Findings indicate that causal attributions, and feelings of anger they trigger, are key drivers of retaliatory behaviors. Moreover, results confirm the validity of the "love is blind" effect, by demonstrating that relationship quality has a buffering impact on retaliation. The research also reasserts the key role played by power/dependence structure in interfirn partnerships. This paper proposes a first empirical investigation of retaliation in business-to-business settings.

Keywords: Retaliation, Attributions, Anger, Relationship Quality, Dependence, Business-to-Business
An Examination of the Drivers of Retaliation in Business-to-Business Relationships

When confronted to relational failure, dissatisfied parties may opt for different coping strategies and decide to exit or neglect the relationship, voice their discontent, or remain loyal to their partner (Alajoutsijärvi, Möller, & Tahtinen, 2000; Hirschman, 1970; Rusbult, Zembrod, & Gunn, 1982). However, a growing body of evidence suggests that, under specific circumstances, participants may also choose to retaliate against their partner by resorting to behaviors intended to inflict some sort of punishment (Grégoire & Fisher, 2008; Grégoire, Laufer, & Tripp, 2010; Grégoire, Tripp, & Legoux, 2009; Huefner & Hunt, 2000; Huefner et al., 2002; Zourrig, Chebat, & Toffoli, 2009). Empirical investigations dedicated to the analysis of retaliation and related constructs follow two different but complementary streams of research. While a first group of scholars worked on defining and categorizing retaliatory behaviors (Funches, Markley, & Davis, 2009; Grégoire, et al., 2010; Huefner & Hunt, 1994, 2000; Huefner, et al., 2002), a second set of studies explores the drivers of retaliation (Grégoire & Fisher, 2006, 2008; Zourrig, et al., 2009). However, to the best of our knowledge, no explicit reference to this phenomenon was made in industrial settings. Recognizing the limitations of existing literature on the topic, this paper addresses one fundamental question: what are the determinants of retaliation in business-to-business relationships? The proposed model developed in this study extends prior findings in three ways. First, we propose that causal attributions encompass three dimensions which indirectly determine retaliation through anger. Second, we postulate that relationship quality, and its underlying components trust and affective commitment, has a buffering effect on retaliatory behaviors. Finally, we posit that dependence mitigates the damaging impact of causal ascriptions on retaliation. The paper is structured as follows. After reviewing relevant literature, a theoretical framework is proposed. The research method implemented to assess the validity of this model is then exposed and results are presented. The last sections are dedicated to a discussion of research findings and an examination of limitations and potential directions for future investigations.

THEORETICAL RATIONALE AND HYPOTHESES

Defining Retaliation
The first explicit reference to retaliation in exchange relationships may be attributed to Axelrod (1984) who demonstrated the superiority of a tit-for-tat strategy in repeated non-zero-sum games. Axelrod's (1984) seminal framework suggests that retaliation is a provoked (i.e. it is triggered by non-cooperative moves) and temporarily limited (i.e. it disappears as soon as it has reached its objectives) reaction aiming at restoring collaboration. Recent contributions expressly dedicated to the topic give a more thorough picture of punishment-related behaviors in relationships. They suggest that retaliation is intended to inflict punishment or injury to a counterpart and is thus punitive in essence (Grégoire & Fisher, 2008). However, as originally suggested by Axelrod (1984), retaliation is dependent upon an initial damaging behavior; it is motivated by prior injuries. This initial injury must, moreover, be directly attributed to the partner. Retaliation is hence justified only if the exchange partner is held responsible for the perceived damages.

Cognitive and Affective Determinants of Retaliation
Anger
Huefner and Hunt (1994) demonstrated that a strong emotional component is present in almost every retaliation story. In this perspective, anger - i.e. "a strong feeling of displeasure
or hostility, accompanied by a desire to attack the source of anger" (Bonifield & Cole, 2007, p. 87) - has been validated as a strong predictor of retaliation. This effect was demonstrated in various contexts including workplace (Allred, 1999; Bradfield & Aquino, 1999), consumer (Bonifield & Cole, 2007; Caprara, Pastorelli, & Weiner, 1997; Wetzer, Zeelenberg, & Pieters, 2007), and industrial (Author, 2009; Soulier, 2008) settings. Compared to less angry ones, angry customers are more prone to retaliate.

H1: Anger is positively related to retaliation.

Causal Attributions
Weiner's (1979) seminal work suggests that individuals form attributions along three dimensions: stability, locus of causality, and controllability. Stability, refers to the extent to which the cause of a failure is enduring over time. Empirical investigations demonstrated that anger is triggered by problem stability (Folkes, Koletsky, & Graham, 1987; Weiner, 2000; Weiner, Graham, & Chandler, 1982).

H2: Problem stability is positively related to anger.

Locus of causality is defined as whether the cause of a failure resides within or outside of the actor, while controllability refers to the degree to which the cause is perceived to be volitional or nonvolitional. While these two dimensions were presented as independent components in Weiner's (1979) seminal framework, controllability and locus of causality seem so closely correlated that Weiner (1986, 2000) concluded that both of them enables individuals to determine responsibility, which is defined as the extent to which an actor blames its partner for the incident. Research devoted to the topic demonstrated the significant impact of responsibility attributions on anger (Bonifield & Cole, 2007; Funches, et al., 2009). In line with these conclusions, we hypothesize the following:

H3: Supplier responsibility is positively associated with anger.

Recent contributions concerning causal ascriptions tend to consider an additional attributional dimension: problem severity. Problem severity refers to the magnitude of loss that customers experience following relational incidents (Hart, Heskett, & Sasser, 1990). Despite the relevant impact of failure severity on subsequent customer emotions and behaviors, a very limited number of scholars explicitly investigated this concept, particularly in industrial settings (for a notable exception see: Hibbard, Kumar, & Stern, 2001). The few available findings however demonstrate a positive association between problem severity and anger (Folkes, et al., 1987; Grégoire, et al., 2010). Following this argument, we hypothesize the following:

H4: Problem severity is positively associated with anger.

Relationship-Related Antecedents of Retaliation

Relationship Quality
Two competing hypotheses have been put forward to explain the impact of relationship quality on retaliation (Grégoire & Fisher, 2006). The "love is blind" effect suggests that customers with a strong relationship are more reluctant to damage a valued partnership or to run the risk of dissolution (Grégoire & Fisher, 2006; Hibbard, et al., 2001) and thus experience a lesser desire to retaliate in the face of negative critical incidents. The "love becomes hate" thesis, on the other hand, argues that customers with a strong relationship are more prone to see the failure as an act of betrayal and engage more intensely in retaliation (Hess, Ganesan, & Klein, 2003; Mattila, 2004; Tax, Brown, & Chandrashekaran, 1998). Nonetheless, empirical findings offer limited support for the "love becomes hate" conjecture and instead give credence to the validity of the "love is blind" assumption (Author, 2009; Grégoire & Fisher, 2006, 2008). According to these results, we postulate the following:
**H5:** Relationship quality is negatively associated with retaliation.

*Dependence*

Dependence and associated concepts have been shown to strongly influence the behaviors of exchange partners following negative critical incidents in business-to-consumer (Fornell & Didow, 1980; Maute & Forrester, 1993) as well as business-to-business settings (Ganesan, 1994; Heide & Weiss, 1995; Hibbard, et al., 2001; Kumar & Nti, 1998; Ping, 1993, 1995, 1999). However, a very limited number of investigations expressly examined the effect of dependence on retaliatory behaviors. Nevertheless, the workplace literature suggests that dependence partly explains why vengeance intentions may not actually result in retaliatory behaviors. Scholars proposed that dependence exacerbates fear of counter-retaliation and thus prevent the most dependent employees from retaliation (Aquino, Tripp, & Bies, 2006).

Based on the preceding arguments, we hypothesize the following:

**H6:** Dependence is negatively associated with retaliation.

**RESEARCH METHOD**

*Research Setting and Sample Design*

An industrial distribution context was chosen to empirically test the research hypotheses. The relationships between a manufacturer of industrial materials (*FabIndus*) and its retailers operating in the French automotive and industrial markets were studied. The sampling frame was an exhaustive list of the 775 independent dealers affiliated with *FabIndus* for the departments concerned by our study. Key informants (Campbell, 1955; Seidler, 1974) were carefully selected through a telephone identification process. An email was then sent to each informant. Of the 775 potential targets, 400 were ultimately invited to answer the web survey. 171 usable questionnaires were electronically returned, for a response rate of 42.75 percent.

*Measures*

All the concepts used in this research were based on prior contributions, measured using multiple-items likert scales, and constructed in the reflective mode. *Anger* was operationalized with a four-items scale developed on the basis of instruments proposed by Bonifield et Cole (2007) and Nyer (1997). The measurement of *problem stability* was based on the four-items scale developed by Hess, Ganesan and Klein (2003). *Supplier responsibility* was measured using a modification of an existing scale developed by Grégoire et Fisher (2006). *Problem severity* was measured using a three-item scale borrowed and adapted from Craighead, Karwan, and Miller (2004). We operationalized *trust* using five items borrowed from Morgan and Hunt (1994). We measured *affective commitment* using a modification of the scale developed by Bloemer and Odekerken-Schröder (2003). The operationalization of *retaliation* was based on, and adapted from, Grégoire and Fisher's (2006) instrument.

**DATA ANALYSIS AND RESULTS**

*Measurement Model*

EFA was first implemented to evaluate construct unidimensionnality. Results suggested the elimination of five items (*Stab4, Anger4, Dep4, Dep6, and Retal3*) due to non-significant loading (<0.5). The refined model was then estimated using the PLS procedure (see Table 1). Constructs reliability was confirmed as all variables presented Cronbach’s alpha and composite reliability indices well above the 0.70 threshold. *Convergent validity* was also ascertained since all constructs presented AVE coefficients of 0.50 or higher (Fornell & Larcker, 1981).
Discriminant validity was assessed through the Fornell-Larcker criterion (Fornell & Larcker, 1981). Results presented in table 1 demonstrate discriminant validity, since all diagonal elements are greater than the non-diagonal elements in the corresponding rows and columns.

Table 1: Psychometric Properties of the Measurement Model

<table>
<thead>
<tr>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>α</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Problem Severity</td>
<td>0.64</td>
<td>0.05</td>
<td>0.14</td>
<td>0.06</td>
<td>0.00</td>
<td>0.03</td>
<td>0.08</td>
<td>0.00</td>
<td>0.75</td>
<td>0.84</td>
<td>0.64</td>
<td></td>
</tr>
<tr>
<td>2. Problem Stability</td>
<td>0.22</td>
<td>0.87</td>
<td>0.06</td>
<td>0.16</td>
<td>0.07</td>
<td>0.16</td>
<td>0.13</td>
<td>0.15</td>
<td>0.92</td>
<td>0.95</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>3. Supplier Responsibility</td>
<td>0.38</td>
<td>0.24</td>
<td>0.80</td>
<td>0.13</td>
<td>0.00</td>
<td>0.02</td>
<td>0.01</td>
<td>0.04</td>
<td>0.88</td>
<td>0.92</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>4. Anger</td>
<td>0.25</td>
<td>0.40</td>
<td>0.36</td>
<td>0.73</td>
<td>0.04</td>
<td>0.07</td>
<td>0.04</td>
<td>0.07</td>
<td>0.82</td>
<td>0.89</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>5. Trust</td>
<td>-0.06</td>
<td>-0.27</td>
<td>-0.04</td>
<td>-0.19</td>
<td>0.72</td>
<td>0.24</td>
<td>0.08</td>
<td>0.09</td>
<td>0.74</td>
<td>0.90</td>
<td>0.93</td>
<td>0.72</td>
</tr>
<tr>
<td>6. Affective Commitment</td>
<td>-0.07</td>
<td>-0.40</td>
<td>-0.15</td>
<td>-0.26</td>
<td>0.49</td>
<td>0.72</td>
<td>0.41</td>
<td>0.10</td>
<td>0.76</td>
<td>0.90</td>
<td>0.93</td>
<td>0.72</td>
</tr>
<tr>
<td>7. Dependence</td>
<td>-0.18</td>
<td>-0.36</td>
<td>-0.10</td>
<td>-0.21</td>
<td>0.28</td>
<td>0.64</td>
<td>0.72</td>
<td>0.12</td>
<td>0.28</td>
<td>0.87</td>
<td>0.91</td>
<td>0.72</td>
</tr>
<tr>
<td>8. Retaliation</td>
<td>0.28</td>
<td>0.29</td>
<td>0.20</td>
<td>0.55</td>
<td>-0.30</td>
<td>-0.32</td>
<td>-0.35</td>
<td>0.79</td>
<td>0.13</td>
<td>0.87</td>
<td>0.92</td>
<td>0.79</td>
</tr>
<tr>
<td>9. Relationship Quality</td>
<td>-0.01</td>
<td>-0.39</td>
<td>-0.11</td>
<td>-0.26</td>
<td>0.86</td>
<td>0.87</td>
<td>0.53</td>
<td>-0.36</td>
<td>0.54</td>
<td>0.90</td>
<td>0.92</td>
<td>0.54</td>
</tr>
</tbody>
</table>

Note: Bold numbers on the diagonal show the AVE scores. Numbers below the diagonal represent construct correlations. Numbers above the diagonal are the square correlations estimates.

Structural Model

Given that PLS path modeling does not provide any kind of fit indices, a PLS path model is evaluated based on prediction-oriented measures (Chin, 1998).

The coefficient of determination ($R^2$) was computed for each endogenous variable as well as for the model globally (average $R^2$). The average variance explained by our model is 0.31, which is, based on Chin's (1998b) propositions, a moderate value.

The model's ability to predict was evaluated using blindfolding procedures. Cross-validated coefficients above zero give evidence that the observed values are well reconstructed by the model and prove its predictive relevance (Fornell & Cha, 1994; Wold, 1982).

Although PLS path modeling lacks an index that can provide a global validation of the model fit, a global criterion of goodness-of-fit (GoF) can be computed as the geometric mean of the average communality (or AVE) and the average $R^2$ (Tenenhaus, Esposito Vinzia, Chatelin, & Lauro, 2005). The GoF index for our model is 0.47, which is, based on Wetzels, Odekerken-Schörder, and Van Oppen (2009) cut-off values, indicative of substantive performance.

Table 2: $R^2$, Redundancy, Cross-validated, and GoF Indices

<table>
<thead>
<tr>
<th>Constructs</th>
<th>$R^2$</th>
<th>Redundancy</th>
<th>$Cv$- Redundancy</th>
<th>GoF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anger</td>
<td>0.24</td>
<td>0.18</td>
<td>0.17</td>
<td>-</td>
</tr>
<tr>
<td>Retaliation</td>
<td>0.37</td>
<td>0.30</td>
<td>0.29</td>
<td>-</td>
</tr>
<tr>
<td>Average</td>
<td>0.31</td>
<td>0.24</td>
<td>0.23</td>
<td>0.47</td>
</tr>
</tbody>
</table>

Hypotheses Testing

As a whole, results presented in table 3 show strong support for our theoretical model. All but one hypotheses were confirmed by the bootstrap simulation.

Table 3: Parameter Estimation of the Theoretical Model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Original Sample</th>
<th>Bootstrap Sample</th>
<th>Standard Error</th>
<th>t-value</th>
<th>p-value</th>
<th>Result</th>
<th>Contribution to $R^2$ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>0.47</td>
<td>0.48</td>
<td>0.06</td>
<td>7.91</td>
<td>0.00</td>
<td>Supported</td>
<td>68.84</td>
</tr>
<tr>
<td>H2</td>
<td>0.32</td>
<td>0.31</td>
<td>0.07</td>
<td>4.77</td>
<td>0.00</td>
<td>Supported</td>
<td>53.22</td>
</tr>
<tr>
<td>H3</td>
<td>0.25</td>
<td>0.26</td>
<td>0.07</td>
<td>3.69</td>
<td>0.00</td>
<td>Supported</td>
<td>37.42</td>
</tr>
<tr>
<td>H4</td>
<td>0.09</td>
<td>0.10</td>
<td>0.06</td>
<td>1.53</td>
<td>0.13</td>
<td>Not supported</td>
<td>9.36</td>
</tr>
<tr>
<td>H5</td>
<td>-0.15</td>
<td>-0.15</td>
<td>0.07</td>
<td>2.07</td>
<td>0.04</td>
<td>Supported</td>
<td>14.38</td>
</tr>
<tr>
<td>H6</td>
<td>-0.18</td>
<td>-0.18</td>
<td>0.07</td>
<td>2.43</td>
<td>0.02</td>
<td>Supported</td>
<td>16.78</td>
</tr>
</tbody>
</table>
DISCUSSION

Consistent with prior contributions, our study demonstrates that anger is a prime determinant of retaliatory behaviors and is extremely more powerful than relationship quality and dependence. Anger explains nearly 70% of retaliation total variance while relationship quality and dependence conjointly predict the remaining 30%. Retaliation appears as an affectively-based, irrational behavior, used irrespective of any utilitarian or pragmatic reasoning. Considering the potential determinants of anger is thus particularly decisive. Our results indicate that retaliation is a provoked behavior, a re-action to idiosyncratic attributional conclusions. Customers only retaliate after an initial failure which is perceived to be severe and stable, and for which the supplier is held responsible. These three conditions seem necessary to trigger anger and subsequently justify retaliatory behaviors.

Moreover, our research demonstrates that retaliatory behaviors are also influenced by the nature of the commercial relationship. Trusting, committed and dependent customers are less prone to retaliate following negative critical incidents. However, their motivations are different. The former deliberately choose not to retaliate, while the latter are constrained not to retaliate. Both relationship quality and dependence inhibit retaliation but the root motivations underlying this buffering effect are drastically different.

Finally, our findings suggest that neither relationship quality nor dependence is sufficient to hold retaliation at bay. While trusting, committed, and dependent customers are more likely to preserve the relationship, and are thus less likely to retaliate, perceptions of betrayal may prompt them to retaliate even if they have a lot to lose. Loyalty is thus not sufficient to protect firms against retaliation.

LIMITATIONS AND FURTHER RESEARCH

Although the integrative model proposed in this research yields valuable insights into the structuring and understanding of retaliation drivers in business-to-business settings, several potential limitations must be acknowledged. First, the sample size used in this study is relatively limited compared with the complexity of the proposed model. However, the ability of PLS and bootstrapping procedures to accommodate small samples, guaranteed a relatively stable estimation of model parameters. Second, the external validity of our research is limited since it investigated the relationships between one focal supplier and its independent dealers. Cross-validation in other contexts is thus required to assess the generalizability of our findings. Third, the cross-sectional design of our study should be considered with caution since exchange relationships are dynamic entities. Consequently, we strongly encourage extensions of the proposed framework with longitudinal data. Finally, retrospective-based field surveys involve memory bias that may alter the reliability of results. This bias was partly controlled by asking respondents to refer to a recent incident encountered with their supplier. This precaution associated with reliable and valid measures seemed sufficient to get consistent information and results (Golden, 1997; Hibbard, et al., 2001).
References


Author. (2009).


