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The Threat from Within: Account Managers' Concern About Opportunism by Their Own Team Members

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It is well known that transaction-specific investments (TSIs) made in customers by account managers makes them vulnerable to opportunism by customers (i.e., the targets of the investments). The present research shows that TSIs made in customers by account managers can also lead them to be concerned about *internal* opportunism by *nontargets* of the investments (e.g., information technology or finance specialists in their own teams). Furthermore, it shows that concern about internal opportunism leads account managers to engage in *internal blocking* of their own team members (i.e., restricting their access to customers and to customer information), which results in lower performance with customers. This phenomenon is a conundrum in that account managers interested in stronger performance with customers appear to block the very functional specialists who can help them attain better performance. This research also identifies two types of continuities (*account manager–customer continuity* and *specialist–customer continuity*) that moderate the relationship between TSIs and concern about internal opportunism. Building on the literature in economics and organization theory, our research suggests that cross-functional teams that are designed to bring different functional areas together are more complex to manage than previously believed.

Key words: transaction-specific investments; internal opportunism; continuity; internal blocking; sales teams
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1. Introduction

Firms frequently use account teams to better engage with their business customers. Customer account teams typically consist of an account manager responsible for the overall customer relationship and revenues, and a number of functional specialists with deep technical and/or product expertise. For example, a turbine manufacturer's key account team for a utility customer may include a key account manager, a finance specialist with expertise in leasing, a supply chain and manufacturing specialist with expertise in plant reconfiguration, an information technology (IT) specialist with expertise in tracking real-time turbine performance, and a service specialist with expertise in maintenance and support. Thus, key account managers work with several functional experts to better serve their customers.

The main idea underlying the use of account teams is that an account manager can focus primarily on tracking customer developments and building customer relationships, and at the same time use deep technical expertise as needed from functional specialists in the account team. We propose, paradoxically, that the more an account manager invests in learning about and developing his or her customer—i.e., makes transaction-specific investments in the customer—the more the account manager becomes concerned about opportunism by functional specialists in his or her own account team. We refer to this "threat from within" as *internal opportunism*. We propose that concern about internal opportunism leads an account manager to "block" specialists from the customer to the detriment of performance with the customer. This suggests the ability of one function (e.g., sales and marketing) to truly traverse a firm's internal boundaries to better serve a firm's customers may be more challenging than previously thought.

The focus on internal opportunism in this research contrasts with much of the extant literature on opportunism. It is well known that account managers and firms that make transaction-specific investments (TSIs') in customers run the risk of opportunistic behavior by their customers, the *targets* of the investments (e.g., Jap and Anderson 2003, Wathne and Heide 2000). This is because if the account managers/firms do not accede to potential opportunistic demands of customers, they stand to lose their "locked-in" investments in the customer (e.g.,

Hwang 2006). In the present study, we argue that in addition to the risk of opportunistic behavior by customers, account managers are also concerned about opportunistic behavior by the functional specialists in their own teams, even though they are not targets of the investments. The phenomenon of opportunistic behavior by *nontargets* of investments *within* a firm making transaction-specific investments has been largely ignored in the literature. To our knowledge, this is the first study to explore the phenomenon and its behavioral and performance implications.

It is likely that prior research has focused less on internal opportunism because of the presumption that a firm can control it through monitoring or fiat (Williamson 1975). A few scholars, however, suggest that internal opportunism may be present and perhaps even pervasive (e.g., Baker et al. 1994, Eccles and White 1988, Ghoshal and Moran 1996, Moschandreas 1997). In an account team context, there may be several motivations for functional specialists to engage in opportunistic behaviors. For instance, in the case of the turbine manufacturer's key account team discussed earlier, the finance specialist could encourage a customer to opt for a lease option that the firm's finance department wants to "push," but is not in the best interest of the customer. Similarly, the technical specialist could promise an unrealistically quick installation schedule simply to win the customer's business so as to be able to put benched technicians to work.

From an account manager's perspective, the possibility of such opportunistic behavior by functional specialists can be deeply concerning. If the customer subsequently realizes it has been taken undue advantage of, it may take its business to a competitor, thus undermining the account manager's TSIs in cultivating the customer relationship. For this reason, *concern* about internal opportunism can lead an account manager to take safeguarding actions such as *blocking* functional specialists' access to customers and to customer information. This, in turn, can hurt the firm's performance with the customer (see Cummings 2004, Reagans et al. 2004). Thus, account managers' fear of internal opportunism can create a conundrum—it can lead them to "push away" the very specialists available to help them.

In light of the above, it is important to understand the conditions under which TSIs made by an account manager lead him or her to have greater or smaller concern about internal opportunism from functional specialists in the account manager's team. Whereas prior research focuses on expected relational continuity at the *firm* level as a moderator of the concern about opportunism (Rokkan et al. 2003), the present study investigates expected relational continuity at the *individual* (account manager and specialist) level. Interestingly, however, we argue opposite effects of *account manager–customer continuity* and *specialist–customer continuity*. More specifically, we argue that TSIs lead to *greater* concern about internal opportunism when account manager–customer continuity is higher, but to *lower* concern about internal opportunism when specialist–customer continuity is higher.

In sum, whereas prior research addresses opportunism by firms that are *targets* of the investments (e.g., customers), the present study makes the case there is also reason to be concerned about internal opportunism from *nontargets* of investments who are privy to transactions with customers. It empirically investigates *concern* about internal opportunism within a cross-functional account team context, and examines the circumstances under which concern about internal opportunism is likely to be greater or smaller. As such, the present paper contributes not only to the marketing literature but also to the literature on opportunism in other disciplines such as strategy, organization theory, and economics.

2. Background

2.1. Team Selling Context

Account teams are often the critical link between a firm and its most important customers (Homburg et al. 2002). Although there are different types of team structures, the teams in our context are organized and managed in a manner very similar to the IBM sales teams described previously by Weitz and Bradford (1999). These types of teams are commonplace for serving medium and large accounts. In such teams, account managers typically play the lead role and are responsible for managing the overall relationship with customers. Account managers can leverage the expertise of their specialist team members (e.g., networking specialists, financing specialists) to develop and serve their customers. For example, an account manager interested in selling a complex networking solution to a customer can rely on the networking specialist in his or her team to identify the best product configuration for the customer, make joint customer visits with the networking specialist, and facilitate meetings between the networking specialist and networking experts in the customer organization.

Account managers do not have formal authority over specialists. Specialists formally report to their respective product or functional managers and are assigned to account teams by their product/functional managers. Decisions about specialists' retention and replacements on account teams are also made by product/functional managers, not account managers. Typically, a specialist supports several account managers, i.e., is a member of several

account teams. Thus, for example, a networking solution specialist may be assigned to several account teams, each led by a different account manager.

Account managers formally report to their sales managers and are compensated with a salary as well as a commission based on overall sales revenues generated from their customers. Specialists are compensated with a salary as well as a commission based on the sales of *their respective* products (which can encourage them to recommend higher priced products than needed by customers) and across *multiple* account teams (which implies relatively little influence of an account manager on a specialist).

2.2. Concern About Internal Opportunism

Following Williamson (1985b), we define concern about internal opportunism as the extent to which an individual is troubled by the prospect of others inside the firm acting with guile in their own self-interest. For instance, an account manager may be concerned about an IT specialist pushing a customer solution that is not very appropriate for a customer simply because it would be easy for him to install/deploy that solution. Similarly, an account manager may be concerned about a financial specialist advocating a financial product that is inappropriate for the customer given its financial situation but would help the specialist meet his annual sales goals for that product.

Importantly, our focus is not on *actual* internal opportunism; rather, our focus is on account managers' *concern* about internal opportunism. This is consistent with recent research on "*threat* of opportunism" (Schilling and Steensma 2002) and an investor's "*fear* of exploitation" (Hwang 2006). For example, an account manager may fear that an IT specialist's opportunism could undermine the relationship with his or her customer, thus negatively affecting future sales revenues from the customer and, in turn, negatively affecting the account manager's future sales commissions and salary raises.

Concern about possible internal opportunism in an account team can arise for several reasons. The raison d'être for an account team is the pooling of individuals with diverse experiences and expertise. These differences in expertise reflect information asymmetries across the team members that enable them to act opportunistically with relatively little fear of detection (Eisenhardt 1989, Wathne and Heide 2000). In addition, Ghoshal and Moran (1996) suggest that a firm's control mechanisms (e.g., monitoring and fiat) may enhance employees' opportunistic proclivities by reducing their affinity toward the firm. Moreover, it is difficult for account managers to align team members' interests by fiat (hierarchical control) because team members (functional specialists) do not report to account managers and are often at the same organizational hierarchical level as them (LePine and Van Dyne 2001).

There are numerous examples of employees acting opportunistically across several literature streams. For instance, Eccles and White (1988) note that when two business units of a corporation transact with one another, there are often concerns that the transfer price has been "gamed" or manipulated by one unit. Gibbons (1998) and Baker et al. (1994) work on incentives also suggests that employees act opportunistically. They note that managers at the H. J. Heinz Company manipulated the timing of shipments to customers in a way that ensured they received their bonuses. Milgrom and Roberts (1988, p. S156) suggest that individuals with a stake in a decision manipulate information to influence decisions in their favor. They note the following:

> Such manipulation can take many forms, ranging from conscious lies concerning facts, through suppression of unfavorable information, to simply presenting the information in a way that accentuates the points supporting the interested party's preferred decision and then insisting on these points at every opportunity. This influence activity can be costly to the organization in a number of ways.

Correspondingly, some scholars suggest that opportunism is ubiquitous, and an organization's internal stakeholders are no less immune to it than are external stakeholders (Moschandreas 1997). Even Williamson (1979, p. 234) suggests, "those who are less opportunistic than others are difficult to ascertain ex ante and that, even among the less opportunistic, most have their price." The pervasiveness of internal opportunism documented in the literature suggests that individuals in organizations are sensitive to the extent to which others in their organizations behave opportunistically or potentially could do so.

2.3. Transaction-Specific Investments

Concerns about opportunism often arise from TSIs. Transaction-specific investments are non-redeployable investments of time, energy, and other resources made in a specific relationship (Geyskens et al. 2006, Williamson 1985b). Such investments are "difficult or expensive to transfer to another relationship without losing their value" (Bensaou and Anderson 1999, p. 471), and therefore they lock in the investor to the relationship, making them vulnerable to opportunism by the *target* (Dutta et al. 1995, Klein et al. 1978, Wathne and Heide 2000). As such, investors of TSIs become fearful of exploitation by the target (Hwang 2006). For instance, an investor may fear that the target will demand certain concessions that the investor will be forced to give because of its locked-in condition (Rindfleisch and Heide 1997).

Our focus in this research is on individual-level TSIs made by an account manager in a customer (see Heide and John 1988, Weiss and Kurland 1997). For example, an account manager may invest time and energy to learn about a customer's organizational hierarchy, its unique buying processes, and the backgrounds and biases of its decision makers. In addition, the account manager may invest significant resources into developing a deep rapport with the different individuals in the customer's buying center. These investments of time, energy and resources are organization specific and not redeployable to other customers.

Account managers make TSIs for multiple reasons. First, they can help them better understand customers' product needs and preferences, which can help them generate higher sales and hence higher sales commissions and salary raises for themselves. Second, TSIs can help account managers better understand specialized language and nuances surrounding a customer's buying policies and practices, which can save them time and effort when negotiating subsequent contracts with the customers (see Williamson 1979, Williamson 1985b). Thus, account managers with higher TSIs in a customer are likely to anticipate greater future benefits and returns from the customer. There is empirical evidence that TSIs can increase joint profits, commitment, and competitive advantage across buyer–supplier dyads (Anderson and Weitz 1992, Galunic and Anderson 2000, Jap 1999).

Furthermore, once an account manager makes TSIs, these investments become sunk costs (e.g., Heide and John 1992, p. 92; Rindfleisch and Heide 1997, p. 41). Sunk costs tend to increase one's estimated *probability* of returns (Arkes and Hutzel 2000); this is because individuals attempt to reduce their postdecisional dissonance by revising their probabilities of success upward (Festinger 1957). Thus, TSIs are likely to not only increase the *magnitude* of returns from a customer anticipated by an account manager, but also the estimated *probability* of those returns.

3. Hypotheses

3.1. Concern About Opportunism by Nontargets of TSIs

As just noted, account managers' TSIs in individual customers can be beneficial. At the same time, TSIs can also make an investor (account manager) vulnerable to opportunism by the target (the customer). We extend this logic and suggest that an account manager who makes TSIs in a customer is vulnerable not only to the target's opportunism, but also to opportunism by *nontargets* who are privy to the customer.

In an account team context, an account manager may be concerned about opportunism by functional specialists on the account team (e.g., product specialist, finance specialist, IT specialist). For example, an account manager may be concerned about a product specialist aggressively "pushing" a high-priced product onto the customer to enhance revenues from that product category (a metric by which the specialist is evaluated by his or her product manager) when a less expensive product may be more appropriate for the customer. Such opportunistic behavior would place the account manager's relationship with the customer at risk and undermine the account manager's ability to generate future revenues and, in turn, his or her future sales commissions and salary raises (see Ghosh and John 1999, Jap 1999). As such, the more time and energy an account manager invests in cultivating a customer, the more *costly* is specialists' opportunistic behavior for the account manager, and hence the more concerned the account manager is likely to be about internal opportunism by specialists.

Furthermore, the sunk costs literature suggest that an account manager who has invested in an account (i.e., has sunk costs in a customer) is likely to overestimate the probability of returns from his or her investments (Arkes and Hutzel 2000). As such, the more an account manager has invested in a customer, the more the account manager is likely to overestimate the probability of returns from those investments and hence be more concerned about internal opportunism by specialists. Thus,

Hypothesis 1 (H1). *The greater an account manager's TSIs in a customer, the higher the account manager's concern about internal opportunism by specialists.*

3.2. Continuity

Continuity refers to the extent to which a firm expects to interact in the future with an exchange partner (e.g., Jap and Anderson 2003, Rokkan, et al. 2003). Suppliers' and customers' expectations of continuity enhance cooperation (Axelrod 1984, Heide and Miner 1992, Parkhe 1993), joint action (Heide and John 1990), trust (Anderson and Weitz 1989), and relational behavior (Lusch and Brown 1996). Prior literature treats continuity as a global construct and examines the role of *firm*-level continuity (e.g., Rokkan, et al. 2003). However, when multiple individuals from a supplier participate in a customer relationship, as in an account team context, each individual may have a different level of continuity. For instance, an account manager managing a broad array of products may expect the relationship with the customer will continue indefinitely, whereas the relationship between a specialist managing a marginal product and the customer may be more short term. This suggests two types of continuity: *account manager–customer continuity* and *specialist–customer continuity*. We argue

that the two types of continuity affect the relationship between TSIs and concern about internal opportunism in *opposite* directions.

3.2.1. Account Manager–Customer Continuity. *Account manager–customer continuity* refers to the extent to which an account manager foresees future interactions or a long-term relationship with a customer (Jap and Anderson 2003). As account manager–customer continuity increases, an account manager expects to appropriate the value of his or her TSIs over a *longer* period of time, possibly on a recurring basis. Indeed, Williamson (1985a, p. 182) suggests that TSIs "are investments in which the full productive values are realized only in the context of an ongoing relation between the original parties to a transaction." Thus, as account manager–customer continuity increases, internal opportunism by functional specialists adversely affects the rents an account manager realizes from his or her TSIs for a *longer* period of time, and hence is *more costly*. As such, an account manager who foresees having a longer-term relationship with a customer is likely to be *more* sensitive to the potential losses to his or her TSIs resulting from internal opportunism, and hence be more concerned about internal opportunism.

Furthermore, when account manager–customer continuity is higher, account managers must live with the residual effects of specialists' actions. Account managers who make TSIs are likely to find it more difficult to appropriate rents if they must spend time dealing with "fallout" from a specialist's opportunistic behavior (e.g., a specialist who convinces a customer to purchase an overpriced or inappropriate product or solution). As such, these account managers are likely to be more concerned about opportunism by their specialists undermining the value of their TSIs. Thus,

Hypothesis 2 (H2). *The greater the account manager–customer relationship continuity, the stronger the positive relationship between an account manager's TSIs and the account manager's concern about internal opportunism by specialists.*

3.2.2. Specialist–Customer Continuity. *Specialist–customer continuity* refers to the extent to which an account manager foresees functional specialists having future interactions or a long-term relationship with a particular customer. For instance, if a specialist has expertise in a line of products or technologies that the customer will need over the long run, the account manager is likely to expect the specialist will interact with the customer well into the future. We argue that specialist–customer continuity, compared with account manager–customer continuity, moderates the relationship between TSIs and concern about internal opportunism in the *opposite direction*.

Paralleling the logic described above, an account manager who believes that a specialist will have a long-term relationship with a customer is likely to think that the specialist will make efforts to instill trust and act cooperatively in his or her dealings with the customer (Anderson and Weitz 1989, Heide and Miner 1992); conversely, if a specialist is unlikely to interact very much with a customer in the future, the account manager will have less confidence in his or her willingness to cooperate. As such the higher the expected specialist–customer continuity, the lower the probability assigned by the account manager to opportunism by the specialist, and the less concerned that the account manager will be about specialist opportunism devaluing investments specific to this customer. Moreover, when specialist–customer continuity is high, account managers are more likely to expect to be able to discover a specialist's opportunistic behaviors over time. Because their subterfuge may be discovered, specialists are less likely to act opportunistically in the first place. As such, account managers are less likely to fear that specialists will put their value-creating TSIs at risk (Kidwell and Bennett 1993). Thus,

Hypothesis 3 (H3). *The greater the specialist–customer relationship continuity, the weaker the positive relationship between an account manager's TSIs and the account manager's concern about internal opportunism by specialists.*

3.3. Internal Blocking

We suggest that account managers who are *concerned* about internal opportunism are likely to engage in internal blocking behaviors. Internal blocking refers to an account manager's actions and inactions aimed at precluding others in the account manager's firm from accessing information and/or persons related to the targets of his or her investments (e.g., customer information and/or customer employees). For instance, account managers may block functional specialists by giving them customer information only on a need-to-know basis (see Kohli 1989) and/or restricting direct access to customer employees. The more an account manager is concerned about a specialist behaving opportunistically, the more the account manager is likely to engage in internal blocking to reduce the threat of opportunism.

It is possible to argue that account managers who are concerned about potential opportunism will discuss their concerns with functional specialists (instead of resorting to internal blocking) so as to reduce their threat. However, there are several reasons to expect otherwise. First, account managers may fear that specialists may react negatively or dislike them, thus inhibiting candid discussions with specialists (Rosen and Tesser 1970, Tesser et al. 1972, Weenig et al. 2001). Indeed, there is evidence that even individuals

who are expected to provide negative feedback (e.g., supervisors) are reluctant to do so for fear that subordinates will respond adversely (Larson 1984, 1989) or dislike them (Fisher 1979). Second, prior research suggests that individuals in group settings avoid providing negative feedback to peers for fear that *other* group members will disapprove (Morran et al. 1991). Third, if account managers were to voice their concerns to specialists, the specialists could challenge the concerns as being essentially speculative. It is easier for account managers to simply engage in subtle blocking behavior to protect the value of their TSIs. Collectively, the preceding arguments suggest:

Hypothesis 4 (H4). *The greater an account manager's concern about internal opportunism by specialists, the greater the account manager's internal blocking.*

3.4. Performance with Customer

What effect does internal blocking by an account manager have on performance with a customer? An argument can be made that internal blocking may improve performance with a customer because it reduces the likelihood of opportunistic behavior by specialists. At the same time, several arguments suggest that internal blocking may hurt performance with a customer. First, account managers who block specialists from customers and/or customer information reduce the specialists' (and hence the supplier firm's) ability to develop better products and solutions, which is likely to hurt performance with customers (see Sethi 2000). Similarly, blocking specialists from customers is likely to impede their ability to discover and help cater to unmet customer needs, which is also likely to hurt performance with customers. Second, prior research suggests that blocking is likely to lead specialists to generate fewer ideas, thus reducing effectiveness of the decision making related to the customer and hence performance with the customer (see Cummings 2004, Morrison and Milliken 2000). Third, blocking specialists from customers is likely to reduce the extent to which the specialists' unique social networks can be activated for cultivating and serving a customer, again hurting performance with the customer (see Reagans et al. 2004). Thus, in sum, although internal blocking may have the potential to improve performance with a customer, it leads to numerous difficulties that undermine a supplier's ability to serve the customer well. Indeed, internal blocking defeats the very purpose of having specialists on an account team in the first place.

Furthermore, there is evidence to suggest that account managers concerned about internal opportunism engage in what may be called excessive or "inefficient" blocking (from the perspective of the supplier), which adversely affects performance with a customer. Specifically, the probability neglect literature suggests that individuals tend to focus too much on and, therefore, overreact to threats to themselves even if the probability of the threats coming to pass is low (Loewenstein et al. 2001; Sunstein 2002, 2003). This suggests that an account manager who feels threatened by the possibility of his or her specialists acting opportunistically is likely to focus excessively on the potential loss of the ability to realize rents from TSIs in a customer. Consequently, the account manager is likely to overreact to the threat by engaging in excessive (i.e., inefficient) blocking to reduce the threat (Sunstein 2002). This would make it difficult for specialists to contribute to building business with the customer (e.g., surfacing unmet customer needs, designing and delivering novel products and solutions, selling against competition), thus hurting performance with the customer.

Recent extensions of transaction cost economics (TCE) also suggest the likelihood of inefficient blocking owing to trade-offs between strategizing and economizing calculi (e.g., Ghosh and John 2005). This research shows that firms give up on quality enhancement developments/adjustments (strategizing calculus) to protect their own endowments (economizing calculus). The parallel in the present case is account managers giving up on connecting expert specialists with customers to protect their relationships with customers (from specialist opportunism). The preceding arguments suggest:

Hypothesis 5 (H5). *The higher the internal blocking, the lower the firm performance with a customer.*

4. Data and Methodology

4.1. Sample and Survey Procedure

Data for the study were collected from a Fortune 500 business-to-business reseller of office equipment. The organization was particularly suitable because it provides solutions to customers by integrating technologies and products from a variety of different manufacturers, while offering a variety of financing options. To deliver these solutions, account managers may call on their in-house functional specialists who have deeper knowledge of specific products, technologies, and financing options.

In cooperation with the senior management of the firm, the researchers e-mailed a link to an online survey to all 350 account managers in three U.S.-based divisions of the firm. The survey instructed the account managers to think about the last customer they called on for which they actually used or could have used their functional specialists to help them with the selling effort, and to provide information pertaining only to that customer. This approach was

adopted for three reasons. First, asking account managers to select the last customer they called on provided a uniform basis for customer selection across the respondents. Second, focusing on the last customer ensured that respondents could more readily recall the information requested in the survey (Huber and Power 1985). Third, asking account managers to select customers for which they actually used or could have used their specialists increased the odds of capturing variance on internal blocking. To boost response rates, each account manager who completed the survey was given a $10 Amazon.com gift card. Within two weeks, we received 173 usable responses, for a response rate of 49%.

A second survey was sent to supervisors of the account managers who responded to the first survey. The supervisors were asked to respond to questions pertaining only to the customer identified by their respective account manager. We provided a $15 Amazon.com gift card to each supervisor who completed the survey. We received 157 responses within two weeks for a response rate of 91%. Surveys from supervisors who were unfamiliar with the identified customer were irrelevant, so we excluded 12 with customer familiarity scores of 2 or less (1, very unfamiliar; 5, very familiar), leaving a total of 145 matched account manager–supervisor data. The mean familiarity score across supervisors was 4.16 with a standard deviation of 0.77.

We collected data from both account managers and supervisors for two reasons. First, by collecting data on account managers' internal blocking and performance from supervisors we avoided the potential for social desirability bias in account managers' responses. In prestudy interviews, supervisors confirmed they were knowledgeable about these variables based on frequent interactions with the major customers and the account team specialists. Second, the approach helped reduce concerns of common source bias by obtaining information on variables from different sources (see Podsakoff et al. 2003).

4.2. Measures

The measures used in the study are reported in the appendix. Existing scales were either adapted to the context of the study or used as the basis for developing new ones. The summary statistics are provided in Table 1.

Transaction-specific investments. The TSIs scale has five items and is similar to several TSI scales in the literature (e.g., Anderson and Weitz 1992, Bensaou and Anderson 1999, Heide and John 1988).

Concern about internal opportunism. Existing opportunism scales measure actual opportunism (see Anderson 1988, Jap and Anderson 2003, John 1984, Rokkan et al. 2003, Wuyts and Geyskens 2005). We adapt these scales to measure an account manager's concern about internal opportunism. Six items are used to measure this construct.

Continuity. In contrast to prior studies that examine one type of continuity, we propose two types. We adapt Jap and Anderson's (2003) two-item scale to assess account manager–customer continuity and specialist–customer continuity. These items have considerable overlap with other scales in the literature (e.g., Heide and Miner 1992, Noordewier et al. 1990, Rokkan et al. 2003).

Internal blocking. This new four-item scale reflects the extent to which an account manager blocks functional specialists from customer information and access. Information on internal blocking was obtained from supervisors of account managers rather than the latter to avoid a potential social desirability bias in account managers' responses. In prestudy discussions, supervisors indicated they were very familiar with customers and met with account managers as well as functional specialists frequently (many on a weekly basis). They confirmed they were very

Table 1 Correlation Matrix and Summary Statistics

Variable	1	2	3	4	5	6	7	8
Transaction-specific investments	*0.81*							
Account manager-customer continuity	0.38**	*0.96*						
Specialist-customer continuity	−0.12	0.18*	*0.97*					
Management monitoring	0.00	0.10	0.10	*0.73*				
Specialist benevolence	−0.05	0.08	0.60**	0.18*	*0.95*			
Concern about internal opportunism	0.13	−0.06	−0.44**	−0.22**	−0.63**	*0.94*		
Internal blocking	0.05	0.06	−0.01	−0.23**	−0.18*	0.27**	*0.74*	
Performance with customer	0.09	0.29**	−0.04	0.18*	0.06	−0.04	−0.17*	*0.91*
Mean	3.77	4.39	3.12	3.15	3.44	1.94	2.35	3.63
Standard deviation	0.89	0.89	1.19	0.95	1.10	0.95	0.93	0.91
Composite reliability	0.81	0.97	0.97	0.75	0.95	0.94	0.75	0.92
Average variance extracted	0.52	0.94	0.94	0.52	0.82	0.74	0.51	0.69

Note. Cronbach's alphas are on the diagonal of the correlation matrix.
*$p < 0.05$; **$p < 0.01$ (two-tailed).

knowledgeable about the extent to which an account manager engages in internal blocking (based on inputs from customers and specialists).

Performance with customer. Performance with a particular customer was measured using the Homburg et al (2002) scale. We focused on performance with an individual customer, so items that pertained to groups of customers were excluded. Thus, we eliminated two irrelevant items from the seven items in the scale. Supervisors (of account managers) served as informants for this measure.

Control variables. We included two control variables that prior research suggests are related to the study's constructs. An account manager is likely to be less concerned that a benevolent specialist will act opportunistically. Specialist benevolence (as perceived by account managers) was measured using Becerra and Gupta's (2003) four-item benevolence scale. The second control variable is management monitoring (i.e., the extent to which the firm's management monitors progress with a customer), which should increase the ability to detect opportunism and therefore reduce the account manager's concern about internal opportunism (Stump and Heide 1996, Wathne and Heide 2000). To fit the present study's context, we adapted the management monitoring scale used by Sethi et al. (2001).

4.2.1. Construct Validity. Gerbing and Anderson's (1988) procedure involving confirmatory factor analysis was used to test the validity of measures. We used LISREL 8.80 (Jöreskog and Sörbom 1996) to assess the fit of a single overarching measurement model for all constructs (including all control variables) across both respondents (account managers and their supervisors) ($n = 145$). Given these constraints, the model exhibits excellent fit ($\chi^2_{(351)} = 607.06$; χ^2/d.f. < 2; comparative fit index (CFI), 0.95; root mean square error of approximation (RMSEA), 0.065; standardized root mean square residual (SRMR), 0.064).

The measurement items load significantly on their latent factors (i.e., t-values ≥ 2). The lowest t-value was 5.67 for one management monitoring item (a control variable), thereby providing evidence of convergent validity. As Table 1 shows, the coefficient alphas, composite reliabilities (CRs), and average variance extracted (AVE) statistics meet or exceed the recommended standards of $\alpha \geq 0.70$ (Nunnally 1978), CR $\geq$ 0.70, and AVE $\geq$ 0.50 (Fornell and Larcker 1981). Thus, evidence is strong that the items are internally consistent. Discriminant validity was assessed using Fornell and Larcker's (1981) procedures. Specifically, the shared variance between possible pairs of constructs is less than the AVE for individual constructs. These results provide evidence of unidimensionality, reliability, and the convergent and discriminant validity of the scales used (Gerbing and Anderson 1988).

5. Results

The study hypotheses were tested using structural equation modeling (LISREL 8.80). We used Ping's (1995) two-step procedure to test the interactions of H2 and H3, an approach used in several recent studies (e.g., Hult et al. 2007, Mesquita and Lazzarini 2008, Morgan et al. 2009, Nygaard and Dahlstrom 2002, Robson et al. 2008). Indicators of independent and dependent variables were mean centered as Ping (2002) recommends. Table 2 reports the results of the structural equations estimation and model fit.

Table 2 Tests of Hypotheses

Path from	Path to	H0	H0 sign	Structural coefficients	Statistical significance	R^2
TSIs	Concern about internal opportunism	H1	+	0.11	$p < 0.10$	0.51
TSIs × $Con_{Account\ mgr-cust}$[a]		H2	+	0.24	$p < 0.001$	
TSIs × $Con_{Spec-cust}$[b]		H3	−	−0.08	$p < 0.05$	
$Con_{Account\ mgr-cust}$				0.09	ns	
$Con_{Spec-cust}$				−0.07	ns	
Specialist benevolence[c]				−0.56	$p < 0.001$	
Management monitoring[c]				−0.18	$p < 0.01$	
Concern about internal opportunism	Internal blocking	H4	+	0.22	$p < 0.05$	0.15
Specialist benevolence[c]				−0.06	ns	
Management monitoring[c]				−0.24	$p < 0.01$	
Internal blocking	Performance with customer	H5	−	−0.19	$p < 0.05$	0.08
Management monitoring[c]				0.15	$p < 0.075$	

Note. Structural model fit: $\chi^2_{(405)} = 683.23$ ($p < 0.001$); CFI, 0.95; RMSEA, 0.062; SRMR, 0.073; ns, not significant.
[a]$Con_{Account\ mgr-cust}$ refers to continuity between the account manager and the customer.
[b]$Con_{Spec-cust}$ refers to continuity between the account manager's product/technical specialists and the customer.
[c]Control variable.

Table 3 Statistical Significance of Interactions

Panel A: *TSIs* (X) → *concern about internal opportunism* (Y) relationship moderated by *account manager–customer continuity* (Z)				Panel B: *TSIs* (X) → *concern about internal opportunism* (Y) relationship moderated by *specialist–customer continuity* (Z)			
Z level[a]	X coefficient[b]	SE of X coefficient[c]	t-value of X coefficient	Z level[d]	X coefficient[e]	SE of X coefficient[c]	t-value of X coefficient
5	0.26	0.07	3.62	5	−0.04	0.14	−0.29
4.39	0.11	0.08	1.38	4	0.04	0.10	0.39
3	−0.22	0.15	−1.47	3.12	0.11	0.08	1.38
2	−0.46	0.22	−2.14	2	0.20	0.08	2.40
1	−0.70	0.28	−2.48	1	0.28	0.11	2.48

[a]Values ranged from 1 (low) to 5 (high) (mean, 4.39).
[b]The coefficient of X is given by $(0.11 + 0.24Z)X$, with Z mean centered.
[c]The standard error of the X coefficient is given by

$$\sqrt{\text{Var}(b_x + b_{xz}Z)} = \sqrt{\text{Var}(b_x) + Z^2\text{Var}(b_{xz}) + 2Z\text{Cov}(b_x, b_{xz})}.$$

[d]Values ranged from 1 (low) to 5 (high) (mean, 3.12).
[e]The coefficient of X is given by $(0.11 - 0.08Z)X$, with Z mean centered.

The results suggest that although the relationship is positive between an account manager's TSIs and concern about internal opportunism, it is significant only at the 0.10 level ($\gamma = 0.11$, $p \leq 0.10$). Therefore, H1 is weakly supported. The results do, however, suggest that this relationship is moderated by account manager–customer continuity ($\gamma = 0.24$, $p \leq 0.001$), supporting H2. H3, which suggests that specialist–customer continuity moderates the relationship between TSIs and concern about internal opportunism, is also supported ($\gamma = -0.08$, $p \leq 0.05$).

To further assess the nature of these two interactions, we used Ping's (2002) factored coefficients procedure, which is also consistent with recent research (e.g., Bell and Kozlowski 2008). Table 3 provides the relationship between TSIs and concern about internal opportunism at different levels of account manager–customer continuity (panel A) and specialist–customer continuity (panel B). The results in panel A suggest that the relationship between TSIs and concern about internal opportunism becomes more positive as the continuity between the account manager and the customer increases. The results in panel B suggest the opposite effect; that is, as the continuity between functional specialists and the customer increases, the relationship between an account manager's TSIs and concern about internal opportunism is less positive. These findings suggest that the two types of continuity can have opposite effects on the relationship between TSIs and concern about internal opportunism.

Our results also support H4, which predicts a positive relationship between concern about internal opportunism and internal blocking ($\beta = 0.22$, $p \leq 0.05$). This finding lends credibility to the notion that account managers take steps to block others when they are concerned about internal opportunism. As predicted, the results suggest that internal blocking can negatively affect performance ($\beta = -0.19$, $p \leq 0.05$), thus providing support for H5. This suggests that account managers who engage in internal blocking keep others (functional specialists) from helping expand the customer "pie."

6. Discussion

6.1. Theoretical Contributions

A central tenet of TCE is that perceived threats of *opportunism* influence firms' decisions related to the organization of activities as markets or hierarchies, level of specific investments, and safeguarding actions. Research to date examines opportunism by *targets* of TSIs. The rationale for focusing on targets is straightforward—they are in a position to take advantage of an investor's "locked-in" situation (e.g., Bensaou and Anderson 1999, Hwang 2006). To our knowledge, this is the first study to demonstrate that investors are also concerned about opportunism by *nontargets* of their TSIs. Specifically, the present research shows that account managers who make TSIs in their customers are concerned about their firm's own specialists actually engaging in opportunism, thereby undermining the account managers' investments in customers. For the most part, prior research assumes that such *internal opportunism* can be largely contained through hierarchical actions such as monitoring and fiat (e.g., Williamson 1975). Our research suggests this may not be the case, and provides empirical evidence for the prevalence of *internal opportunism* alluded to by a small set of scholars such

as Ghoshal and Moran (1996). Thus, the present study suggests that it is important to construe opportunism, a core construct in TCE, more holistically as arising from both *targets* and *nontargets* of TSIs, including a firm's insiders.

We extend prior research that tends to focus on continuity as a firm-level governance mechanism (e.g., Jap and Anderson 2003, Rokkan et al. 2003). We propose that continuity can be disaggregated into two types of continuity: *account manager–customer continuity* and *specialist–customer continuity*. Distinguishing between the two is important because they tend to have opposing effects on the relationship between TSIs and concern about internal opportunism. Notably, this shows that interfirm relationships may consist of multiple linkages that differ in their continuity, with important implications for the behavior of participants in team selling contexts.

Finally, the present research identifies a key consequence of concern about internal opportunism—*internal blocking*. Although prior research provides considerable insights into the antecedents of opportunism (e.g., Achrol and Gundlach 1999, Brown et al. 2000, Rokkan et al. 2003), there is little research on consequences of concern about opportunism. The present research extends work on information sharing (e.g., Cummings 2004) and shows that concern about internal opportunism leads to internal blocking, likely inefficient blocking, with detrimental effects on performance.

6.2. Managerial Implications

It has been known for some time now that an account manager who invests in learning about a customer and building relationships with the customer is vulnerable to opportunistic behaviors by the customer. The present study shows that such an account manager is also vulnerable to internal opportunism, indeed by the very functional specialists on his or her team who are supposedly working to help him or her.

Account managers are often expected to involve their functional specialists in their customer accounts to cultivate and strengthen customer relationships. Such involvement can benefit suppliers by expanding the customer pie and making transactions more efficient. However, we demonstrate that account managers who make transaction-specific investments often block their team members' access to customers and to customer information because they are *concerned* that their specialists will behave opportunistically. Clearly, firms must find ways to reduce account managers' concerns about internal opportunism, recognizing that the resulting blocking behaviors negatively affect performance.

Account managers likely are hesitant to express their concerns about possible opportunism to their specialists. As such, supervisors (of account managers and functional specialists) can try several approaches for alleviating account managers' reluctance. First, supervisors can help account managers develop strategies and scripts for discussing opportunism concerns, which prior research suggests can help alleviate the reluctance to give bad news (McKee and Ptacek 2001). Second, supervisors can develop more cohesive teams that are more likely to provide negative feedback (Kivlighan 1985). Third, supervisors can consider holding team meetings that focus on the reluctance to provide negative feedback so that team members may explore fears and perceptions associated with providing negative feedback (Morran et al. 1991). These approaches are likely to be particularly relevant for those account managers who expect to work with customers for extended periods, given that our results suggest that greater account manager–customer continuity amplifies the concern about internal opportunism jeopardizing the value realization of heavy TSIs.

Our findings also suggest that firms can reduce concern about opportunism by focusing on strategies associated with continuity between specialists and customers. Because high levels of specialist–customer continuity tend to decrease the concern about internal opportunism jeopardizing the value of TSIs, firms should devise ways to increase specialist–customer continuity. For instance, firms could consider assigning specialists to customers rather than to account managers only (as is typically the case). This action is likely to increase a specialist's sense of attachment to and extended involvement with customers. Firms may also find it useful to obtain customer feedback explicitly on the performance of specialists (rather than the account team as a whole). This would provide specialists with a greater incentive to contribute to healthy long-term customer relationships.

6.3. Limitations and Future Research Directions

As with all research, the present study has certain strengths but also certain limitations. First, collecting data from a single firm and industry provides a more controlled setting to test the hypotheses. It would, however, be useful to assess the generalizability of our theoretical propositions to other contexts. Second, we obtained independent performance measures from supervisors. Supervisors are very knowledgeable about performance with major customers and hence in an excellent position to provide valid data; however, it would be useful to complement the study using objective performance measures in future research. Third, account managers may block their specialists for several reasons. For instance, they may be insecure with their own abilities and do not want to be "exposed," or they may be fearful that they will

lose control of the customer account. Future research should examine these and other potential antecedents of internal blocking.

There are several other avenues for extending the present research. First, it would be interesting to study how other established firm-level governance mechanisms such as norms and qualification efforts (e.g., Heide and John 1992, Jap and Ganesan 2000, Stump and Heide 1996) work in team contexts. One attractive issue in these contexts is whether solidarity between account managers and their functional specialists actually creates opportunism concerns on the part of *customers*. In other words, do customers see closely knit account teams as more likely to take advantage of them? If yes, it would mean that although team solidarity may have strong benefits (e.g., team cohesion, motivation), it may also have drawbacks that would need to be better understood.

Research is also needed to understand the extent to which functional specialists' investments in a customer create a "mutual lock-in condition" with an account manager (see Heide and John 1988). Specialists' investments are likely to reduce an account manager's concern about opportunism and to reduce the account manager's desire to block the specialist from access to the customer.

Similarly, research is needed to address the effects of the locus of TSIs by team members. For instance, functional specialists tend to make significant *internally* focused specific investments such as learning the unique applications of specific products/technologies (i.e., employer-specific investments). In contrast, account managers tend to make significant *externally* focused investments in their customer relationships (see Anderson 1985). It would be useful to compare and contrast the effects of the locus of specific investments in future research.

Additionally, research on the relationship between *concern* about opportunism and *actual* opportunism is warranted. For instance, it would be interesting to study the extent to which actual opportunism increases one's concern about opportunism and vice versa. Indeed, some suggest that, "Individuals, treated with suspicion and on the expectation that given the opportunity they will cheat, may be induced to behave in the postulated manner" (Moschandreas 1997, p. 47). Correspondingly, future research should explore the consequences of blocking based on actual opportunism and blocking based on concerns about opportunism.

Finally, traditional agency theory arguments tend to focus on controlling employees' opportunism (Eisenhardt 1989). However, an emerging stream of literature focuses on supervisor opportunism toward subordinates (Moschandreas 1997, Vázquez 2004). Indeed, some suggest that "the 'authority relation' itself may create novel forms of opportunism" (Moschandreas 1997, p. 53). Thus, future research should consider agents' upward opportunism fears (by their managers) in addition to the lateral opportunism fears focused on in the present study.

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Appendix. Scale Items

Each section in the survey prompted the respondent to answer the questions based *only on the particular customer* identified at the beginning of the survey.

Transaction-specific investments[a]

1. Learning how to get things done for this customer has been a time consuming process
2. Learning this customer's unique policies has taken considerable effort on my part
3. I have had to talk to many different people to understand this customer's specific needs
4. I have made many visits to build relationships with this customer's employees
5. The knowledge I've acquired while working with this customer is hard to use with other customers[b]

Concern about internal opportunism[a]

I am concerned about my specialists…

1. …exaggerating their needs to get what they desire
2. …taking undue credit for business I develop with this customer
3. …altering the facts to get what they want
4. …pushing inappropriate products on this customer
5. …trying to make me a scapegoat for problems with this customer
6. …hiding important information from me

Appendix. (Continued)

Internal blocking[a]

The account manager for this customer…

1. …encourages specialists to call on this customer regardless of whether he or she is with them or not (R)
2. …proactively provides information about this customer's decision-making procedures to his or her specialists (R)
3. …provides his or her specialists with information on this customer on a "need to know" basis
4. …suggests to his or her specialists that they check with him or her before they call on this customer[b]

Performance with customer (five-point Likert scale anchored by *very poorly* and *very well*)

Relative to your competitors how has your firm performed at this customer in…

1. …achieving customer satisfaction
2. …providing value
3. …attaining revenue growth
4. …securing customer share
5. …successfully introducing new products

Account manager–Customer continuity[a]

1. My relationship with this *customer* will last far into the future.
2. I expect to continue working with this *customer* on a long-term basis

Specialist–Customer continuity[a]

1. My *specialists'* relationships with this *customer* will last far into the future.
2. My *specialists* expect to continue working with this *customer* on a long-term basis

Control variables

Management monitoring[a]

1. Management is actively involved with this customer
2. Management closely monitors our progress with this customer
3. My specialists and I jointly meet with management to discuss developments at this customer

Specialist benevolence[a]

1. My specialists look out for what is important to me
2. My specialists are concerned about my welfare
3. My needs and desires are important to my specialists
4. My specialists will go out of their way to help me

Note. (R), reverse scored.

[a]Five-point Likert scale anchored by *strongly disagree* and *strongly agree*.

[b]Item dropped during scale refinement process.

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