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Pengaruh Ambiguitas Kinerja Kualitas Kontraktor terhadap Peluang Aktif dan Pasif; Upaya Mediasi melalui Perancangan dan Penerapan Kontrak

The Effect Of Ambiguity Of Quality Performance Contractors On Active And Passive Opportunities; Mediation Efforts With Contract Design And Application

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Abstract

In a project, opportunistic behavior has a negative impact on both relations and project success. This opportunistic behavior is often influenced by quality performance ambiguity, where the more ambiguous the quality of the work, the higher opportunistic behavior will occur. One of the ways to mitigate this opportunistic behavior is through detailed contract design and contract implementation. However, it is known that opportunistic behavior can be categorized into two types which are active and passive opportunistic behavior with each having different impacts on the project. A questionnaire-survey of 81 project manager was undertaken in Java and Bali Island. The results showed that quality performance ambiguity has significant impact to increase active and passive opportunistic behavior, for detailed contract design it is not significantly influential to reduce the nature of active opportunism, but has a significant effect on the nature of passive opportunism, and in the ineffective contract application shows no significant increase in active opportunism but has a significant effect on increasing the passive opportunism of contractors. The mediation result showed that detailed contract design can't yet be used as a reference to reduce passive opportunism if there is quality performance ambiguity. There will still be opportunistic traits for contractors if there is quality performance ambiguity even though the contracts have been designed in detail.

***Keywords**: Active and Passive Opportunistic Behavior, Quality Performance Ambiguity, Detailed Contract Design, Contract Application.*

Abstrak

Dalam sebuah proyek, perilaku oportunistik memberikan dampak negatif baik terhadap hubungan kerja maupun keberhasilan proyek. Perilaku oportunistik ini sering kali dipengaruhi oleh ambiguitas kinerja kualitas; semakin ambigu kualitas pekerjaan, semakin tinggi pula kecenderungan munculnya perilaku oportunistik. Salah satu cara untuk memitigasi perilaku ini adalah melalui perancangan kontrak yang terperinci serta penerapan kontrak yang efektif. Perlu diketahui bahwa perilaku oportunistik dapat dikategorikan menjadi dua jenis, yaitu perilaku oportunistik aktif dan pasif, yang masing-masing memberikan dampak berbeda terhadap proyek. Survei kuesioner yang melibatkan 81 manajer proyek telah dilakukan di Pulau Jawa dan Bali. Hasil penelitian menunjukkan bahwa ambiguitas kinerja kualitas berpengaruh signifikan dalam meningkatkan perilaku oportunistik aktif maupun pasif. Perancangan kontrak yang terperinci tidak memberikan pengaruh yang signifikan dalam mengurangi perilaku oportunistik aktif, namun berpengaruh signifikan terhadap perilaku oportunistik pasif. Selain itu, penerapan kontrak yang tidak efektif tidak menunjukkan peningkatan signifikan pada perilaku oportunistik aktif, tetapi berpengaruh signifikan terhadap peningkatan perilaku oportunistik pasif dari pihak kontraktor. Hasil analisis mediasi menunjukkan bahwa perancangan kontrak yang terperinci belum dapat dijadikan acuan untuk mengurangi perilaku oportunistik pasif jika terdapat ambiguitas kinerja kualitas. Artinya, kontraktor akan tetap menunjukkan kecenderungan oportunistik apabila terdapat ambiguitas kinerja kualitas, meskipun kontrak telah dirancang secara terperinci.

Kata kunci: Perilaku Oportunistik Aktif dan Pasif, Ambiguitas Kinerja Kualitas, Perancangan Kontrak Terperinci, Penerapan Kontrak.

1. Introdcution

In a project, opportunism causes an increase in transaction costs and inhibits the development of collaborative relationships (Hawkins et al, 2008; Lumineau and

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Quelin, 2012; Wan and Yang, 2013). Opportunistic behavior occurs because of differences in preferences and inequality of information between clients and contractors (Eisenhardt, 1985). According to the transaction cost economy, some government mechanisms, such as contracts, can prevent opportunism (for example, Caniels and Gelderman, 2010; Liu et al., 2009; Lui and Ngo, 2004; Willaimson, 1981) and significantly improve operational performance (for example, Lee and Cavusgil, 2006; Poppo and Zenger, 2002). In addition, contracts must be designed and implemented appropriately in order to harmonize the interests of clients and contractors, control contractor behavior, and reduce the risk of opportunism (Eisenhardt, 1985; Williamson, 1985). But empirical results about the relationship of opportunism and contracts are still controversial. Some studies have found that contracts can affect opportunism (for example, W. Lu et al., 2016; Poppo and Zenger, 2002) while others do not find significant relationships (Caniels and Gelderman, 2010; Lu et al, 2015; Wuyts and Geyskens , 2005). This gives rise to quality performance ambiguity.

Quality work ambiguity is often associated with opportunism in project implementation (Gray and Handley, 2015) where projects that show high capacity and responsibility are greater in generating opportunistic behavior in contractors. When viewed in terms of implementation, opportunism can be categorized into two types, namely active and passive opportunism.

Active opportunism occurs for someone who is engaged in behavior that is specific to his own benefit by using the right information in relationships or engaging in changes that apply to his own benefit in new situations, while passive opportunism occurs for the company, for its own sake, the defeat previously beneficial, either explicitly or implicitly, or refusing to adapt to new circumstances (Wathne and Heide, 2000).

Both types of opportunism are able to give a different influence on a project (Wathne and Heide, 2000). Therefore, this study was conducted to determine the effect of performance quality ambiguity, detailed contract design, and ineffective contract applications on both types of opportunism.

2. Literature Review and Hypothesis Development

Quality performance ambiguity increases active opportunism

High-quality performance ambiguity shows a low level of monitoring, and the transfer of root causes. Low testability or lack of root causes of assignment made great difficulties in connecting quality performance with contractor awards and connecting quality defects to the contractor side (Ning, 2017a).

Active opportunism occurs when a company engages in certain behaviors for its own benefit which violates certain explicit or implicit restrictions in relationships or is involved in forced renegotiation for its own benefit in response to new circumstances (Wathne and Heide, 2000). This direct action directs Wathne and Heide (2000) to conceptualize active opportunism as opportunism with commissions, which includes behaviors such as lying (Lee 1998), violating formal or informal agreements (Achrol and Gundlach 1999), changing facts (John 1984), making mistakes Allegations (Jap and Anderson 2003), exaggerating difficulties (Anderson 1988), and using unexpected events to take concessions from partners (Rokkan, Heide, and Wathne 2003). Therefore, if it is associated with ambiguity in quality performance, a hypothesis can be put forward.

H1: Ambiguity of quality performance increases active opportunism.

Quality performance ambiguity increases passive opportunities

As with active opportunism, passive opportunism also affects performance. Passive opportunism occurs when a company, for its own sake, avoids previously agreed obligations, either explicitly or implicitly, or refuses to adapt to new circumstances (Wathne and Heide, 2000). Avoidance of this action prompted Wathne and Heide (2000) to conceptualize passive opportunism as opportunism by negligence, characterized by behaviors such as not doing as promised (Jap and Anderson 2003; John 1984), hiding information (Dahlstrom and Nygaard 1999), telling the truth that incomplete (Anderson 1988), neglecting to fulfill obligations (Lee 1998), and failing to provide appropriate notice (Jap and Anderson 2003). The effect of quality ambiguity on passive opportunism is:

H2: Quality performance ambiguity increases passive opportunities.

Active opportunism decreases with the formulation of detailed contracts

One way to limit this opportunism is to design detailed contracts. Detailed contract design refers to the extent to which contractual requirements are determined in detail based on assumptions or predictions / ex ante (Mooi and Ghosh, 2010; Wuyts and Geyskens, 2005). Detailed contract formulation consists of two parts, namely the specificity of terms and contingency adaptation (Luo, 2002). The first concerns how specific and detailed the provisions are. The latter refers to the extent to which contingencies are recorded and mechanisms for dealing with contingencies (uncertainty). A high level of detailed contract formulation means that the contractual requirements are more detailed and explicit. Previously it was explained that one of the characteristics of active opportunism is an effort to advance oneself by giving commissions. Therefore, a hypothesis concerning the relationship of detailed drafting with an opportunistically active contract is

H3: Active opportunism decreases with detailed contract formulation

Passive opportunism decreases with detailed contract formulation

The relationship of the design of detailed contracts with passive opportunism is also similar, where as previously explained that passive opportunism is an attempt to advance oneself by means of openness, therefore, a hypothesis concerning the relationship of designing a passive, opportunistic contract is detailed.

H4: Passive opportunism decreases with detailed contract formulation

Active opportunism increases with the existence of ineffective contract applications

Another dimension is whether to know whether a contract can be legally enforced. Ineffective contract applications refer to perceived contract usage limits to safeguard interests and coordinate activities (Shou et al., 2016). Ineffective contract applications are investigated because they are first determined by the empirical context in which individual clients in person-to-organization transactions face major challenges in implementing contracts effectively.

When associated with active opportunism it can be argued that active opportunistic causes the proposed reduction in the payment function so that it must reduce overall satisfaction with performance; However, the transaction cost

economist theorists argue that this event depends on other mechanisms that determine the increase in costs or manage. Therefore, a hypothesis regarding the relationship between contract applications with active opportunism is as follows:
H5: Active opportunism increases with the existence of ineffective contract applications

Passive opportunism increases with the ineffective contract application

Besides being opportunistically active, passive opportunism can accumulate and damage satisfaction performance worse than active opportunism. As we noted earlier, opportunism (active vs. passive) initially provoked a tougher reaction, which required greater costs of negotiation, monitoring and maladaptation. Therefore, a hypothesis regarding the relationship of contract applications and passive opportunistic is:
H6: Passive opportunism increases with the ineffective contract aplication.

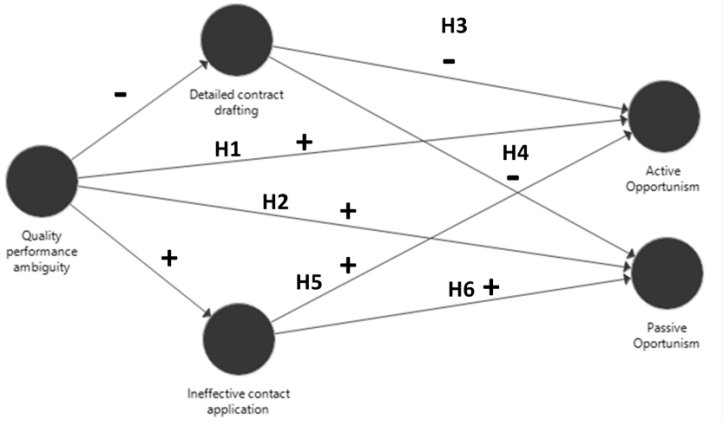


Figure 1. Conceptual Framework

3. Method

Research Setting

The generalization area consisting of subjects and objects that have certain qualities and characteristics carried out by researchers to be studied and then drawn is a population (Sugiyono, 2013). In this study, the target population was project managers in furniture procurement contractors, building contractors, and road construction contractors.

Sampling

Part of the number of characteristics possessed by the population is a sample (Sugiyono, 2013). According to Hussein (2015) because it uses an approach with PLS based on variance, the number of samples used does not need to be large.

The samples used range from 30 to 100. Therefore, the minimum sample size for this study is 30 respondents who were distributed to the project manager in the contractor project area of Java and Bali. A total of 257 survey questionnaire were sent out between March to April 2018 with the help of local association. Of these, 81 responses were received, giving a response rate of 31,5%.

Measurements

All measurement items were measured by a Likert scale with 5 points (1 = strongly disagree; 5 = strongly agree). Check to determine reliable and consistent approaches that need to document case study procedures and to document as much as possible. This study uses a tool to ensure reliability, namely a case study protocol for performance quality ambiguity, detailed contract design, ineffective contract applications, active opportunistic traits, and passive opportunistic properties.

Indicators to measure the ambiguity of performance quality were adapted from Gray and Handley (2015), there are 4 indicators, namely 1) It is difficult to observe all quality problems through inspection and monitoring (QPA1), 2) Difficult to determine whether quality problems are caused by contractors (QPA2), 3) It is difficult to assess whether the contractor complies with contract procedures and construction methods (QPA3), and 4) It is difficult to assess whether the information provided by the contractor is reliable (QPA4).

For detailed contract designs adapted from Luo (2002) measured by: 1) The contract precisely defines the role of each party (DCD1), 2) The contract precisely defines how each party performs (DCD2), 3) The contract precisely describes the procedure for the transaction (DCD3), 4) The contract precisely describes the scope of work (DCD4), 5) The contract precisely describes the specifications and standards in decoration (DCD5), 6) The contract precisely defines what will happen in case of unexpected or unplanned events (DCD6), 7) The contract precisely defines how disputes will be resolved (DCD7), and 8) The contract precisely defines changes and adjustment clauses (DCD8).

Adapted from Shou et al (2016), ineffective contract applications are measured by: 1) Without a strict system and law enforcement, it is useless to rely on contracts (ICA1), 2) Contracts choose small impact if no problems arise (ICA2), and 3) During the contract application we do not rely on contracts to manage business (ICA3).

For active opportunistic properties adapted from Seggie et al (2013) measured by: 1) Contractors sometimes give false accusations in contracts (AO1), 2) Contractors sometimes change facts in contracts (AO2), and 3) Contractors sometimes like to violate formal agreements or informal (AO3).

Adapted from Seggie et al (2013), passive opportunistic properties are measured by: 1) Contractors usually do not carry out their obligations as promised in the contract (PO1), 2) Contractors provide incomplete information in contracts (PO2), and 3) Contractors sometimes do not provide appropriate notice (PO3).

4. Result and Discussion

Descriptive Result

The respondents' demographics discussed in this section cover the types of corporate legal entities, gender, age, and level of education. The demographic summary of the respondents obtained in this study can be seen in Table 1.

Table 1. ***Summary of Respondents Demographics***

Characteristics		**N = 81**	**Percentage**
Type of corporate	CV (*Comanditaire Venotschap*)	6	7,4%
	Limited Liability Company	75	92,6%
Gender	Male	69	85,1%
	Female	12	14,9%
Age	Under 20	0	0%

	20-29	36	44,4%
	30-39	27	33,3%
	40-49	12	14,9%
	> 50	6	7,4%
Education	Associate's degree	5	6,1%
	Bachelor's degree	51	62,9%
	Master's degree	23	28,5%
	Doctoral or Professional degree	2	2,5%
	Etc	0	0%

Model Evaluation

The partial least squares-structural equation modelling (PLS-SEM) was undertaken (Ringle et al., 2005). PLS-SEM was selected because of its ability to cope with a non-normal data set and sample size (Hair et al., 2011). The reason for using PLS is the measurement of perceptions that it will be difficult to obtain data that is normally distributed, so that in the regression method the researcher will find it difficult to obtain a BLUE (Best Linear Unbiased Estimated) regression equation. PLS uses a bootstrapping method, therefore the assumption of normality is not a problem for PLS. PLS is based on variance so the number of samples used does not need to be large, the samples used range from 30-100 (Hussein, 2015). According to Widarjono (2015), SEM analysis on PLS consists of two stages, namely measurement analysis (outer model) and structural analysis (inner model).

Measurement model evaluation

Evaluation of Outer model consists of Reliability Indicator, Discriminant validity, Internal consistency, and Convergent validity. According to Bagozzi and Yi (1988) a latent variable can be said to have a good reliability if the composite reliability value is greater than 0.7 and Cronbach's alpha value is greater than 0.7. There are several Outer loadings smaller than 0.7, namely QPA1, DCD3, DCD4, ICA2, and ICA3 so that they are declared invalid.

Based on the value of cross loadings (each factor is higher than its squared correlation with other factors) there is an invalid ICA3. Based on Average Variance Extracted (AVE) in the variable Application Contract that is not Effective is invalid because the value is smaller than 0.5.

Based on these four criteria, the outer model is invalid so it is necessary to eliminate indicator variables based on the value of outer loading and cross loading. Then the variables QPA1, DCD3, DCD4, ICA2, and ICA3 need to be removed.

After evaluating the measurement model for construction project manager respondents, the indicators used are not entirely valid and reliable. So that the structural model is appropriate for this study. Table 2 shows that all loadings. The AVE of each factor is higher than its squared correlation with other factors (shown Table 3), and each measurement item has the highest loading on the corresponding factor (shown Table 4).

Table 2. Measurement model evaluation

Code	Measurement	Loading	Factors
AO1	Contractors sometimes give false accusations in contracts	0,832	Active Opportunism (AC) AVE = 0,771 CR = 0,910
AO2	Contractors sometimes change facts in contracts	0,933	
AO3	Contractors sometimes like to violate formal agreements or informal	0,867	
DCD1	The contract precisely defines the role of each party	0,708	Detailed contract drafting (DCD) AVE = 0,618 CR = 0,906
DCD2	The contract precisely defines how each party performs	0,828	
DCD5	The contract precisely describes the specifications and standards in decoration	0,752	
DCD6	The contract precisely defines what will happen in case of unexpected or unplanned events	0,786	
DCD7	The contract precisely defines how disputes will be resolved	0,832	
DCD8	The contract precisely defines changes and adjustment clauses	0,802	
ICA1	Without a strict system and law enforcement, it is useless if I rely on contracts	1.000	Ineffective contract application (ICA) AVE= 1,000 CR= 1,000
PO1	Contractors usually do not carry out their obligations as promised in the contract	0,876	Passive Opportunism (PO) AVE= 0,777 CR= 0,913
PO2	Contractors provide incomplete information in contracts	0,889	
PO3	Contractors sometimes do not provide appropriate notice	0,879	
QPA2	Difficult to determine whether quality problems are caused by contractors	0,738	Quality performance ambiguity (QPA) AVE= 0,639 CR= 0,840
QPA3	It is difficult to assess whether the contractor complies with contract procedures and construction methods	0,884	
QPA4	It is difficult to assess whether the information provided by the contractor is reliable	0,767	

Table 3. Output Cross Loadings

	M1	M2	X	Y1	Y2
AO1	-0,174	0,000	0,311	**0,832**	0,507
AO2	-0,213	0,093	0,367	**0,933**	0,514

AO3	-0,258	0,116	0,308	**0,867**	0,494
DCD1	**0,708**	0,024	-0,294	-0,064	-0,213
DCD2	**0,828**	0,028	-0,243	-0,216	-0,381
DCD5	**0,752**	0,029	-0,309	-0,278	-0,391
DCD6	**0,786**	0,026	-0,274	-0,143	-0,290
DCD7	**0,832**	0,010	-0,294	-0,216	-0,363
DCD8	**0,802**	0,003	-0,297	-0,186	-0,294
ICA1	0,025	**1,000**	0,090	0,083	0,200
PO1	-0,410	0,219	0,473	0,536	**0,876**
PO2	-0,391	0,104	0,346	0,433	**0,889**
PO3	-0,295	0,196	0,348	0,540	**0,879**
QPA2	-0,214	0,015	**0,738**	0,315	0,383
QPA3	-0,357	0,047	**0,884**	0,320	0,381
QPA4	-0,290	0,160	**0,767**	0,263	0,313

Table 4. Correlation matrix and square root of AVE of factors

	M1	**M2**	**X**	**Y1**	**Y2**
M1	0,786				
M2	0,025	1,000			
X	-0,362	0,090	0,799		
Y1	-0,246	0,083	0,375	0,878	
Y2	-0,420	0,200	0,450	0,574	0,881

Structural model evaluation and mediation analysis

Figure 2 show that detailed contract designs mediate quality performance ambiguity on the nature of passive opportunism on contractors. This shows that the effects of detailed contract design on passive mitigation of opportunism depend on whether the contract can explain well in the agreement. Significantly, the nature of passive opportunism will continue to exist even though using detailed contract details cannot yet be used as a reference to reduce passive opportunism if there is quality performance ambiguity. There will still be opportunistic traits for contractors if there is quality performance ambiguity even though by designing contracts in detail. This is in line with Ning (2018) that the contract must be carefully adjusted because it will provide evidence that something is wrong, but that does not mean the contractor will use the entire contract in the project.

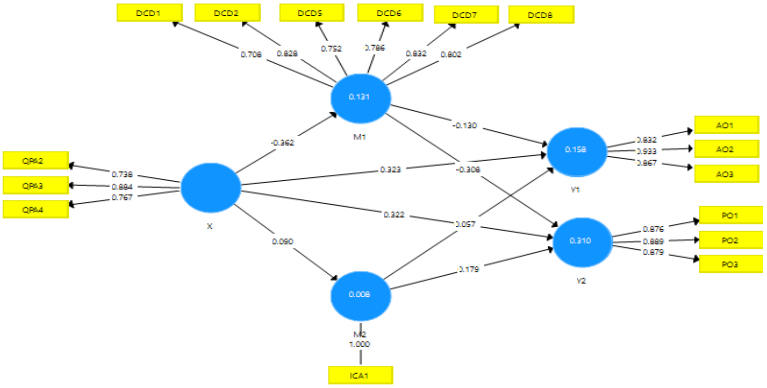


Figure 2. Hypothesis testing result

Discussion

Effect of Quality Performance Ambiguity on the Nature of Active and Passive Opportunism

In the results of the hypothesis test, it appears that the path coefficient in the variable ambiguity in the quality of performance towards the nature of active and passive opportunism is positive, which means that the ambiguity in the quality of performance increases due to active and passive opportunism. Variables of active opportunism are more variable than passive opportunistic variables because of the influence of performance quality ambiguity with path coefficient values on active opportunistic properties of 0.323 and active opportunistic properties of 0.322**.**

Quality performance ambiguity increases active opportunism

The results show that quality performance ambiguity will enhance the contractor's active opportunism. This supports previous findings that high performance ambiguity implies the possibility of involvement in opportunistic behavior (Zhou and Poppo, 2010). Quality performance ambiguity makes it difficult to assess contractor quality performance due to low monitoring capabilities, testability and root placement (Gray and Handley, 2015). Thus, the contractor will have a great motivation to act actively opportunism, namely giving false accusations in contracts, changing facts in contracts, and violating formal or informal agreements.

Quality performance ambiguity increases passive opportunities

The results show that quality performance ambiguity will enhance the contractor's passive opportunism. This supports the previous findings that high performance ambiguity shows the possibility of involvement in opportunistic behavior (Zhou and Poppo, 2010). Quality performance ambiguity makes it difficult to assess contractor quality performance (Stump and Heide, 1996). Thus, the contractor will have a great motivation to behave passively opportunism, namely not carrying out obligations according to the promises in the contract, providing incomplete information in accordance with the contract, and not giving proper notice.

Effect of Detailed Contract Design on the Nature of Active and Passive Opportunism

In the results of hypothesis testing, it is seen that the path coefficients in the detailed contract design variables on the nature of active and passive opportunism are negative, which means that the design of detailed contracts reduces active and passive opportunism. The variables of passive opportunism are reduced compared to the active opportunistic variable because of the influence of detailed contract design with the path coefficient values of active opportunistic properties of -0.130 and active opportunism -0.308. Detailed contract design variables have a significant effect on passive opportunistic properties, but have no significant effect on active opportunistic traits.

Active opportunism decreases with the formulation of detailed contracts

The results show that detailed contract design does not significantly influence the nature of the contractor's active opportunism. This supports previous findings that active opportunism occurs in certain behaviors for its own benefit which violates

certain explicit or implicit restrictions in relationships or is involved in forced renegotiation for its own benefit in response to new circumstances (Wathne and Heide, 2000). Therefore, the detailed contract design can be interpreted as to what extent the requirements of a contract are determined in detail (Mooi and Ghosh, 2010; Wuyts and Geyskens, 2005). Detailed contract design is insignificant able to reduce the active opportunism because active opportunism will give false accusations in contracts, change facts in contracts, and violate formal or informal agreements that can be violated from the design of existing contracts.

Passive opportunism decreases with detailed contract formulation

The results show that detailed contract design will significantly reduce the passive opportunism of contractors. This supports the previous findings that one way to limit opportunism is to design detailed contracts. Designing detailed contracts refers to the extent to which contract requirements are determined in detail based on assumptions or predictions (Mooi and Ghosh, 2010; Wuyts and Geyskens, 2005). Passive opportunism occurs when a company, for its own sake, avoids previously agreed obligations, either explicitly or implicitly, or refuses to adapt to new circumstances (Wathne and Heide, 2000). Detailed contract design consists of two parts, namely, the term specificity and contingency adaptation (Luo, 2002). Specificity explains how specific and detailed a requirement and contingency adaptation is the extent to which it can be accounted for to overcome uncertainty. Where the nature of opportunism will be reduced if the design contract is detailed (Ning, 2018). Thus, detailed contract design will reduce the passive opportunism of the contractor by carrying out the obligations as promised in the contract, providing complete information in accordance with the contract, and providing appropriate notice.

Table 5. Hypothesis Testing Results

Notation	Coefficient (β)	t values	P values	Conclusion
M1 -> Y1	-0,130	0,946	0,344	Negative, Accepted, Not significant
M1 -> Y2	-0,308	2,636	0,009	Negative, Accepted, Significant
M2 -> Y1	0,057	0,477	0,634	Positive, Denied, Not significant
M2 -> Y2	0,179	1,891	0,046	Positive, Accepted, Significant
X -> M1	-0,362	3,695	0,000	Negative, Accepted, Significant
X -> M2	0,090	0,849	0,396	Positive, Denied, Not Significant
X -> Y1	0,323	2,589	0,010	Positive, Accepted, Significant
X -> Y2	0,322	3,155	0,002	Positive, Accepted, Significant

Note:
X = Quality performance ambiguity

M1 = Detailed contract drafting
M2 = Ineffective contract application
Y1 = Active Opportunism
Y2 = Passive Opportunism
Data from Path Coefficients & Spesific Indirect Effects

Effect of Ineffective Contract Applications on the Nature of Active and Passive Opportunism

In the results of hypothesis testing, it is seen that the path coefficients in the contract application variables that are not effective against the nature of active and passive opportunism are positive, which means that ineffective contract applications increase the nature of passive and active opportunism. The variables of passive opportunism are more increased compared to the opportunist nature of the active variable because of the effect of ineffective contract applications with path coefficient values on active opportunist properties of 0.057 and active opportunist properties of 0.179.

Active opportunism increases with the existence of ineffective contract applications

The results show that ineffective contract applications do not significantly increase the contractor's active opportunism. This supports previous findings that ineffective contract applications refer to perceived contract usage limits to safeguard interests and coordinate activities (Shou et al., 2016). When associated with active opportunism it can be argued that active opportunistic causes the proposed reduction in the payment function so that it must reduce overall satisfaction with performance; However, transaction cost economic theorists argue that this event depends on other mechanisms that determine the increase in costs or manage (Ning, 2017). From the contractor's side, if the contractor feels that their client does not use legal weapons to maintain the transaction, the contractor will not take the written contract seriously (Ning, 2018). So that the effect of ineffective contract applications does not significantly affect the nature of active opportunism.

Passive opportunism increases with the ineffective contract application

The results show that ineffective contract applications will enhance the passive opportunism of contractors. This supports the previous findings that contractor opportunism depends on whether the contract can be effectively used in practice, if the contract cannot be effectively enforced, it will be difficult to reduce contractor opportunism (Ning, 2018). Thus, an ineffective contract application makes the contractor have a great motivation to behave passively opportunism, namely not carrying out obligations as promised in the contract, providing incomplete information in accordance with the contract, and not giving proper notice.

Mediating role of ineffective contract application and detailed contract drafting

Table 6 shows that detailed contract design mediates quality performance ambiguity on the nature of passive opportunism for contractors. This shows that the effects of detailed contract design on passive mitigation of opportunism depend on whether the contract can explain well in the agreement. Significantly, the nature of passive opportunism will continue to exist even though using detailed contract details

cannot yet be used as a reference to reduce passive opportunism if there is quality performance ambiguity. There will still be opportunistic traits for contractors if there is quality performance ambiguity even though by designing contracts in detail. This is in line with Ning (2018) that the contract must be carefully adjusted because it will provide evidence that something is wrong, but that does not mean the contractor will use the entire contract in the project.

Table 6. Specific Indirect Effects

Notation	Coefficient (β)	t values	P values	Conclusion
X -> M1 -> Y1	0,047	0,891	0,373	Positive, Denied, Not significant
X -> M2 -> Y1	0,005	0,300	0,764	Positive, Denied, Not significant
X -> M1 -> Y2	0,112	2,032	0,043	Positive, Accepted, Significant
X -> M2 -> Y2	0,016	0,747	0,455	Positive, Denied, Not significant

Implication for Theories and Practices

Implication for Theories

This study found that good performance ambiguity contributed to the opportunistic behavior of contractors in person-to-organization projects. Quality performance ambiguity makes it difficult to assess contract compliance and contractor performance quality. Thus, contractors have a strong motivation to shrink in their behavior. These findings contribute to the project management literature by empirically presenting that quality performance ambiguity raises opportunistic behavior of contractors in the project.

Distinguishing from previous studies that took contractual governance as unidimensional, this study outlines contractual governance into the formulation and application of detailed contracts. Detailed contracts are signed before the project starts, while contract applications occur during project development. The results show that ineffective contract implementation rather than detailed contract arrangement will reflect on the effects of quality performance ambiguity on contractor opportunism in projects.

Although this study takes the person-to-organization project as an empirical context, the research findings may inform the broader project management community. To reconcile the results of conflicts related to the contractual relations of opportunism, previous research has examined multi-dimensional features of contracts or opportunism in projects (for example, W. Lu et al., 2016). This research complements the flow of this research by presenting empirically what is important to make a difference between the design and implementation of governance strategies. Extensive contract design does not always produce effective governance mechanisms. Conversely, the impact of contractual governance on opportunism of contractors depends on the eccentricity of the contract.

This research can also enrich inter-organizational project governance research by demonstrating the importance of linking project characteristics to the design and application of governance and project performance. The relationship of project

performance-governance characteristics provides a holistic framework for understanding governance in inter-organizational projects. This framework can enrich existing research that examines good-consequence-government relations (eg, Lu et al., 2015; Suprapto et al., 2016; Zhang et al., 2016) or the choice of governance strategies (for example, Chen et al., 2013; Ning and Ling, 2015).

Implication for Practices

Research contributions to practitioners are encouraged to strengthen interactions between departments. This may eventually narrow the gap between design and contract applications. To reduce the active and passive opportunist nature of contractors in the project both consumers and contractors must pay more attention to the extent of the contract to deal with uncertain conflicts.

In general project management, contractors are encouraged to be careful about terminating designs and contract applications. Another practical implication is that contractors can detect as early as possible to overcome the dangers of performance ambiguity because the nature of active or passive opportunism, contract design is not detailed, or the application of the contract is not detailed.

5. Conclusion

The results show that quality performance ambiguity will increase the contractor's active opportunism (accept H1), quality performance ambiguity will increase the passive nature of contractor opportunism (accept H2), detailed contract design has no significant effect on contractor's active opportunism (reject H3), detailed contract design will significantly reduce the passive nature of contractor opportunism (accept H4), ineffective contract applications do not significantly increase the effect of contractor's active opportunism (reject H5), and ineffective contract applications will increase the passive nature of contractor opportunism (accept H6).

This supports previous findings that high performance ambiguity implies the possibility of involvement in opportunistic behavior (Zhou and Poppo, 2010). Quality performance ambiguity makes it difficult to assess contractor quality performance due to low monitoring capabilities, testability and root placement (Gray and Handley, 2015). Thus, the effect of quality performance ambiguity gives contractors a great motivation to behave in active and passive opportunism.

The influence of detailed contract design is not significant enough to reduce the active opportunist nature because to behave actively opportunism will give false accusations in contracts, change facts in contracts, and violate formal or informal agreements that can be violated from the existing contract design. Detailed contract design will reduce the passive opportunism of the contractor by carrying out the obligations as promised in the contract, providing complete information in accordance with the contract, and providing appropriate notice.

From the contractor's side, if the contractor feels that their client does not use legal weapons to maintain the transaction, the contractor will not take the written contract seriously (Ning, 2018). So that the effect of ineffective contract applications does not significantly affect the nature of active opportunism. Contractor's opportunism depends on whether the contract can be effectively used in practice, if the contract cannot be effectively enforced, it will be difficult to reduce contractor

opportunism (Ning, 2018). Therefore, ineffective contract applications make contractors have a great motivation to behave passively opportunism.

The mediation results indicate that the effect of detailed contract design on passive mitigation of opportunism depends on whether the contract can explain well in the agreement. Significantly, the nature of passive opportunism will continue to exist even though using detailed contract details cannot yet be used as a reference to reduce passive opportunism if there is quality performance ambiguity. There will still be opportunistic traits for contractors if there is quality performance ambiguity even though by designing contracts in detail.

For future research, the researcher suggests examining the coverage of multinational contractors, applicable laws globally, and examining other types of opportunistic traits. The limitations of the problem in the research compiled by the authors are that contractor coverage is not multinational, applicable law is based on law in Indonesia, and the type of opportunistic nature studied is only active and passive opportunistic

6. References

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