



Mapping the perspectives of coopetition and technology-based strategic networks: A case of smartphones



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ABSTRACT

The aim of this study is to introduce and rearrange various coopetition perspectives and consider their implications in the context of a technology-based case study example from the smartphone industry and especially with the state of strategic networks between smartphone producers and operating systems at one chosen moment (autumn 2012). The case study analysis is based on a strategic map of the (technical) coalitions of firms (cf. Näsi et al., 2001). The most important introduced coopetitive features are present in the studied case. This study emphasizes in the literature review the dichotomy between contextual and procedural coopetition. However, this dichotomy is not solid in practice according to the studied case: the same firm might simultaneously have both contextual and procedural features. The study reveals this overlapping and multidimensional character of coopetition generally and its technological dimension in practice, and the general need to continue to study these coopetitive features. The study shows that contemporary theoretical typologies and frameworks of coopetition require experiments in order to direct the coopetition discussions toward the practical phenomena of business.

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1. Introduction

Cooperation between competing organizations (coopetition) is a typical phenomenon in everyday business activities (see, e.g. Brandenburger & Nalebuff, 1996). However, the theoretical conceptualization of coopetition is still underdeveloped and it has not achieved the status of a paradigm in the same way as competition or cooperation (see, e.g. Padula & Dagnino, 2007; Bengtsson, Eriksson, & Wincent, 2010; Choi, Garcia, & Friedrich, 2010). Therefore, new theoretical discussions and initiatives to map the coopetition phenomenon are still necessary. In this study, we introduce different conceptual discussions of coopetition and rearrange them, using as a practical tool a challenging technology-based case study example: coopetitive strategic networks in the branch of smartphones in the ICT sector. The aim of the case study is to *experiment the permanence of these prevailing coopetition conceptualizations* in the context of the introduced case. Therefore, the main contribution of the study is based on the introduced relatively wide range of different coopetition features of the theoretical discussions which have been tested in one case study example. However, because of the remarkable incoherence of the coopetitive discourses, it is impossible to gather *all* coopetitive frameworks or features of management literature in the same article.

Strategic networks of the ICT sector have previously been studied also by Partanen and Möller (2012). According to them, the development of competitive offerings often requires a coalition of platform and service providers. This study focuses on the coalitions of platforms emphasizing also, however, the collaboration activities and relationships between competing smartphone firms. This kind of a linkage can be called 'vertical coopetition' (cf. Lacoste, 2012), which in this case emphasizes the technical relationship. Thus, the analysis is based on the technology-oriented (game-perspective) strategic map of the coalitions in the industry (cf. Näsi, Sajasalo, & Sierilä, 2001). Näsi et al. (2001, 2) defined that 'the game-playing perspective can provide serviceable concepts and a frame of reference for the analysis and understanding of strategic event'. Their analysis was based practically on the maps that showed the 'spheres' (coalitions) of firms in the industry. The study here concentrates in this case on the technological relationships and calls the exploited perspective, introduced by Näsi et al. (2001), a 'game-perspective strategic map'. One of the research targets of the case study is to experiment the usefulness of this game-perspective strategic map as a research approach to the coopetition concept and the different manifestations of coopetition in practice. In order to be concrete and clear, the analysis focuses on a particular moment in time, autumn 2012, in the international smartphone industry.

Coopetition and inter-firm networks have been considered e.g. in the context of the Finnish forest industry (Rusko, 2010, 2011), the wine industry (Choi et al., 2010; Felzensztein and Deans, 2013), the grocery industry (Kotzab & Teller, 2003; Martinelli & Sparks, 2003), the

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salmon farming industry (Felzensztein, Gimmon, & Carter, 2010; Felzensztein, Huemer, & Gimmon, 2009) and opera houses (Mariani, 2007).

In this study, we consider, as a case study example, coopetition between operating systems (OSs) and the producers of smartphones in the smartphone industry. Operating systems are the fundamental technology and component of smartphones and therefore these two are a vertically integrated part of the same supply chain of smartphones, which are the final products. As a research sub-question of the article, the case provides a platform to *launch and experiment coopetition perspectives in a technology-based environment and the ICT industry*, a less studied branch in the coopetition studies (cf. Pellegrin-Boucher, Le Roy, & Gurau, 2013).

In management literature, the coopetition phenomenon is placed as a part of strategy discussions and often introduced in such forms as 'coopetitive strategy' or 'coopetition strategy' (see, e.g. Dagnino & Padula, 2008; Mariani, 2007; Walley, 2007). In contemporary strategy discussions, the emphasis is mainly on the micro-activities of strategizing, that is, between the individual managers, specialists and workers of a firm, especially according to the perspective of strategy as practice (see, e.g. Chia & MacKay, 2007; Makkonen, Aarikka-Stenroos, & Olkkonen, 2012, 297). These kinds of micro-activities of coopetition have been studied in the context of intra-organizational coopetition (see, e.g. Luo, Slotegraaf, & Pan, 2006). Because the case of this paper considers the technological relationships of one industry on a general level, it is based on other, higher-level, activities, let us call them 'macro-activities of strategizing' (cf. Jarzabkowski & Spee, 2009). It is also possible to interpret the provided case perspective as meso-level coopetition because it contains, directly or indirectly, several features, which are typical, at least according to Dagnino & Padula (2008, 32), for meso-level coopetition: horizontal relations, vertical relations between purchasers and suppliers, intra-industry new knowledge creation and transfer, co-design and co-development R&D investments, quicker agreement on standards, reduced time-to-market and joint R&D.

Bengtsson et al. (2010) introduce two types of theoretical perspectives for coopetition: the process approach and the contextual approach. In this article, we call these approaches 'procedural coopetition' and 'contextual coopetition'. In addition to these two, we introduce and categorize the other perspectives of coopetition and their positions related to contextual and procedural coopetition. Because the discussions of coopetition perspectives are still progressing and developing, one interesting viewpoint is the dichotomy between contextual and procedural coopetition and its suitability for practical business cases, in this context for the strategic field of the smartphone industry (in autumn 2012). This theme, the study about *the embodiment of these two different coopetition features, contextual and procedural coopetition*, in the provided case study context is another sub-question of this article. One important contribution is based on the finding about the overlapping simultaneous characteristics of coopetition.

By using the coopetition concept, we find and recognize relevant features associated with the ICT industry and especially with the smartphone industry. Because of the fact that contemporary business activities are linked with ICT and its services, the features of the ICT industry are relatively representative, it has an inclusive complementary role in business. For example, according to Quah (2001, 87) the ICT industry is relatively similar to other industries in spite of its disrespect for geographical distance. Furthermore, according to Warkentin, Bapna and Sugumaran (2000, 6) and Huhtinen and Ojala (2001, 2) the use of information technology, and in particular web technology, has led to more efficient and effective intra as well as inter-organizational information flows for supply chain management. In addition, web-based technologies 'may be one of the levers for removing the constraints related to geography, time and space' (Huhtinen & Ojala, 2001, 2; see, also Warkentin et al., 2000). Thus, the ICT industry and its provided technologies seem to have an efficient and pioneering role among

industries. However, there are only some attempts to consider the coopetition strategies of the ICT industry (see, e.g. Chen, 2005). Therefore, the findings of the studied case might be important and it might be possible – with some restrictions typical for case studies – to apply them in some other, mainly technology-based industries.

The case study analysis is based on the long-term perspective of the mobile phone industry and especially the branch of smartphones and its connections with OSs. Finally the emphasis of the research is at one moment (autumn 2012). This paper also stresses the strategic-level (macro/meso-level) perspective in the branch of smartphones (Rusko, 2012; See, also Dagnino & Padula, 2008).

This paper has the following structure. After the introduction there is a theoretical background, which contains the literature reviews for the coopetition concept and its conceptualizations. Based on the literature reviews and its results, four statements are introduced at the end of this section. The third section introduces the research design of the study and shortly the general background and previous development in the branch of smartphones. The fourth section is based on the case study analysis of smartphones and the coopetition practices associated with OSs. Finally, there are conclusions of the study with managerial implications, suggestions for further research, and the limitations of the study.

2. Theoretical background – introduction in different conceptualizations of the coopetition framework

Coopetition is a nascent concept, though it has not achieved the undisputed status of a paradigm (Padula & Dagnino, 2007), at the most only the status of a complementary paradigm (Bengtsson et al., 2010).

The first documented use of the coopetition concept was in 1913 when The Sealship Oyster System coined 'co-opetition' to describe the idea of cooperative competition, or cooperating with competitors (Smith & Vogel, 2010, 278). Furthermore, in 1937 historian Rockwell D. Hunt used the concept of 'co-opetition' in the Los Angeles Times. In the 1980s Raymond Noorda reintroduced this concept to characterize Novell's business strategy (Rusko, 2011). During the 1990s there were a couple of textbooks focused on coopetition, one of them provided by Brandenburger and Nalebuff (1996).

In management literature, there are already several conceptualizations and typologies about the coopetition (or co-opetition) concept. This study, and especially this section, introduces and compares the features between most of them. Because coopetition has been a relatively popular concept only from the mid-1990s, any significant tendencies or eras are difficult to find in this comparatively short period. However, several occasional typologies and conceptualizations about coopetition can already be grouped. The grouping of these perspectives is one of the main aims of this section. Another aim is to find experimental perspectives for the restricted case study analysis.

One dichotomy is between intra-organizational coopetition and inter-organizational coopetition. Intra-organizational coopetition has been considered especially in the context of large firms where there are several internal actors and units, which are simultaneously cooperating and competing with each other (see, e.g. Luo et al., 2006). The perspective of intra-organizational coopetition reflects micro-activities that are typical, e.g. the strategy-as-practice perspective (see, e.g. Whittington, 2006; Mantere, 2008). In coopetition discussions, inter-organizational coopetition is, perhaps, a more popular perspective compared to intra-organizational coopetition. This study takes into account both of these alternatives. The technological platforms (operating systems) of smartphones constitute inter-firm coalitions in which there is also intra-organizational coopetition.

One important inter-organizational perspective of coopetition is based on networks. Brandenburger and Nalebuff (1996) introduced the concept of 'value net' in the context of coopetition. They describe coopetition as a game where firms are cooperating to create a bigger business pie, while competing to divide it up. The value net of a

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