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Learning in cooptation: Alliance orientation, network size, and firm types[☆]Ricarda B. Bouncken^{*}, Viktor Fredrich

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ABSTRACT

Cooptation can provide access to competitors' valuable knowledge. However, cooptation has high opportunism risks; therefore, firms aim to protect their own knowledge against leakage and prevent competitors' leveraging their knowledge. This study examines how the firm's alliance orientation and its network size influence the leveraging of knowledge (inlearning) gained from a cooptator. A survey of 366 firms in the medical device industry shows that firms achieve inlearning from a cooptator only through both a high alliance orientation and a greater number of alliance partners. The study reveals two firm types according to how firms achieve inlearning using cooptation.

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1. Introduction

Despite the high opportunism risks among cooptators, firms form cooptation alliances to access and leverage valuable knowledge – to achieve inlearning (Bouncken & Kraus, 2013). Cooptators' greater resource and market similarity ease understanding and motivate accessing and leveraging of knowledge in the relationship. To evaluate better the risks and potential of cooptation, managers want to understand what drives the leverage of knowledge from cooptators (Perry, Sengupta, & Krapfel, 2004). In 'normal' alliances, firms can increase learning through a greater network of alliance partners (Emden, Yaprak, & Cavusgil, 2005) and internal structures of an alliance orientation (Kandemir, Yaprak, & Cavusgil, 2006). This study investigates how the firms' alliance orientation and alliance portfolio affect the leveraging of cooptators' knowledge (inlearning), exploring different firm types.

Inlearning (Bouncken & Kraus, 2013) refers to the dominant concept of learning from external sources (Simonin, 1999) and focuses on how good firms are in leveraging the absorbed knowledge. Inlearning builds upon a firm's absorptive capacity (Cohen & Levinthal, 1990) and covers activities of replication and adaptation of firms that absorb, apply, and interpret external knowledge beyond its mere replication or compilation (Williams, 2007). An alliance orientation defines a firm's routines and proclivity towards alliances including cooptative ones (Kandemir et al., 2006). A higher number of alliance partners increases the opportunities that allow a greater absorption and understanding of how to use and leverage the external knowledge. This study assumes that the

number of partners and the alliance orientation have combinative effects on inlearning. The study further explores firm types assuming that firms differ in their levels of the alliance orientation and partner range.

A survey study of 366 firms tests the framework. Results show that firms can only increase inlearning through cooptation when those firms have a high number of alliance partners and an alliance orientation. Results reveal differences of mean levels and two different clusters of firms. This study moves beyond traditional regression-based models for a detailed understanding of effects (Woodside, 2013; Woodside, forthcoming).

2. Theoretic framework

2.1. Understanding cooptation

Cooptation describes collaborative and competitive relationships among firms in a value net (Brandenburger & Nalebuff, 1996). Firms aim on a "bigger pie" through cooptation, yet simultaneously or afterwards pursue increasing their share of the pie at the expense of the other firm. Although firms pursue own interests, some interests overlap (Dagnino & Padula, 2007). Cooptation has stronger tensions in comparison to 'normal' alliances (Bouncken, Gast, Kraus, & Bogers, 2015), primarily originating from opportunism risks, specifically hold-up and knowledge leakage that increase with higher competitive elements (Bouncken & Fredrich, 2012).

2.2. Inlearning from the cooptator

Cooptators' greater resource and market similarities provide valuable learning opportunities and complements to the simplified

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compatibility, feasibility, and understanding of knowledge and thus the transfer among coopetitors (Garrette & Dussauge, 1995; Lane & Lubatkin, 1998). Still, the greater similarity increases their vulnerability to opportunistic tactics (Im & Rai, 2008). A coopetitor's access to a partner's knowledge and the subsequent learning processes can improve that coopetitor's capabilities in the same market, in different markets, in future markets, and other opportunism, for example, postponing the delivery of technology components or transferring wrong, manipulated, or incomplete information to the coopetitor (Park, Srivastava, & Gnyawali, 2014).

This study uses the term inlearning, which defines “the encoding, storing, and converting of external knowledge to provide opportunities to transform implicit knowledge, technologies, branding policies, pricing strategies, and relationship building into explicit knowledge” (Bouncken & Kraus, 2013, p. 2063). Not all of the knowledge that coopetitors inlearn allows a firm's development of competing technologies, processes, and products because external knowledge becomes different meanings during the transfer, and individuals or organizations learn through own targets and lenses (Holmqvist, 2004). Through framing and re-framing (van Burg, Berends, & van Raaij, 2014) the external knowledge and integrating that knowledge into own systems of knowledge inlearning, firms will unlikely get an identical knowledge of their coopetitor. Further, coopetitors cannot use or leverage all absorbed knowledge for new products and technologies, particularly not for competing products: Knowledge leading to or incorporating new technologies and products have to complement the targets, functions, and markets of actual business models, fit into future business models, or relate to completely new business models.

2.3. Network size

Ties to partners have positive effects in competition as in other alliances (Dyer & Hatch, 2006; Hoang & Rothaermel, 2005; Powell, Kogut, & Smith-Doerr, 1996). First, a coopetitor with more partners has more alternatives and faces less opportunism in situations of lock in a relationship (Wassmer & Dussauge, 2011). A greater range of partners – network size – determines a firm's ability to leave a specific competition and/or to replace a partner with a new one. Second, a coopetitor with a greater number of partners has more possibilities sourcing and combining knowledge; third competition facilitates leveraging external knowledge internally and externally with other partners. Fourth, greater experiences with alliances increase the chance of pre-alliance overlap with the partner (Dyer & Hatch, 2006; Dyer & Singh, 1998; Meier, 2011). Thus, a greater number of partners – network size – improves the knowledge leveraging and increase the firm' shield against opportunism.

H1. A firm's number of alliance partners (positively) moderates the relationship between competition and inlearning.

2.4. Alliance orientation

Firms can benefit from routines that reduce uncertainty, failure, and costs in alliances (Kale, Dyer, & Singh, 2002). The alliance orientation describes and drives forward the proclivity towards alliances and the routines across firm levels (Kandemir et al., 2006). A greater alliance orientation allows firms to manage inter-firm relationships and absorb, integrate, and leverage new knowledge of actual coopetitors and future coopetitors, advancing their knowledge management in inter-firm relationships (Meier, 2011). Firms with a greater alliance orientation constantly search for partners, nurture existing ones, and try to develop routines for managing alliances. The alliance orientation has positive effects on performance because such orientation allows – similar to an innovation orientation (Bouncken, Koch, & Teichert, 2007) or an entrepreneurial orientation in alliances (Bouncken, Plüschke, Pesch, &

Kraus, 2014) – a firm's overall proclivity and information exchange up and down the organization on alliances. Firms with a high alliance orientation employ personnel who have rich experiences in alliance management. Thus, a firm with a greater alliance orientation deploys more experts, better routines, and specific instruments that allow reaping more benefits from coopetitors and at the same time guarding the own knowledge leakage.

H2. A firm's alliance orientation (positively) moderates the relationship between competition and inlearning.

The number of partners and the alliance orientation have combinative effects that increase possibilities and capabilities of knowledge leverage from the coopetitor. Joint effects on inlearning stem from better coordination, communication, and bonding of several partners and the choice or substitution of partners (Schreiner, Kale, & Corsten, 2009) and a greater development of knowledge management capacities for the competition (Cepeda & Vera, 2007).

H3. A firm's alliance orientation and a firm's number of partners have a joint effect that positively moderates the relationship between competition and inlearning – high levels of alliance orientation and the embeddedness within a large network of alliance partners foster inlearning.

Although this study proposes the effects in three hypotheses, effects, and means of factor distributions differ according to firm characteristics. This study researches these differences and clusters in the results and discussion part.

Figure 1 illustrates the proposed research model.

3. Method

3.1. Sample

Coopetition is important for firms in high-tech and knowledge-intensive industries (Gnyawali & Park, 2009). Therefore, the medical device industry is an interesting setting for competition (SIC codes 3840–45) in which firms co-develop a large range of innovative products becoming obsolete in less than two years (Chatterji, Fabrizio, Mitchell, & Schulman, 2008). Firms present at the 'Medica' trade fairs 2013 and 2014 in Düsseldorf, Germany, serve as the population for the sample. 'Medica' is the world's largest trade fair in the medical sector with over 5000 exhibitors per year coming from many countries. Mostly top-executives or medium management members in charge of innovation filled out a pencil-to-paper questionnaire. Skilled senior students

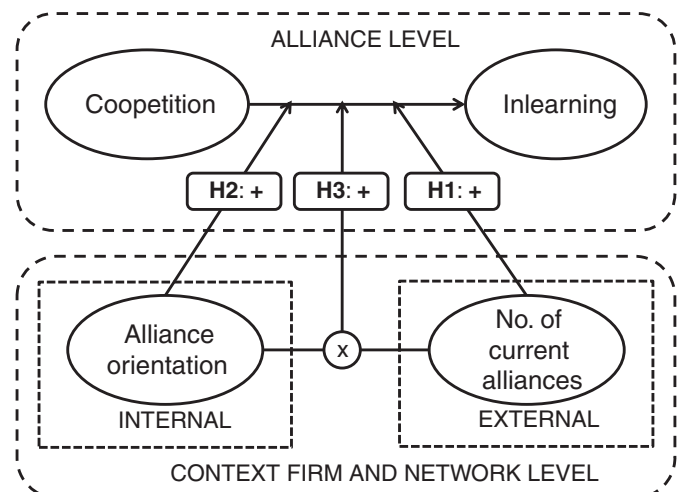


Fig. 1. Research model.

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