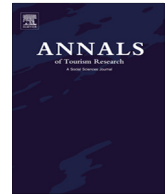




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Coopetitive behaviours in an informal tourism economy

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ABSTRACT

In the business literature, coopetition is defined as *simultaneous* cooperative and competitive activities among actors. In the informal economy, norms and trust take the place of formal contracts among actors and may allow these actors to move from engaging in competition to cooperation easily suggesting that patterns of coopetition in this context might be different to that in the formal economy. This research explores coopetition among informal tourism economy actors using the Institutional Analysis and Development Framework and the concept of shared resources. The results of qualitative case studies of pedicab drivers and street vendors in Yogyakarta indicate that simultaneous coopetition occurs when the actors share multiple resources while sequential coopetition occurs in the context of a single shared resource.

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Introduction

Since the 1970s, the term informal economy has been used to describe people, usually in less developed and developing countries, who are engaged in work that is not contracted employment or self-employment (Todaro & Smith, 2012). These workers are generally poor, unskilled and disadvantaged and work in the informal sector for a variety of reasons including an inability to access formal employment markets. Their work is often casual and the wages generally lower than those in similar positions in the formal sector (Hart, 2006). Yet, in spite of the conditions, for the poor or disadvantaged, such employment may be the only opportunity for survival (Meagher, 2005; Rakodi & Lloyd-Jones, 2002). Informal activities are often found in tourist spaces, and can include street vendors who cluster around tourist coaches and try to sell their goods, and beach boys who try to befriend tourists as guides (Bah & Goodwin, 2003). Street food vendors, market holders and local transport providers may also work within the informal economy in some countries. In some destinations, informal economic activities such as market vendors may become iconic attractions (Kermath & Thomas, 1992) and a key part of the destination's tourism product.

The tourism-related income from informal activities can benefit a community significantly (Cukier, 2002; Ketchen, Ireland, & Webb, 2014; Slocum, Backman, & Robinson, 2011). However informal economy workers face challenges including government regulations that constrain their access to resources, such as capital and retail space (Bhowmik, 2005; Donovan,

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2008; ILO, 2003; Lyons & Snoxell, 2005b), and the ease with which new competitors can set themselves up due to low barriers to entry (Bosch & Esteban-Pretel, 2012; Chen, 2006; Sethuraman, 1976). Informal economy participants may redress these challenges by occupying urban public spaces such as squares and streets near tourist attractions (Bhowmik, 2005; Yeo & Heng, 2014).

Previous studies of the informal economy illustrate that actors adopt different types of strategies in order to survive in contested urban areas. Street vendors in Ankara, Cali, Mexico City, and African cities have been found to compete for limited trading places in public spaces (Bromley, 1978; Brown, Lyons, & Dankoco, 2010; Peña, 1999; Varcin, 2000). Here “business is war” (Brandenburger & Nalebuff, 1996, p. 3), and actors try to defeat their competitors (Dagnino, 2009). An alternative view is that actors need to use cooperative strategies to survive. The characteristics of informal economies, such as limited capital availability and labour intensity, may also lead actors to cooperate. This cooperation may be through exchange of favours or money (Lyons & Snoxell, 2005a) or establishment of an association or union to provide collective bargaining (Fajana, 2008; Peña, 1999). Both competitive and cooperative strategies can provide advantages in dealing with an uncertain future.

Neoclassical economic scholars argue that such competitive and cooperative strategies are theoretically independent and opposite (Gomes-Casseres, 1996), while behavioural and game theory scholars argue that they may be interdependent (Chen, 2008; Walley, 2007). A combination of these strategies is termed as ‘coopetition’, which, in the context of the formal economy, is defined as a simultaneous relationship among actors that illustrates both cooperative and competitive behaviours (Bengtsson & Kock, 2000, 2014). For instance, coopetition may occur in a high-tech product’s value chain where companies compete in developing new technology but cooperate in the marketing of their products (Bonel & Rocco, 2007; Gnyawali & Park, 2011). Similarly networks of tourism business operators compete for customers but cooperate through marketing to attract visitors to the destination (Belleflamme & Neysen, 2009; Wang & Krakover, 2008).

Studies of coopetition in the formal economy context also illustrate the complexity of the concept due to the different process and outcomes of competition and conflict, or cooperation and harmony that challenge actors to find the right balance. In many contexts this is done through establishing institutional structures or arrangements (Bengtsson & Kock, 2000; Teece, 1992) or ‘rules of the game’ (Ostrom, 2005b, 2011). For instance, a formal contract is an institutional arrangement that reduces uncertainty in cooperation by using legal means to specify agreed outcomes and sanctions for non-performance (Eriksson, 2008). However, given that the informal economy actors may have a questionable legal status, arranging formal contracts among competing actors is difficult. Thus, informal institutions are based on norms and trust that represent the rules of the game among actors. Importantly, a lack of formal contracts may allow these actors to move from engaging in competition to cooperation or vice versa quickly. Therefore, patterns of coopetition in the context of informal economy might be different to that in the formal economy.

The aim of this paper is to explore patterns of coopetition among actors in the informal economy. The existence of competitive and cooperative behaviours in an informal tourism economy has not previously been examined and extends the concept of coopetition that has developed in the formal economy context. Moreover, such tourism-related employment in the informal economy is under-researched and perceived as hidden, marginalized, and silent (Briassoulis, 1999, 2001; Torfing, 2006). The paper explores the pattern of coopetition among informal economy actors using Ostrom’s Institutional Analysis and Development (IAD) Framework (Ostrom, 2005b, 2011). At the core of the IAD framework is the action situation that is defined as social space where/when two or more actors interact and exchange resources or compete/fight in gaining resources (Ostrom, 2005b, 2011). Hence, the IAD framework is applicable to examine coopetition behaviours among actors. Furthermore, the complexity of coopetition can be explored comprehensively, particularly by linking coopetition with the shared resources among actors, applied rules in use/institutions, and attributes of the actors.

A qualitative case study was employed to examine pedicab drivers and street vendors in the informal economy in Yogyakarta, Indonesia. Yogyakarta was chosen as the context for this research because this city is one of the main tourist destinations in Indonesia, and a significant informal tourism economy exists in this destination (Dahles & Bras, 1999; Hampton, 2003; Timothy & Wall, 1997; van Gemert, van Genugten, & Dahles, 1999). Data included semi-structured interviews, naturalistic observation, as well as document analysis.

Coopetition

The economic concept of coopetition originated in game theory, recognizing competition with others as a zero-sum game and cooperation as a positive-sum game that emphasizes mutual benefits (Brandenburger & Nalebuff, 1995; Padula & Dagnino, 2007; Palmer, 2000). Coopetition is a variable-positive-sum game that presents mutual gain, but does not necessarily bestow fair benefits on partners (Dagnino & Padula, 2002). Coopetition is a complex strategy as the partners have to cooperate without ignoring their own interest, and compete without eliminating their competitors (Brandenburger & Nalebuff, 1996).

Previous studies have identified patterns of coopetition based on the types of relationships that exist among actors. For example, horizontal relationships are commonly found in the manufacturing industry and involve simultaneous direct competitive and cooperative interactions among members of a product(s) value chain (Bengtsson & Kock, 2000). An example of cooperation is that of Sony and Samsung in developing television technology while concurrently competing for customers (Gnyawali & Park, 2011). Vertical relationships emphasize the value creation network of various actors including competitors, complementors, buyers or sellers (Brandenburger & Nalebuff, 1996; Walley, 2007) as is also the case for destination marketing (Belleflamme & Neysen, 2009; Kylänen & Rusko, 2010; von Friedrichs Grängsjö, 2003; Wang & Krakover,

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