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## Coopetition strategy as interrelated praxis and practices on multiple levels

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## ABSTRACT

Existing research often considers coopetition as something occurring between organizations on a meso level, that is, a relational or company level. This study explores coopetition strategy in the form of activities from a multilevel perspective. The focus is on coopetition praxis and practices and how these are interrelated on the micro, meso and macro levels. In order to improve our understanding of coopetition activities, we use the strategy-as-practice approach and integrate it with coopetition research. The empirical part of this study is based on a single qualitative case study of a cooperative relationship between a large multinational company and its supplier. The findings show how praxis on the micro level influences, and is influenced by, practices on the meso and macro levels. Coopetition strategy is shaped over time through the relationship between praxis and practices on different levels. Our study contributes to coopetition research by focusing on coopetition strategy as something that is implemented on multiple levels, including the individual (micro) and network (macro) levels alongside the meso level.

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## 1. Introduction

Scholars have called for more research into the dynamics of coopetition (Kylänen & Rusko, 2011). In 2007, Apple and Google worked together with the first iPhone, and ten months after its market launch, Google introduced Android, thereby introducing competition to the relationship. Another example is the relationship between Samsung Electronics and Sony Corporation (Gnyawali & Park, 2011). Despite fierce rivalry, the companies established a joint venture to develop LCD panels for flat screen televisions, because they were more or less forced to do so for economic and technological reasons. In addition to these cases, small- and medium-sized competitors may cooperate to reach a new market. Moreover, collaborators may become competitors when one company acquires customers and market share from the other (e.g., Tidström & Hagberg-Andersson, 2012). These examples illustrate the common features of cooperative business relationships that often develop from cooperation to competition and are more or less forced upon firms and related to their dependency on each other. To date, most of the research within the business network approach has focused on cooperative vertical business relationships including scarce competition (see e.g., Möller & Törören, 2003).

Cunningham (2008) encourages business network researchers to focus not only on cooperation, but also on competition. According to Ford and Håkansson (2013) there is scant research within the business network discipline related to competition. They note the lack of a coherent conceptual explanation of the interplay between cooperation and

competition in business networks. The simultaneous existence of cooperation and competition; coopetition is here defined as follows: "... a paradoxical relationship between two or more actors simultaneously involved in cooperative and competitive interactions, regardless of whether their relationship is horizontal or vertical" (Bengtsson & Kock, 2014, p. 182).

Research on coopetition has recently attracted more attention from business network scholars. There are studies focused on identifying different levels of cooperation and competition (Bengtsson, Eriksson, & Wincent, 2010; Bengtsson & Kock, 1999), on the value and performance related to coopetition (Ritala & Tidström, 2014), business models of coopetition (Ritala, Golnam, & Wegmann, 2014) and on the dynamics of cooperation and competition (Dahl, 2014; Tidström & Hagberg-Andersson, 2012). There are also studies related to how to manage tensions and conflicts in coopetition (Fernandez, Le Roy, & Gnyawali, 2014; Raza-Ullah, Bengtsson, & Kock, 2014; Tidström, 2014).

Most of the existing studies view coopetition as a deliberate strategy, but some recognize that coopetition is both deliberate and emergent (Dahl, Kock, & Lundgren, 2016; Mariani, 2007), which means that a deliberate coopetition strategy on the firm level may be influenced by emergent coopetition on other levels. Moreover research on coopetition often focuses on an organizational or relational level, by studying coopetition either within or between companies. There is generally scarce research on coopetition at an individual level. Bengtsson and Kock (2014) call for a multilevel perspective on coopetition—one including individual, organizational, and network levels of analysis.

A useful approach to identifying coopetition at the individual level is the strategy-as-practice perspective (e.g., Jarzabkowski, 2005), according

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to which strategy is something that is implemented in practice, rather than something that a company has. Strategy-as-practice can be described as "...a concern with what people do in relation to strategy and how this is influenced by and influences their organizational and institutional context" (Johnson, Langley, Melin, & Whittington, 2007, p. 7). According to this approach, strategic activity occurs on different levels and strategic practice on a micro level is influenced by and influences strategic practice on macro level. Strategy is related to practitioners, praxis and practices and all these are related on different levels (Seidl & Whittington, 2014; Whittington, 2006). The practitioners are the strategists doing strategic activities, and praxis and practices are related to what strategists do. According to Dahl et al. (2016), the practice approach facilitates an understanding of coopetition by including strategic actors and their activities on multiple levels. Moreover, activities on different levels may influence each other and shape coopetition over time.

The aim of this study is to improve our understanding of coopetition strategy in the form of dynamic interrelated activities on multiple levels. The objective is to identify such coopetition strategy activities and analyze how they are interrelated from a dynamic perspective. The empirical part of the paper is based on a single qualitative case study of a cooperative relationship between a large multinational company and its supplier. The focus is on the cooperative activities (praxis and practice) occurring in and between the focal firms, and how these are interrelated over time on the individual, company, relational, and network levels.

The first section of the paper presents the background to the study and its aims, and the following section presents the theoretical reference framework. The second section consists of a description of the existing coopetition literature related to "doing" coopetition strategy in practice on multiple levels, an introduction to the strategy-as-practice approach alongside the interaction of practices on different levels, and of the connection between coopetition strategy and the practice perspective. The methodology is presented in the third section. The fourth section outlines the findings of the study, and is followed by a discussion in section five. The conclusions of the article, including theoretical and managerial implications and suggestions for future studies, are described in the final section.

## 2. Coopetition strategy as practice

### 2.1. Coopetition from a dynamic and multilevel perspective

Most coopetition research focuses on horizontal relationships, that is, cooperation between competitors (e.g. Dahl et al., 2016; Gnyawali & Park, 2011). There is a call for more research on vertical coopetition, and specifically on the simultaneous cooperation and competition between a buyer and a seller (e.g. Lacoste, 2012; Soppe, Lechner, & Dowling, 2014). Previous studies of vertical coopetition have focused on coopetition strategy (Kim, Kim, Pae, & Yip, 2013), balancing cooperation and competition in buyer-supplier relationships (Eriksson, 2008), key accounts combining cooperation and competition in supplier relationships (Lacoste, 2012), coopetition in entrepreneurial firms (Soppe et al., 2014), and coopetition effects on sales growth in small, young firms (Lechner, Soppe, & Dowling, 2016). However, business relationships are not static but dynamic, and therefore a cooperative relationship between a buyer and a seller could develop into coopetition over time. This transition can for example occur through opportunistic activities (Tidström & Hagberg-Andersson, 2012). Although Ford and Håkansson (2006) stress the importance of studying business relationships over time, other research points out that studies of time in vertical coopetition research are scarce (e.g. Lacoste, 2012; Lechner et al., 2016; Soppe et al., 2014). An exception is the study by Eriksson (2008) focusing on how actions taken at different stages of a buying process affect the balance of coopetition in a customer-supplier relationship.

Addressing the dynamics of coopetition in a conceptual paper, Dahl (2014) showed that they relate to the interplay between cooperative and competitive parts of relationships. Tidström and Hagberg-Andersson (2012) argued that in order to understand cooperative business relationships we need to consider how they change over time. Events occurring in business relationships may be related to each other in the past, present, and future and together they can influence the development of the relationship (Hedaa & Törnroos, 2008; Medlin, 2004). According to Tidström and Hagberg-Andersson (2012) there is a need for more empirical research into how business relationships evolve over time.

Bengtsson et al. (2010) argued that the process of coopetition over time is related to levels of cooperation and competition. The same work (p. 200) defines coopetition as "... a process based upon simultaneous and mutual cooperative and competitive interactions between two or more actors at any level of analysis (whether individual, organizational, or other entities)." From a multilevel perspective, coopetition strategy can be related to individual, organizational, inter-organizational and network levels (e.g., Tidström, 2008). These levels are similar to the micro, meso, and macro levels of coopetition (Dagnino & Padula, 2002).

The macro level is here related to the network level, which comprises the market, industry and actors external to the focal business relationship. Clarke-Hill, Li, and Davies (2003) argue that a change in a business relationship can be seen as the result of the interaction between cooperation and competition, and that this change can be intensified by external events. The nature of cooperation and competition in a business relationship may consequently change because of changes in the external environment (e.g., Mattsson & Tidström, 2015). For example, a study by Padula and Dagnino (2007) showed that the more changing and unstable the environmental conditions, the greater the intrusion of competition will be in a cooperative business relationship.

Most coopetition research focuses on the meso level, meaning the relational and organizational level (e.g., Dagnino & Padula, 2002). On a relational level, coopetition is related to simultaneous cooperation and competition between organizations. Coopetition on an organizational level is again related to simultaneous cooperation and competition between units of the same organization. A majority of the coopetition studies on the meso level focus on a relational or an inter-company level (e.g., Bengtsson & Kock, 1999). With the exception of the work of Tsai (2002), there is little research on coopetition within organizations. From a meso-perspective, coopetition is often seen as a deliberate strategy occurring between or within companies. This view contrasts with that asserting coopetition can be emergent (e.g., Mariani, 2007), a status that can, for example, be related to the activities of individuals involved in coopetition (e.g., Kylänen & Rusko, 2011).

Coopetition from the perspective of individuals can be different from the perspective of coopetition strategy on a company level (e.g., Bengtsson et al., 2010). There are studies focusing on various perspectives on individual-level coopetition. Some studies (e.g. Baruch & Lin, 2012; Lin, Wang, Tsai, & Hsu, 2010) have focused on performance related to coopetition from the perspective of cooperation and competition between members of a team. Many studies focus on the managerial perspective on coopetition; for example, Chen, Xie, and Chang (2011) examined the cooperative and competitive orientation of Chinese managers. Geraudel and Salvétat (2014) studied network centrality and the personality of managers, and the effects on the propensity to cooperate and compete, and stressed the importance of recognizing the individual and inter-individual perspective in understanding coopetition. However, Dahl et al. (2016) argue that not only managers should be seen as individual level actors, but also middle-managers and other individuals. Dahl et al. (2016) examined the activities of individual actors by applying a strategy-as-practice perspective. Also Kylänen and Rusko (2011) applied the strategy-as-practice perspective in a study of unintentional coopetition in the tourism industry. The findings of this study showed that the

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