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The role of trust-building mechanisms in entering into network coopetition: The case of tourism networks in Poland

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ABSTRACT

While dyadic coopetition drivers have been explored in a number of studies, network coopetition has not received similar attention. Available studies tackle network coopetition from the central actor's perspective, leaving other members beyond the scope of attention. In this study, we aim to develop the understanding of network coopetition adherence by exploring the role of trust-building mechanisms. Interviews with 66 key stakeholders in a mountain tourism destination have been analysed through the lens of the five trust-building mechanisms. Our findings indicate that transference by third-party legitimization and reputation in the network play a vital role in the decision to enter into network coopetition. Inversely, calculative, capability-based and intention-based trust are shown to be difficult to develop and are rarely used. This paper discusses the theoretical and managerial implications of these findings on network coopetition formation.

1. Introduction

All firms, to some degree, place their trust in others. Perhaps the most challenging application of trust is allocated to competitors. On the one hand, collaborating with a firm's competitors permits the attainment of performance levels superior to what would otherwise have been possible, and this earlier than through individual action (Peng, Pike, Yang, & Roos, 2012). A growing body of empirical evidence indicates that business models based on coopetition result in many positive effects, such as increasing the size of current markets, creating new markets, increasing the efficiency of resource utilization, and improving a firm's competitive position (Ritala, Golnam, & Wegmann, 2014).

On the other hand, collaborating with a firm's competitors was viewed as a risky endeavour long before the term coopetition became common in the literature. Researchers have used various metaphors to capture the concerns associated with coopetition: "learning races" underpinned by the attempt to achieve an advantage at one's partner's expense (Hamel, 1991); "swimming with sharks" (Katila, Rosenberger, & Eisenhardt, 2008); "sleeping with the enemy" (Gnyawali & Park, 2009) referring to potential misappropriation of both collectively developed and a firm's proprietary resources.

Coopetition represents the simultaneous use of collaboration and competition (Bengtsson & Kock, 2000) in order to achieve better collective and individual results (Czakon, 2009), or gain a competitive advantage (Park, Srivastava, & Gnyawali, 2014). Competitive behaviour is referred to when individual businesses seek to maximize their profits, while cooperative behaviour is based on a different logic, that of collective action aimed at achieving common goals (Wang, 2008). These behaviours are largely seen as conflicting in the literature and thus justify the paradoxical nature of the coopetition concept (Tidström, 2014). Managers acknowledge mutual dependency and the need for reciprocity in the pursuit of shared interests (Fyall, Garrod, & Wang, 2012). As a result, their strategies increasingly accommodate both collaborative and competitive behaviours, encapsulated in the concept of coopetition (Luo, 2007).

If the ability to trust one's competitors can open the door to coopetition, which in turn can lead to positive organizational outcomes (Brandenburger & Nalebuff, 1996), then it is important to investigate how and why trust appears, and subsequently results in the decision to collaborate with rivals. Despite the importance attributed to trust in coopetition throughout all developmental phases (Wang, 2008) we have found no studies exploring in detail how is it developed at the formation stage. In particular, the examination of trust as a relationship antecedent has generally been limited to the partner selection issue (Nielsen, 2011), leaving decisions to join networks largely under-researched. Moreover, while trust intensity has been used to explore the likelihood of coopetition as a variable (Bouncken & Fredrich, 2012), the examination of underlying mechanisms that show how network coopetition comes about has been notably absent. Hence, we focus here on trust-building mechanisms i.e. repeatable patterns of actions and responses activated in particular contexts or not, depending on conditions (Huang & Wilkinson, 2013).

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Our study aims to understand the role of trust-building mechanisms in the decision to enter into network coopetition. Scholars recognize the need to move beyond a single dyad, representing the collaborative relationship between two rival firms, to engage with the network level of analysis in coopetition studies (Wilhelm, 2011). Network coopetition refers to multiple actors' interactions, involving many actors in the same value chain position (Ritala et al., 2014), or the entire value network (Brandenburger & Nalebuff, 1996), aimed at generating superior collective value despite competing interests participants may have (Dagnino & Padula, 2002). Although some drivers for dyadic coopetition occurrence have been discussed in the literature (Bengtsson & Kock, 2000; Gnyawali & Park 2009), we lack insight into why firms would enter into network coopetition, with some notable exceptions regarding R&D consortia (Heikkinen & Tähtinen, 2006), and the tourism industry (Mariani & Kylänen, 2014).

Consistently with the network approach to strategy (Håkansson & Snehota, 2006), scholars indicate that multiple and overlapping relational linkages in the larger network in which the firm is embedded, influence coopetitive tensions (Pathak, Wu, & Johnston, 2014). By involving many actors coopetition becomes more complex, and clearly different from a dyadic setting (Dagnino & Padula, 2002). For instance, in multiparty settings harmful non-cooperative behaviour is diffused over a considerable number of partners, is more likely to be kept anonymous, and the influence potential of one partner on others is diluted (Zeng & Chen, 2003). Moreover, in network coopetition the influence of a single firm on the selection of other partners is limited. Much more often, actors are invited to join a network, seek to join a network, or work on establishing a network. Hence, joining a network is not the equivalent of partner selection for dyads. Also, information is not evenly distributed in networks. Well connected firms enjoy network resources, which provide better access to information and reputation benefits (Ahuja, 2000). If trust has been found to depend on the availability of relevant information (Nielsen, 2011), then trust-building in networks is a different matter than in dyads.

We have conducted a serial case study to unveil how different trust-building mechanisms influenced decisions to enter into network coopetition. Following a qualitative approach, we have provided empirical insights into respondents engaged in a series of network coopetition endeavours in a southern Poland tourism region. We have scrutinized coopetition in tourism where collaboration between competitors has not been thoroughly researched (Mariani & Kylänen, 2014). We have also contributed to the literature by presenting the role of different trust-building mechanisms in deciding whether to join coopetition networks or not. Interestingly, our research shows that those trust-building mechanisms that are typically used in dyadic coopetition formation, i.e. calculation of benefits, partner capabilities and intention assessment, are not useful at the network level. Instead, third-party legitimization and reputation are key for joining coopetition networks.

2. Theoretical background

2.1. Coopetition drivers

Coopetition drivers are mechanisms that help to explain inter-firm relationships and network value creation and appropriation (Ritala et al., 2014). The value of mechanism-based approaches is to explain by specifying regular patterns of actions and responses, activated in particular contexts (Huang & Wilkinson, 2013). Prior research indicates favourable contexts and motivations which lead to coopetition (Table 1).

A general observation is that certain environmental characteristics are more favourable than others for the occurrence of coopetition. Scholars suggest that high uncertainty (Padula & Dagnino, 2007), and firms' interdependence (Kylänen & Rusko, 2011) foster coopetition. Empirical studies also point out that shorter product life-cycles, convergence of multiple technologies, and increasing R&D expenditures make coopetition more likely (Gnyawali & Park, 2011).

Furthermore, researchers have identified pressures which induce firms to engage in collaboration with competitors. Competitive pressures may bring coopetition as a reaction to the establishment of coopetitive networks by rivals, as shown in the airline industry (Gimeno, 2004), or in the case of supermarket networks in Taiwan (Peng et al., 2012). Coopetition is seen here as a game changer, which forces actors to enter coopetitive networks in order to counterbalance the increased strength of rival networks. In a similar vein, institutional pressures exerted by public bodies have been found to push firms into coopetition in order to better exploit available resources, for example in Italian opera houses (Mariani, 2007), or develop the attractiveness of tourism destinations (Kylänen & Mariani, 2014). Finally, the impact of customers on coopetition formation has been identified in the satellite (Fernandez et al., 2014), and in the software (Pellegrin-Boucher et al., 2013) industries. Buyers explicitly demand competitors to collaborate in order to get the best possible product, through a combination of respective coopetitors' technologies.

Interestingly, few studies have explored the endogenous drivers of coopetition. Access to unique resources has been empirically found to strongly motivate firms to cooperate with rivals (Bengtsson & Kock, 2000). Using the intuitive resource-based rationale, recent studies specify four firm-level drivers of coopetition: (1) increasing market size; (2) developing new markets; (3) increasing the efficiency of resource utilization; and (4) improvement of competitive position (Ritala et al., 2014). In this approach, drivers reflect an organizational level and

Table 1
Coopetition drivers.

Source	Type	Driver	Authors
Exogenous	Environment	High uncertainty	Padula and Dagnino (2007)
		Short life cycle	Gnyawali and Park (2009)
		Technology convergence	
		R&D spending	
	Pressure	Institutional	Mariani (2007)
		Competitive	Gimeno (2004)
		Customer	Peng et al. (2012)
			Pellegrin-Boucher, Le Roy, and Gurău (2013), Fernandez, Le Roy, and Gnyawali (2014)
Endogenous	Firm-level	Resource access	Bengtsson and Kock (2000)
		Increasing market	Ritala et al. (2014)
		New market creation	
		Improving efficiency	
		Improving competitive position	
	Micro-level	Perceptions	Wang (2008)
		Personality	Chin, Chan, and Lam (2008)
		Thinking	Gnyawali and Park (2011)
		Mindset	Bouncken and Fredrich (2012)
		Trust	