

# Coopetition for Organizations

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## INTRODUCTION

Coopetition (or co-opetition) is a relatively new concept which emphasizes simultaneous competition and cooperation between firms (See. e.g. Brandenburger & Nalebuff, 1996). In addition to firms, coopetition is also possible between other types of organizations, such as public organizations or between different units of organization. The latter one is called “intra-organizational coopetition.” Thus, coopetition is a multifilament perspective which is suitable tool for considering micro, meso and macro level interactions within and between organizations or networks. Coopetition provides possibilities but also tension between firms in their joint R & D projects (Ritala, 2010). Furthermore, coopetition is not necessarily intentional: there are emergent, unintentional and tacit forms of coopetition due to co-location and spillover effects (Mariani, 2007; Okura, 2007; Kylänen & Rusko, 2011). Coopetition is a feature which we should take into the account in strategic management and in the everyday business activities.

Although the fact, that the culmination period of coopetition concept in management studies is still in progress and continuously developing since middle of 1990's, the first steps of coopetition concept are relatively old. Smith and Vogel (2010) have noticed that the first documented use of the coopetition concept was in 1913 when the Sealshipt Oyster System coined “co-opetition” to describe the idea of cooperative competition, or cooperating with competitors. In addition, according to Smith and Vogel (2010), in 1937 the historian Rockwell D. Hunt used the concept of “co-opetition” in the magazine of Los Angeles Times. After that, the use of coopetition concept was minor for decades. Then in the 1980s, Raymond Noorda reintroduced this concept to characterise Novell's business strategy. Since 1996, the concept had become familiar to a wider readership through a study presented by

Brandenburger and Nalebuff (1996) and several other books focused on coopetition. Since the mid-1990s, many articles have appeared dealing with coopetition and its several nuances such as dyadic coopetition (Bengtsson and Kock, 2000; 2003) and multifaceted coopetition (e.g. Luo, 2004b; see, also Rusko, 2011b)

The scientific status of coopetition is still developing. According to Padula and Dagnino (2007), the theoretical conceptualization of coopetition is relatively underdeveloped and it has not been achieved the status of paradigm in the same way as competition or cooperation (see also Bengtsson et al., 2010; Choi et al., 2010). According to Bengtsson and her colleagues (2010, 196):

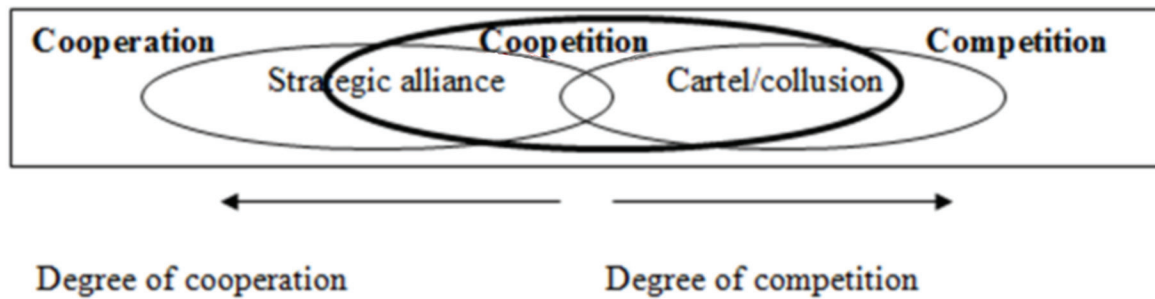
*...co-opetition could be perceived as a new model for problem solving, where knowledge about co-opetition can have fruitful outcomes for existing paradigms on competition. However, we argue that co-opetition is a complementary paradigm.*

Because of collaborative element of coopetition, it has several nearly resembling concepts, such as strategic alliances, collusions (or cartels), supply chain management and co-location. Rusko (2011a) has defined the status of coopetition related with strategic alliance and collusion using following figure (Figure 1).

The elements of strategic alliance are mainly cooperative and for cartels and collusions they are mainly competitive. Coopetition has both competitive and collaborative features and it covers partly (competitive) strategic alliances and cartels/collusions.

Typically, strategic alliances are based on win-win situation. Walley (2007) emphasizes that coopetition (should be) based on win-win-win situation, where also several or some of the stakeholders, such as consumers, gains from the coopetition. The aims of the collusion are based on the artifact monopoly power of the cooperating firms, which will raise their profits, but also the

Figure 1. Typical relationships between the strategic alliance, coopetition, and collusion (Rusko, 2011a)



prices are rising, which means losses for customers. Therefore, collusion provides win-win-lose-situation (Rusko, 2011b), which is not following the basic idea of the Walley (2007) about coopetition.

The connection of coopetition with supply chain (or value chain) and supply chain management (SCM) is rather popular among the scholars of management (Bengtsson & Kock, 2000; Walley, 2007; Rusko, 2011a,b). Even one of the basic definitions for coopetition is based on the structure of supply chain. Namely, according to Bengtsson and Kock (2000) “a co-opetitive dyadic relationship is established, for example, when two competitors cooperate with each other in a strategic alliance for product development and at the same time compete with each other in the marketing of the products” (See also Kylänen & Rusko, 2011, 195).

Product development is upstream (or midstream) part of supply chain and marketing is downstream part of supply chain. Generally, cooperation is typical for upstream part of supply chain and competition is typical for downstream part of supply chain. One reason for this is in the competition legislation (antitrust laws), which forbids cooperation between competitors in several elements of marketing, among others in pricing, in order to avoid cartels in the market. (See, e.g. Rusko, 2011b).

One important perspective for coopetition is the place. The possibility for coopetition is rising because of the everyday actions of individuals, which are acting in the same place or geographical area. For example, Bengtsson and Kock (2000) emphasize the fact, that the collaboration between companies is based on the relationships of individuals across the competing companies and their business units. The physical closeness of individuals and geographical proximity will encourage for collaboration between competing firms e.g.

in tourism destination, where are several competing firms in the same area. (See, e.g. Kylänen & Rusko, 2011). Coopetition is often based on co-location and positive external effects, which easily realizes in the form of collaboration between competing enterprises (Felzensztein, et al., 2009).

## THE DIFFERENT FORMS OF COOPETITION

Coopetition theme has various forms in the literature of business and technology. This sub-article introduces these forms starting from the micro-level perspectives, such as intra-organization coopetition and arriving via coopetition between organizations to the coopetition between networks. Perhaps the most important division for the coopetition theme is between inter-organizational coopetition and intra-organizational coopetition. Inter-organizational coopetition is mainly focused on coopetition between competing firms or organizations. According to Tidström (2008), most of the previous research about coopetition theme has been on the inter-firm level and especially related to cooperation between companies.

### Intra-Organizational Coopetition

The individuals and their networks are actual power and actors for micro-level, meso-level and macro-level types of coopetition (See, e.g. Bengtsson & Kock, 2000). Also according to Tsai (2002), intra-organizational coopetition is based on social network perspective of organizational coordination. These social networks might be formed because of serendipity or because of systematic meetings for social networking (or social

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