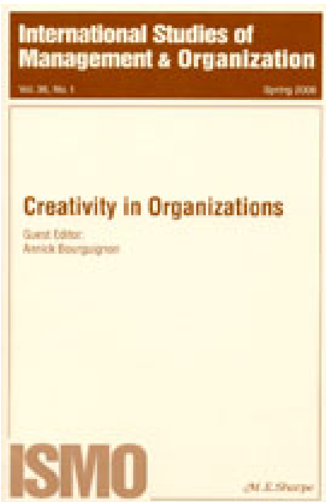

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Coopetition: An Introduction to the Subject and an Agenda for Research

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Coopetition

An Introduction to the Subject and an Agenda for Research

Abstract: *The traditional view of inter-firm dynamics suggests that relationships are either competitive or cooperative in nature. However, it is apparent that in practice, firms can compete and cooperate with each other at the same time. The term used to refer to a relationship between two firms that simultaneously involves both competition and cooperation is "coopetition." Although there is evidence to suggest that organizations have been involved in coopetitive relationships for some considerable time, it is only relatively recently that the subject has found increased favor in the academic literature. It would appear, however, that the literature concerning coopetition is still limited in scope, and in order to address the issue, this paper presents an agenda for researchers interested in the subject of coopetition. The agenda is generated by reconciling a review of the literature on coopetition with a similar review of the literature relating to competition and cooperation. The agenda also incorporates two innovative ideas based on anecdotal evidence and personal observations.*

According to Bengtsson and Kock (2003), coopetition is "a situation where competitors simultaneously cooperate and compete with each other." It is

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a hybrid activity based on what has traditionally been seen as the opposing and mutually exclusive activities of cooperation and competition. Many see coopetition as a new business model (Kotzab and Teller 2003).

Nalebuff and Brandenburger's (1996) seminal work used game theory to develop the concept of coopetition. Now, in the early part of the twenty-first century, examples of coopetition are becoming much more common. In the computer industry, Dell Computers developed a coopetitive relationship with IBM (Albert 1999), IBM with Microsoft (Kessler 1998), and SAP with Oracle (Cringely 2002). In the United Kingdom, the retailer Tesco has developed a coopetitive relationship with Royal Bank of Scotland (Martinelli and Sparks 2003), while, according to Bagshaw and Bagshaw (2001), Transformation Training Ltd. (a management consulting company) developed a three-way coopetitive relationship with Cranfield University Business School and Proactive Development (an outdoors activity center).

Companies that have traditionally been competitors are increasingly cooperating to achieve competitive advantage (Rademakers and McKnight 1998). The specific benefits accruing to cooperation include added value, secure contacts, improved productivity and quality, access to raw materials, and reduced risk (Meyer 1998). Ultimately, such alliances are intended to improve profits for the organizations involved, but it is important to note that they should also lead to better products and services for the consumer.

In practice, however, "scientific investigation on the issue of coopetition has not gone much father (sic) beyond naming, claiming or evoking it" and, as a consequence, it "is clearly an under researched theme" (Dagnino and Padula 2002). Considering the paucity of research on the subject, the aim of this paper is to determine a research agenda for academics and others working in the field of coopetition. A secondary objective, however, is to challenge conventional wisdom concerning certain aspects of theory relating to coopetition and to stimulate academic debate.

The manner by which this paper is intended to stimulate academic debate is by extending the conceptual domain of coopetition. Thus far, the majority of the literature deals with coopetition between firms. However, implicit in the stance of this paper is the view that in underpinning commercial activity, coopetition extends far beyond the interaction between firms. Specifically considered is coopetition between various strategic units within a single firm, employees of a firm, and even between a firm and its customers. In the long term, this extended conceptualization of coopetition may prove to be as significant a contribution to academic theory as the research agenda itself.

A number of areas that might benefit from research are suggested in this paper. These areas were identified through a systematic and thorough review of the literature relating to competition and cooperation as well as via the author's experiences of researching the former. To begin, however, it is necessary to ascertain what work has been undertaken in the field of coopetition, so a review of the literature on coopetition is presented.

Background

The classical approach to economics took the view that competition was the driving force for commercial activity. In microeconomics, industrial organization models were developed that focused on industrial structure–conduct–performance and showed that the more companies there were in an industry, the greater the levels of competition (Barney 1986). Competition was considered desirable because it drove down prices for the consumer and at the same time increased the level of innovation. Cooperation was taken to mean collusion and was to be discouraged because it served as a means of reducing overall competition, maintaining prices, and moderating the innovation process. In this model, an industrial structure known as perfect competition was considered good, and the single supplier or monopoly was to be discouraged.

Although there are other economic models based on the work of Chamberlin and Schumpeter (Barney 1986), the industrial organization model has proven very popular and was "the dominant political ideology of the 1990's in Western Europe" (Palmer 2000). This is possibly because it is simple and intuitively appealing, or because it underpins the teaching of economics in many Western schools. Whatever the reason, this populist view has proven very enduring and forms the basis for much competitive policy and legislation (Barney 1986). Current legislation tends to support a competitive environment and encourage competitive activity while limiting monopolistic power by constraining cooperative activity.

Competition and cooperation

While the term "coopetition" is still relatively new, the fact that firms can cooperate as well as compete is widely recognized, and a large number of papers have been produced on this subject. Work has been done on the relationship between cooperation and competition in fields such as strategic management (Barbee and Rubel 1997; Dyer and Singh 1998), relationship marketing (Hunt 1997; Palmer 2000), networks (Dyer and Singh 1998; Gnyawali and Madhavan 2001; Gulati 1998; Hakansson and Ford 2002), and supply chains (Rademakers and McKnight 1998; Wheatley 1998), as well as the professions (Cringely 2002; Greengard 1999).

In addition, the competitive/cooperative nature of inter-firm relationships is inherently acknowledged within various business legislations. For although most people refer to "competitive" legislation, the legal framework in which firms operate is well developed and appears to apply just as much, if not more so, to cooperative rather than competitive behavior.

Even though many papers deal with cooperation among competitors, it is not always overtly acknowledged (Greengard 1999; Hamel and Prahalad 1989). A useful classification of alliances that supports the theory relating to coopetition, albeit implicitly, is provided by Mitchell, Dussauge, and Garrette (2002). They suggest that where firms contribute similar resources to achieve scale advantages, the relationship is referred to as a "scale alliance." This type of alliance tends to be based on strong coordination mechanisms and to focus on combining research and development (R&D) and production resources. Where firms contribute complimentary resources to achieve a differential advantage, the relationship is known as a "link alliance." This type of alliance tends to be based on strong protection mechanisms and has a focus on marketing resources.

It would appear that changes in the business environment have led from a position where many firms simply competed against each other, to a situation where they had to cooperate, and now to a point where they have to both cooperate and compete to survive. Hunt (1997) claims that companies that adopt relationship-marketing strategies have to "cooperate to compete," and that often, to be an effective competitor requires a company to be an effective cooperator as well. Jorde and Teece (1989; 1990) provide further support for this concept by suggesting that this phenomenon has important implications for corporate strategy and public policy.

In modern times, however, observers have noted that firms may often cooperate and compete simultaneously. The fact that competition and cooperation is simultaneous is regarded by some (Song 2003) as a new option in the strategic portfolio of a firm and an important aspect of developing effective supply chains in the early twenty-first century (Wheatley 1998). It is the phenomenon of simultaneous cooperation and competition among firms that has been referred to as coopetition.

Coopetition

The origin of the term "coopetition" is unclear. Albert (1999) claims to have coined the phrase in 1991, but Dowling et al. (1996), Bagshaw and Bagshaw (2001), and Dagnino and Padula (2002) suggest that Ray Noorda, founder and CEO of Novell, used the term for the first time in the 1980s.

Not all coopetitive relationships are the same, as they each have their own idiosyncrasies. However, Bengtsson and Kock (2000) base a typology of coopetitive relationships on the competitive/cooperative balance to be found in coopetitive relationships. They suggest that where there is more cooperation than competition, then the relationship is "cooperative dominant"; where cooperation and competition is about the same, the relationship is an "equal relationship"; and where there is more competition than cooperation, the relationship is "competitive dominant."

Another typology of coopetitive relationships, also developed by Bengtsson and Kock (2003) is based on the structure of the relationship. Two firms that cooperate and compete with each other on equal terms are said to be involved in "reciprocal coopetition." However, where other actors in a network (e.g., a parent company) determine cooperation and competition between two firms, the firms are involved in "multipolar coopetition."

Dowling et al. (1996) postulated a third typology of coopetitive relationships. Where an inter-firm relationship is said to belong in the category "buyer–seller in direct competition," the firms are in direct competition in some aspect of their operations. At the same time, one (or both) firm may also supply the other with a product (or service), which in practice frequently takes the form of components. If an inter-firm relationship is categorized as being "buyer–seller in indirect competition," one (or both) firm may supply the other with a product (or service) but the firms are also involved in competition that does not relate directly to their products and services. Such competition might take the form of lawsuits. The final category of inter-firm relationship is "partners in competition." Inter-firm relationships would be included in this category if the firms were involved in a joint venture, a research consortium, or a licensing agreement.

The concept of coopetition was originally developed within work carried out in game theory (Nalebuff and Brandenburger 1996). The traditional approach to conducting business that was based on an assumption of inter-firm competition led to innumerable lost business opportunities. In game theory parlance, these were "win–lose" scenarios. However, by the mid-1990s it became apparent that the traditional scenario was becoming obsolete and that cooperation between competing firms could produce a "win–win" scenario (Kotzab and Teller 2003; "Market-Rigging by Another Name" 1996; Nowak, Sigmund, and Leibowitz 2000; Palmer 2000). Indeed, Hausken (2000) suggests that by introducing competition between groups in game theory, you may actually induce cooperation within the groups (i.e., coopetition).

To some, however, coopetition is just another form of collusion. Anon. (1996), for instance, calls coopetition "market-rigging," which is an interventionist response to protect the interests of firms during periods of difficult trading conditions. However, Hunt (1997) points out that not every instance of cooperation constitutes anticompetitive collusion.

Where cooperation and competition occur, it can be to the advantage not just of the firms but also the consumer. For instance, firms can pool research and development activities to obtain the rewards of new product development by bringing customers products that they could not bring individually or could not bring at the same price. As a result, it would seem reasonable to assume that the interests of both the companies and the customers that they supply are best served by a coopetitive balance of both competition and cooperation.

Cooperative and coopetitive relationships have the potential for collusion, but the existence of actual collusion must be determined by reference to the impact on the consumer. Where firms cooperate, even as part of a coopetitive relationship, and the consumer is penalized, then collusion is occurring. However, where firms cooperate not just to their mutual benefit but also to the benefit of the consumer, the relationship is not collusive. In this instance, "coopetitive" collaboration has produced a "win–win–win" situation.

The various coopetitive relationships that a firm may develop can usefully be considered in respect of the "value net" (see Figure 1). According to Nalebuff and Brandenburger (1996; 1997), all of a firm's coopetitive relationships can be modeled to ascertain where a firm derives the value that together represents its competitive advantage. Thus, a firm's "suppliers" provide goods or services that are used as inputs to provide output goods or services to the "customer." When the customer obtains goods and services from another supplier, benefiting the first firm, the other supplier is regarded as a "complementor." However, when the goods and services provided by another supplier make the first firm's goods and services less valuable, then the supplier is seen as a "competitor."

In undertaking competition and cooperation simultaneously, the nature of the relationship (or alliance) is very complex and requires firms to adopt conflicting roles. This leads to tension within the firms and employee role conflict that must be managed accordingly (Bengtsson and Kock 2003; Dowling et al. 1996). The tension arises in many areas, but one particularly important area is interorganizational knowledge sharing and learning, for which the tension can actually affect the dynamics of the learning alliance (De Wever, Martens, and Vandenbempt 2004; Dowling et al. 1996; Inkpen 2000; Khanna, Gulati, and Nohria 1998; Levy, Loebbecke, and Powell 2003).

In managing the competitive/cooperative tension, Albert (1999) advocates strategic alliances that blend distinct advantages to capitalize on the new, and not financially insignificant, business opportunities arising from growth in Internet commerce. This would seem to produce what Hunt (1997) calls "relational resources." In practice, while the integration of firm resources and capabilities to create competitive advantage is well documented in the strategic management literature, it is quite possible for the relationship to operate

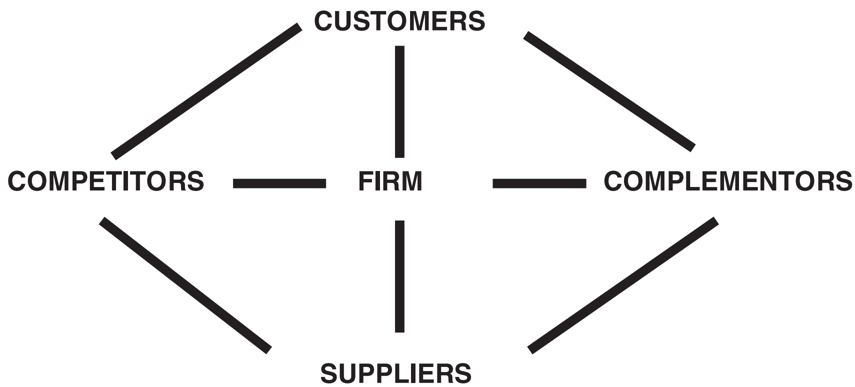

Figure 1. The Value Net

in reverse. For instance, Afuah (2000) cites an instance when advances in technology rendered the resources and capabilities of a coopetitive partner obsolete, producing a competitive disadvantage for the firm involved.

Nalebuff and Brandenburger (1997), Bagshaw and Bagshaw (2001), Wilkinson and Young (2002), and Laine (2002) go further than just advocating developing firm relationships to create competitive advantage via complementary resources. They note that, in many cases, a coopetitive relationship between two firms is based on cooperation to develop a new product and create value and then competition to get a share of the market and distribute the returns to the value that has been created. Thus, firms in a coopetitive relationship frequently cooperate in the upstream activities and compete in the downstream activities (see Figure 2). Coopetition in the upstream activity of research and development is well documented (Faems et al. 2004; Konovalov, Sanjeev, and Moraga-Gonzales 2004; Valentini, Cassiman, and Di Guardo 2004).

This view is supported by Dowling et al. (1996) and (implicitly) by Bengtsson and Kock (2000), who, in order to manage the relationship, advocate dividing it up into its cooperative and competitive parts. They then suggest that as individuals can act in accordance with only one of the logics of interaction at a time, there is a requirement either to create two teams, one to manage the competitive aspects of the relationship and the other to manage the cooperative aspects of the relationship, or to use an intermediary to coordinate the relationship.

Traditionally, companies have worked to create competitive advantage. In light of the development of coopetition, Dagnino and Padula (2002) have suggested that companies create "coopetitive advantage." However, the view

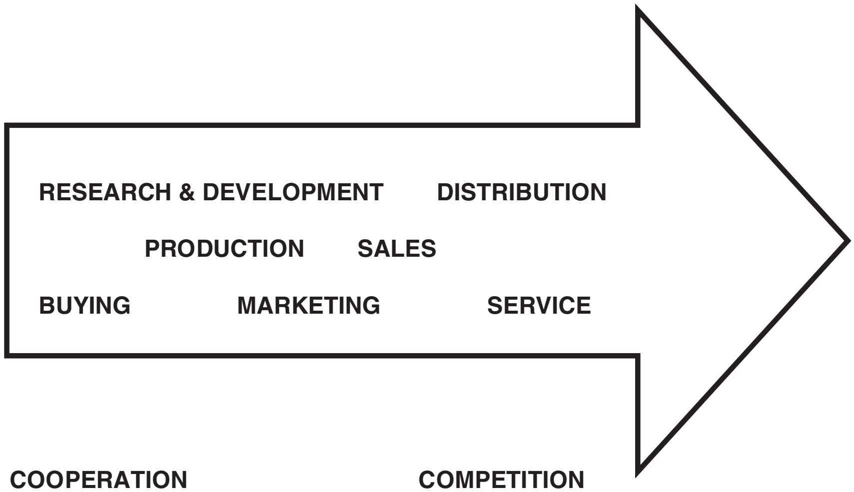

Figure 2. A common form of coopetitive relationship

that companies cooperate to create value but compete to obtain a share of the returns to that value would suggest that the original term is a better means of describing the advantage that is created.

Coopetitive relationships are not always successful. Friedrichs Grangsjo (2003) suggests that it should be customer requirements that determine the nature of inter-firm relationships and inform the decision as to when to terminate a cooperative relationship. However, in practice, coopetitive relationships end for many reasons that are not always customer related. These reasons may include one party not getting enough of a return, leakage of confidential information, different objectives and intentions, general distrust, and even the tendency for competition to take precedence over cooperation (Meyer 1998; Park and Russo 1996).

The contribution of coopetition is now recognized in a wide variety of applications and industries. Authors have published articles dealing with the subject of coopetition in respect to e-commerce (Albert 1999), newspapers ("L.A.'s Newspaper 'Coopetition'" 1998), training (Bagshaw and Bagshaw 2001), tourism (Friedrichs Grangsjo 2003), semiconductors (Jain 1999), retailing (Kotzab and Teller 2003; Martinelli and Sparks 2003), financial services (Adams 2003; Martinelli and Sparks 2003; Simmons 1996), airlines (Jain 1999), computers (Kessler 1998), port management (Song 2003), school education (Adnett and Davies 2003), government regulation (Esty and Geradin 2000), and biotechnology (Garcia and Velasco 2002). Although many of these articles deal with tangible products, there is a growing literature associated with intangible services and based on what has been referred to as "virtual coopetition" (Mandal 2004).

Although the advantages of coopetition are becoming better understood and it is being implemented in more and more industries, there is a concomitant responsibility placed on researchers to generate more knowledge concerning its application. To this end, a review of the literature on coopetition, competition, and cooperation, along with some creative insights provides an agenda for research into the subject of coopetition.

A research agenda

According to Pearsall (2002), an agenda is "a list of matters to be addressed." As such, this agenda is intended as a list of matters associated with the concept of coopetition that would appear to warrant investigation through empirical research. The main limitation of the agenda is that although based on a comprehensive and systematic review of the literature, it is a personal view. Other commentators may consider the issues more or less important and may wish to add to the agenda. The other limitation of the research agenda is that due to the physical constraints imposed by a paper like this, it is impossible to provide detailed consideration of the methodologies and measures that might be used. Suggestions regarding research methodology and performance measures are provided, but researchers are advised to treat them as preliminary and to develop them further in relation to specific research projects.

Typologies and models of coopetition

Several authors postulated typologies of coopetition. Bengtsson and Kock suggested that coopetitive relationships can be classified according to the balance of competitive/cooperative activity in the relationship (Bengtsson and Kock 2000) or, alternatively, the degree to which coopetition is determined by other actors in a network (Bengtsson and Kock 2003). Dowling et al. (1996) postulated another typology on the basis of whether the firms are in direct or indirect competition or whether they are partners in competition. Typologies like these have been supplemented by models such as the "value net" model advocated by Nalebuff and Brandenburger (1996; 1997). Together these typologies and models constitute useful devices for assessing the operation and evaluating the impact of coopetition. Unfortunately, there do not appear to be many typologies or models beyond those just listed, so there would appear to be an opportunity for researchers to develop additional devices to facilitate further discussion, evaluation, and insight. Research might take the form of in-depth interviews with employees, to provide insight into the bases for developing typologies, and large-scale cross-organization surveys to confirm the existence and scope of the typologies. Possible bases for typologies and the starting point for the investigation might be “type of business” and “organizational structure.”

Coopetition and firm performance

The growing number of coopetitive relationships that are reported in the literature would seem to suggest that coopetition produces superior performance for the participating firms (Bagshaw and Bagshaw 2001; Garcia and Velasco 2002). In many cases, the improved performance relates to economic variables; however, there are also noneconomic exchanges that contribute to the coopetitive relationship (Bengtsson and Kock 1999). Kotzab and Teller (2003) suggest that information and social exchange underpin economic exchange and gain. Friedrichs Grangsjo (2003) points out that as people are involved in firm relationships, there are also personal relationships that can affect inter-firm relationships.

However, even though studies of coopetition and firm performance exist, such empirical verification is limited. It would seem reasonable to conclude, therefore, that further verification of the benefits (and costs) accruing to firms that undertake coopetition is needed. A classic approach to this issue would involve a case study methodology. Firms would be classified as being essentially cooperative, competitive, or coopetitive in nature, and the performances of the three groups of firms would be compared to establish the performance of the three forms of interorganizational relationship. Obviously, this basic analysis would be extended to investigate various aspects of the three relationship forms as well as the impact of environmental factors. The performance measures that might be employed would be both financial (e.g., profit, turnover, and return on investment) and nonfinancial (e.g., information flow and social interaction).

Coopetition within an economy

Traditionally, government policy and legislation has been based on a model of microeconomics and industrial organization that favors competitive relationships between firms (Barney 1986). In this model, the most efficient relationship between firms is competitive in nature, and researchers have sought to establish the level of competition in an economy in order to determine its economic efficiency. In recent times, this view has been reinforced as claims of hypercompetition (McNamara, Vaaler, and Devers 2003; Veliyath 1996) have provided renewed impetus for researchers to undertake studies of competitive behavior among firms.

At the same time, however, a review of the literature provides an increasing number of examples of coopetition, which suggests that coopetition is becoming more common. Taken a step further, it would seem reasonable to assume that currently in many instances it is coopetition rather than competition that represents the most efficient form of inter-firm relationship. If this is the case, then there would appear to be significant implications for government policy and legislation relating to collusion.

Yet, while the view that coopetition may provide a more efficient relationship between firms in an economy is intuitively appealing, it is also somewhat impressionistic. It would seem appropriate, therefore, to undertake empirical research to establish the level of coopetition in an economy for the very same reason as researchers investigate levels of competition. The level of coopetition in an economy may very well have an impact on the efficiency of the economy, and it may be prudent to refine the legislative framework to facilitate an optimum level of coopetition.

Research may well take the form of traditional economic modeling, where measures of economic performance (e.g., gross domestic product, employment, national debt) are correlated with measures of coopetition. The data relating to economic performance would be readily available in most developed countries as secondary data. The data relating to coopetition would be more difficult to generate and would probably have to be obtained via a large-scale survey. The research would have to involve several countries in order to determine the relative performance of coopetition in the different economies.

Resources, capabilities, and competencies underpinning coopetition

The literature on strategic management in general, and that pertaining to the resource-based theory of the firm in particular, advocates the study of the resources, capabilities, and competencies underpinning firm strategy. Traditionally, such studies identified resources and capabilities such as manufacturing facilities and design expertise as being the key factors for success.

In the past, however, such studies have been undertaken on the assumption that competition is the preferred relationship between firms. The fact that coopetition is increasing in popularity would serve to alter this assumption, which, in turn, may very well serve to modify the assessment of resources, capabilities, and competencies.

In the current organizational environment, it may well be that resources such as manufacturing facilities remain important but for a different reason (i.e., instead of conferring competitive advantage in their own right, they may still do so but as the basis of a cooperative relationship with a competitor), while capabilities and competencies such as design expertise are considered less important than managerial skills that allow a company to deal with competitive and cooperative relationships simultaneously and which promote coopetitive relationships. In this situation, Dowling et al. suggest that “firms may be motivated to form, or reluctant to exit, multifaceted (coopetitive) relationships to gain or preserve control over resources” (1996, 159).

Another issue concerning organizational resources, capabilities, and competencies and firm strategy relates to the ownership of these properties. Traditional thinking has implicitly accepted that a firm owns the resources, capabilities, and competencies on which a firm bases its strategy. However, in practice, that has not always been the case, with some organizations recognizing that it is control over such properties that permits their exploitation and not necessarily their ownership (Dyer and Singh 1998).

One of the first companies to adopt such a strategy was the UK retailer Marks and Spencer. Marks and Spencer were able to control the companies that supplied them initially via sole supplier contracts that allowed the company to dictate designs and terms to these companies. In recent times, such relationships have become more common, but the increasing popularity of coopetition is likely to lead to even more companies basing strategies on resources, capabilities, and competencies that they control but do not actually own.

It is possible to conclude, therefore, that the resources, capabilities, and competencies needed to underpin corporate strategies are going to be somewhat different when inter-firm relationships are coopetitive rather than competitive. Further, it would seem likely that as coopetition becomes more common, so will the tendency to base firm strategy on resources, capabilities, and competencies that are controlled rather than owned. It would, therefore, seem reasonable to suggest that research into resources, capabilities, and competencies under conditions of coopetition would prove a useful field of investigation. In practice, such research would probably have to be undertaken using a case-study methodology and a checklist of resources such as that presented in Day (1984).

Application of coopetitive strategy

Even though there is evidence that coopetition as a model of business behavior is increasing, there are still numerous examples of inter-firm relationships that are essentially competitive or cooperative in nature. As such, it would appear that coopetition is more or less useful as a business model dependent on the situation. What would appear to be needed by managers is a means of assessing the situation to determine when to adopt coopetitive strategies (Simmons 1996).

In the literature on competition, Bruce Henderson (1983) produced a list of “rules” that could be used to guide competitive activity. Similarly, there are examples of researchers in the sphere of cooperation (Fehr and Fischbacher 2002) who have investigated the motivations for cooperating. Hence, it would appear that similar research work with respect to coopetition would provide managers with an insight into the nature of the coopetitive activities that might be successfully employed as well as assist in determining when to apply coopetitive strategies. A useful starting point for such research work might be a series of propositions developed in an essay by Dowling et al. (1996) and listed in Figure 3.

Data to test these propositions might be generated via a series of case studies that would focus on various inter-firm relationships (competitive, cooperative, and coopetitive). In-depth interviews or group discussions would be used to investigate the influence of situational variables such as type of industry, value of product, and economic conditions in order to determine the conditions best suited to competitive, cooperative, or coopetitive relationships.

Managerial perceptions of coopetition

Traditional economic theory presents managers as "rational utility maximising beings" (Paton and Wilson 2001, 289), but in reality, they have limited, often incomplete, knowledge with which to generate subjective interpretations and assumptions about competing organizations. These subjective perceptions have proved a rich vein of research for the likes of Porac and Thomas (1990), Ahmed and Rafiq (1992), Rindova and Fombrun (1999), Paton and Wilson (2001), and Laine (2002). However, these studies have tended to focus on managerial perceptions of competition, and it would seem reasonable to assume that an equally rich vein of research findings remains to be investigated regarding managerial perceptions of coopetitive relationships. Research might investigate managerial perceptions of specific inter-firm relationships, the overall portfolio of a firm's relationships with other firms, and the resources on which relationships are based. It would appear best to use a qualitative data collection technique (such as in-depth interviews) to explore the various aspects of these issues and then utilize a quantitative survey of management perceptions to quantify the results.

Internal coopetition

Work has been done to research the ways that firms interact in business networks (Hakansson and Ford 2002; Hausken 2000; Wilkinson and Young 2002), and some work has even overtly looked at coopetition with others firms in business networks (Bengtsson and Kock 1999, 2000, 2003; Wheatley 1998). But, several seemingly important aspects of coopetition have been largely overlooked.

P1 Multifaceted (coopetitive) relationships are more likely to be found among larger firms in concentrated industries than among smaller firms in fragmented industries.

P2 Multifaceted (coopetitive) relationships are more likely to occur in industries facing less munificent environments.

P3 Multifaceted (coopetitive) relationships are more likely to occur in regulated industries.

P4 Multifaceted (coopetitive) relationships are more likely to occur in global industries.

P5 Supplier firms with products or services that are considered essential by buyer firms are more likely to be involved in multifaceted (coopetitive) relationships.

P6 Firms with greater transaction-specific assets are more likely to be involved in multifaceted (coopetitive) relationships.

P7 Supplier firms seeking to gain through opportunism may seek out multifaceted (coopetitive) relationships that they can use to achieve competitive advantage over competitors.

P8 More powerful firms seek to avoid multifaceted (coopetitive) relationships through merger, acquisition, or divestiture.

P9 Firms are likely to avoid multifaceted (coopetitive) relationships that affect their core competencies.

P10 Firms that cannot avoid multifaceted (coopetitive) relationships in noncore competence areas can best adapt by decentralizing the relationship through divisionalization or departmentalization and treating the different components of the relationship independently.

P11 Firms that cannot avoid multifaceted (coopetitive) relationships in core competence areas can best adapt by centralizing information about the relationship through relationship managers or committees or even by establishing interorganizational structures to share information.

Figure 3. A series of propositions relating to the application of coopetition

The focus on coopetition between firms is understandable because such interaction was the focus for the economic theory that has now become embedded in the human psyche as well as in corporate legislation. However, rather than simply underpinning the relationship between firms, coopetition is a far more fundamental and pervasive impetus for business.

It is taken for granted that individual subunits of an organization are actually engaged in cooperation. It is also acknowledged by many academics and managers that there are benefits to be gained from controlled competition among the subunits of an organization (Birkinshaw 2001).

What does not appear to be acknowledged in the majority of the literature, however, is that subunits of an organization can be engaged in both cooperation and competition at the same time. As an example, the production, marketing, and finance departments of a firm might cooperate to successfully manufacture a product but compete for access to financial resources via the annual budgeting process. This phenomenon would appear to extend the concept of coopetition from interfirm coopetition to intrafirm or "internal coopetition."

The concept of "internal coopetition" would seem to be even more deeply embedded within the organization than this, as individual employees may also adopt coopetitive behaviors. Managers who work together in a team (cooperating) to ensure a project is successful may also exhibit considerable competitive tendencies when it comes to acquiring resources for their departments, promoting their own reputations, and even ensuring that they have the most powerful car in the company car park. Tsai (2002) has done some work in this area and found that coopetition is enhanced with increased knowledge flow, which in turn is encouraged by reduced hierarchical constraints and increased social interaction.

While internal coopetition appears to be an interesting area for research, with the exception of Valimaki and Blomqvist (2004) who outlined a framework for managing simultaneous cooperation and competition within a firm, researchers to date have largely overlooked this aspect of coopetition. However, it would seem fair to assume that different organizational structures and processes would facilitate coopetition and that different managers have different tendencies to undertake coopetitive behavior. It would appear, therefore, that firms should look to adopt the relevant structures and procedures, and employ managers with the right attitudes, if they wish a coopetitive venture to succeed. However, although this view is intuitively appealing, it needs formal investigation and support via empirical research, probably in the form of in-depth interviews with employees.

Coopetition and consumers

If cooperation and competition among employees received little attention, then coopetition among consumers received even less. Buchen (1994) outlines how a team of employees drawn from competing companies regularly meets with a pool of customers to identify opportunities, trends, and strategies. In itself it would seem to be a good example of coopetition between the firms, but the fact that the relationship involves customers as well as firms raises the intriguing question of whether it is possible for coopetition to involve customers or even whether coopetition can take place among consumers.

There would appear to be evidence that consumers compete among themselves. Anyone who has witnessed the start of the January sales at a major department store cannot explain the rush to obtain the best bargains in any other way. Also, the tendency toward "one-upmanship" and the desire to possess items that are better than those of the neighbors is a recognized aspect of the consumer psyche ("keeping up with the Joneses"), and many companies exploit this desire to sell their products and services. Teenagers compete to have the most up-to-date mobile phones, men and women compete to wear the most fashionable clothes, and older people compete in terms of their houses and cars. What is harder to establish is the existence of a cooperative aspect to the purchasing behavior of consumers.

There are organizations that consumers can join (e.g., the National Consumer Federation) so as to get their views on consumer issues aired to a wider audience as well as to seek to affect political decisions via the lobbying process, but membership in such organizations is not that widespread. What is more popular, however, is membership in various purchasing and retailing organizations. These organizations are commercial in nature but require membership on the part of consumers. Organizations like Matalan or Grattan might fall into this category. In these cases, consumers are organized (by the companies) to achieve advantages in buying and distribution.

Another example is the orderly fashion by which consumers act in obtaining products and services. They may form an orderly queue at a shop counter, they may adopt similar patterns of behavior when pushing a trolley around a retail store, and they sit quietly and wave a card discretely to make a bid at an auction. In these instances, consumers are acting cooperatively, and firms make use of this type of behavior in order to conduct their business.

Whether or not tacit cooperation is a legitimate basis for a coopetitive relationship is not clear. Bengtsson and Kock (2000) consider that it is not, but others, such as Soubeyran and Weber (2002), believe that it is. Certainly, commercial organizations frequently seek to manage tacit cooperation among consumers and to dismiss the concept of coopetition between consumers on the basis that cooperation is tacit would appear to be overlooking a very interesting and potentially highly rewarding area of research.

In order to understand coopetition among consumers, there is a need for further research into the situations in which consumers adopt cooperative or competitive behavior, the products and situations that stimulate coopetition, the tendency for different individuals and groups to adopt coopetitive behaviors, and the strategies that companies may adopt to exploit it. This research would have to be sensitive to the subconscious as well as conscious adoption of coopetitive behaviors and would probably be best undertaken by using in-depth interviews or group discussions.

Conclusion

This paper began by reviewing the literature to establish the extent of the theory relating to coopetition. It was argued that firms act in both a competitive and a cooperative fashion. Where this is to their benefit and not that of

1. Typologies and models of coopetition
2. Coopetition and firm performance
3. Coopetition within an economy
4. Resources, capabilities, and competencies underpinning coopetition
5. Application of coopetitive strategy
6. Managerial perceptions of coopetition
7. Internal coopetition
8. Coopetition and consumers

Figure 4. An agenda for research in the field of coopetition

the consumers, their activities are deemed as being collusive, and legislation seeks to limit such behavior. However, some competitive and cooperative activities provide benefits to the consumer as well as the firms involved, and this is what is now referred to as coopetition.

The suggestions that followed are based on observations derived largely from the literature on coopetition, competition, and cooperation. The areas that it is suggested would benefit from empirical research are listed in Figure 4.

All the areas depicted in Figure 4 would appear to offer fertile ground for research that would extend knowledge regarding coopetition. However, the final two suggestions, regarding internal coopetition and consumer coopetition, seem to offer fairly new and somewhat innovative approaches to considering the subject.

However, the inclusion of these last two suggestions brings with it the implication that coopetition has applications beyond just the inter-firm relationships. Although to date the focus of the debate has been on coopetitive activities at the firm's level, it appears reasonable to assume that coopetition plays a far more fundamental role in business. As such, it may be appropriate to consider modifying the definition cited in the introduction of this paper to embrace a broader conceptualization of the subject of coopetition.

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