DRIVERS & BARRIERS OF COOPERATION IN A COOPETITION CONTEXT

Research findings out of supplier-supplier cooperation in an triadic IT multisourcing coopetition context

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Online bijeenkomst

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Agenda

1   Coopetition, what it is.

2   Types of coopetition.

3   The case studies.

4   Drivers & barriers.

5   Recommendations.

Coopetition what it is

> "
> The simultaneous pursuit of cooperation and competition between firms.

Raza-Ullah et al., 2014, p. 189

SAMSUNG **SONY**

Designing LED TV

Ford **TOYOTA**

Designing hybrid car

HARVARD UNIVERSITY **MIT** Massachusetts Institute of Technology

EDX platform for online courses

Coopetition what it is

> " The simultaneous pursuit of cooperation and competition between firms.

Raza-Ullah et al., 2014, p. 189

The test of a first-rate intelligence is the ability to hold two opposing ideas in mind at the same time and still retrain the ability to function".

S. Scott Fitzgerald

Reasons & types of coopetition

VOLUNTARY			FORCED
EFFICIENCY	**RISK REDUCTION**	**COMPLEMENTARY**	**ENFORCED BY EXTERNAL ACTOR**
Cost reduction and/or prevention of a comparable effort.	When something is too big or risky to do alone.	Independently a party lacks certain desired skills that the other party does have.	E.g. parties are expected to cooperate at the request of a customer.

Typical service integration challenge as seen in multisource situations.

Forced coopetition

> ❝ A situation where an external actor (the multi-sourcing client firm) creates and orchestrates a market-like environment, in which a set of interdependent actors (suppliers) is required to compete and cooperate.

Wiener and Saunders, 2010, p. 212

Two use cases: one with a mediated (service integrator) model and one with a direct model (customer is the service integrator).

Aqua

Multiple Dutch drinking water companies outsourcing construction and management of a shared customer care and billing system.
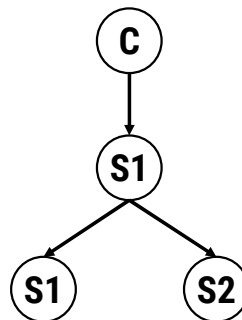
Supplier 1
- Accountable for application management.
- Fulfilled the role of externa service integrator.

Supplier 2
- Construction of the system.
- Management of the IT infrastructure.

Generating a **mediated** model.
(guardian vendor / service integrator)

Power

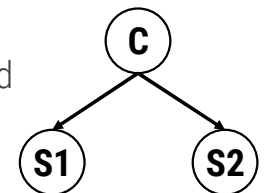Transmission system operator (TSO) outsourcing its entire IT.

Supplier 1
- Accountable for application management.

Supplier 2
- Management of the IT infrastructure.

Since no external service integrator was appointed the IT multisourcing is a **direct** model.

Research question & approach

Question

What are the antecedents of successful supplier-supplier cooperation
in an IT multisourcing context where suppliers, that otherwise are
competitors in the marketplace, are forced to cooperate by their client?
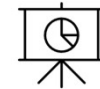
60 possible drivers & barriers

For each item, supplier 1, supplier 2
and the client assessed whether it
impacted cooperation + or −

Interviews

With delivery managers from S1, S2
& client contract manager

Trying to establish the WHY of a
+ or − impact.

Results

48 items could be assessed.
35 are associated with a clear
direction of impact.
Difference between mediated
and direct model not assessed.

Results: case studies provided additional support for the drivers & barriers already established in coopetition literature

Drivers & barriers with a clear upfront direction of impact.

Nr	Drivers (+)	Nr	Barriers (-)
3	Vendor business growth	5	Rivalry in the marketplace
8	Commitment	25	Ambiguity & role conflicts
9	Trust	26	Contradicting demands
16	Contract length (if longer)	32	Strain
18	Clarity on accountabilities	33	Conflict
19	Profitability of the contract	34	Dualities
20	Conflict management resolution	35	Contradictions
23	Reciprocal exchange of information	36	Internal uncertainty
24	Interpersonal trust	37	Behavioural uncertainty
39	Joint problem solving	38	Opportunistic behaviour
41	Physical proximity	40	Use of severe conflict resolution tactics
49	Cultural similarity	47	Zero sum game
50	Goal congruity		
52	Shared perspective		
55	Creating a common culture		

Table 2. Drivers and barriers of cooperation

- 27 item confirmed the direction of impact as established in coopetition literature.
- Only one item (overlapping skill sets) showed an opposing result in the case study compared to the literature. − in literature, + in the use cases

Onzekerheid & onduidelijkheid is killing voor samenwerking.

Results: for 20 items without a clear upfront direction of impact, the direction could be established. Resulting in 15 more drivers and 5 barriers.

Drivers & barriers with<u>out</u> a clear upfront direction of impact.

➕ drivers

Nr	Impact direction not obvious	Nr	Not necessarily a drivers or barrier
Positive impact in the case study			
1	Number of vendors (if limited)	7	Social exchange
14	Coordinating role of the client	53	Align common interest regularly
15	Pre assigned vendor responsible areas	56	Vendor learning
21	Formal agreements between otherwise independent vendors		
42	Client retained capabilities (if present)		
43	Guardian vendor model		
58	Equal treatment		

🟥 barriers

Nr	Impact direction not obvious	Nr	Not necessarily a drivers or barrier
Negative impact in the case study			
13	Active role of the customer	51	Difference in network position
27	Emotional ambivalence	54	Social sanctioning
30	Loyalty conflict		

?

| Nr	Impact direction not obvious	Nr	Not necessarily a drivers or barrier
Neither positive/negative in the case study			
2	Size of vendors		
10	Sense of community		
22	Technological asymmetry or complementary profile		
46	Self-interests are overlapping or congruent		
59	Prior experience with coopetition		

Table 3. Drivers and barriers without a clear upfront impact direction or not necessarily a drivers/barrier

Cooperation between competing suppliers is fostered by actively pursuing the coopetition drivers and by avoiding or eliminating barriers.

DO'S

✓ Make sure that during an outsourcing suppliers can extend / **grow their business.**

✓ Always **ensure profitability** of the sourcing contract from a supplier perspective.

✓ **Resolve** (emerging) **conflicts** quickly and decisively.

✓ **Solve problems together**, this strengthens the bond between parties which results in mutual credit which can be redeemed for future favours.

✓ **Align common interest regularly**. Even if it doesn't seem necessary.
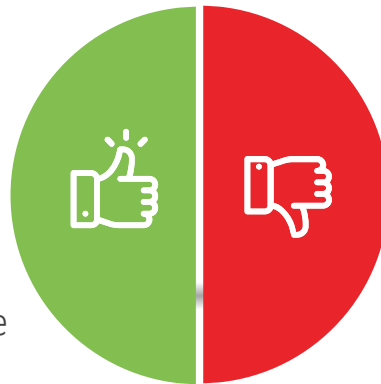
DON'TS

✕ Leave **anything unclear** or **uncertain**. Be it role ambiguity, contradicting demands, demarcation issues, accountabilities, etc.

✕ Engage in **opportunistic behaviour** and/or **social sanctioning.**

✕ Let the **composition of the retained organization** be the result of a process whereby people leave or stay as a result of past performance and seniority irrespective of their competences and capabilities. Composition should be a conscious choice. Geared towards necessary skills.

Thank you for your attention.

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