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Cooperation, Coopetition and Innovation

Nabyla Daidj

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Coordinated by Chantal Ammi

There are many books and academic articles on cooperation in relation to innovation – and to a lesser extent on coopetition. This book is not intended to extend this already long list of academic works and textbooks.

Cooperation is a multidimensional phenomenon which can be approached from several angles and which requires the decompartmentalization of disciplines, notably that of economics and management sciences.

The aim of this book is to show, through different theoretical corpuses borrowed from the industrial economy, the international economy, as well as from strategic management, the various possible approaches to analyzing the concept of cooperation.

This review of the literature shows the complexity of the cooperative phenomenon, from its emergence several decades ago up to the most recent developments in the 2000s, including coopetitive practices, platforms and new forms of inter-organizational networks (business ecosystems).

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3

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Cooperation, Coopetition and Innovation

Introduction

The beginning of the 1960s marked the emergence of "corporate strategy", through the first works of [CHA 62] which analyzed the evolution of large American enterprises and the works of [ANS 65] related to strategic and operational decisions. Three works are considered the first reference manuals to have contributed to the consolidation of strategic management as a discipline on its own: *Strategy and Structure* [CHA 62], *Corporate Strategy* [ANS 65] and *Business Policy: Text and Cases* [LEA 69]. Since the 1960s were influenced by those founding texts, the following decades made it possible for other authors to build upon this tradition and to progressively incorporate new concepts, theoretical developments and empirical applications.

As strategic management refers to the entire scope of actions and decisions made by an enterprise in a constantly changing context, the following three levels of analysis must be taken into consideration:

– *country*: macroeconomic conditions (broad environmental factors), including monetary and fiscal policy, the state of the global economy, unemployment levels, productivity, exchange rates, inflation rates, and so on. As economic conditions are in perpetual change, the economic measures preceding or following these movements equally have a direct or indirect, positive or negative impact on the competitiveness of firms;

– *market* (sector or industry): market structure (i.e. organizations producing the same products or services). Here, the market structure and the level of competition play a key role. There are several factors which may determine the market structure of a particular industry: buyers and sellers (number of actors, interactions between them, their bargaining power, etc.), prices, production and selling processes, and product differentiation. Over the years, market structures may also evolve from monopoly to oligopoly (consider, as an example, the telecommunications market at a national level in European countries). The other two basic types of market structure include pure and perfect competition (a theoretical model considered from a neoclassical perspective) and monopsony;

– *company*: often known as "corporate", "business" and "operational" (or functional) strategies. The *corporate* level refers to the overall scope of an organization, its portfolio of businesses, the nature of its competitive advantage, its decision to enter a new market or to abandon a specific activity. These are often long-term decisions. The *business* strategy refers to the different means by which a firm competes against its rivals and thus achieves its aims at a specific market (or strategic domain of activity). An *operational* strategy is closely related to the resources and competencies of an organization, and the way in which these are used efficiently in doing business.

	Macroeconomics	**Industrial economy (mesoeconomics)**	**Strategic management**
Level of analysis	Country	Market – sector	Company
Scope	Government policies	Structure of industries and markets	Strategies of firms
Concepts	Comparative advantage Global performances Macroeconomic indicators (growth, employment, public finances, inflation, etc.) Growth and recession Globalization	Concentration (horizontal) Vertical integration Competition Entry and exit barriers The degree of market power Two-sided markets Technology race and innovation (patents) Performances	Competitive advantage *Corporate* and *business* strategies Organization and culture Resources and competencies Information system Internationalization Performances

Table I.1. *Different levels of analysis (adapted from [DAI 15b])*

Strategic management refers to the study of strategic behavior (cooperation, rivalry and coopetition) as well as the interactions between actors of a market in a hyper-competitive and globalized context. [MAR 90] underlined the paradoxical nature of strategy in these terms:

> "The closing/opening pair [...] constitutes the basic category of politico-strategic thought and corporate actions [...] Current strategic themes or practices confront a double dilemma: how to discern between the intermediate forms of competition, cooperation or partial alliances".

Among the many motivations for forging an alliance, we find access to resources (material or immaterial) and/or missing competencies (knowledge, know-how and skills), cost reduction, production rationalization (economies of scale, productivity gains, control over experience curves and learning effects), and increase in bargaining power with suppliers, and so on.

An important number of works and academic papers examine the subject of cooperation in association with innovation, and – to a lesser extent – coopetition. However, the purpose of this book is not to enlarge an existing list of academic works or textbooks. Borrowing from different bodies of theory such as industrial economy, international economy or strategic management, the aim of the present volume is to explore various approaches to analyzing the concept of cooperation. A review of the specialized literature will reveal the complexity of the cooperative phenomenon, not only in the way it originated many decades ago, but also integrating the coopetitive practices which came to light at the end of the 1990s and at the beginning of the 2000s.

Cooperation is a multidimensional phenomenon which can be studied from many different perspectives and thus requires the decompartmentalization of disciplines, particularly of economics, management and broader fields of knowledge. Our book intends to adopt this approach, inviting the reader to go beyond his/her expertise on a given subject or specific theoretical field.

The book has been divided into different chapters which can be studied separately (each chapter cross-referencing specific theoretical corpora), and can also be connected among themselves. Many readings are then possible.

Apart from R&D and innovation – which are often at the heart of corporate strategy and will naturally constitute the reading thread – we particularly encourage the reader to combine the reading of certain chapters. Such is the case for Chapters 2–4, which examine the theoretical determinants of alliances via the theories of the firm (property rights theory, transaction costs theory and agency theory) from a "classical" perspective. In Chapter 7, a venture in the theory of resources (RBV) and competencies will enlighten the potential connections between this theoretical field and the theories of the firm. While game theory does not constitute the core of this publication [DAI 07], we may find some of its teachings in Chapters 3, 5 and 6.

The rest of the book has been structured following this logic: coopetition constitutes the nucleus of Chapter 6, which acknowledges once again the connections between economics and management. It was certainly difficult to tackle the question of alliances without making reference to the international context in which these evolve. We will address that matter in Chapter 8. Chapters 1 and 9 directly refer to the different forms and modalities of cooperation, with special examples drawn from telecommunications satellites, e-health and video game consoles.

Contents