COOPETITION IN THE CONTEXT OF ASSUMPTIONS OF THE RESOURCE BASED VIEW

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Abstract:
The formation of the modern economy known as the “knowledge based economy” implies many challenges and consequences for the business operation. It applies particularly to the strategy and the strategic management. Environmental determinants and the complexity of the potential of a company induce new concepts, approaches and methods for the strategic management. This article aims at presenting how the Resource Based View together with coopetition based relations allow for the transition towards the dynamic learning concept and the generation of new, joint resources, particularly the knowledge and skills. This article shows that the focus on rules exceeding the competition in the narrow sense shall facilitate the better understanding of these relations and obtaining better results, through changing a typical win-lose game into the game in which parties may not only win, but also improve their expected utilities, by increasing, through variety of methods, the availability and the quantity of available resources.

Keywords: strategy, coopetition, learning, creation of value.
1. INTRODUCTION

Studies on the coopetition undertaken by authors can be derived from two sources. On the one hand, studies on this type of relationships seem to be a response to the unstable and volatile market situation. Organisations only to a small degree use this, as it seems, very useful tool, which would allow them to avoid the excessive and harmful competition. Therefore studies carried out to this date were designed, first of all, to examine which elements actually constitute the coopetition and how these relations could be shaped through entities operating on the market. On the other hand, the interest in these issues is a natural consequence of researches conducted by the authors. The analysis from the perspective of the Resource Based View, and therefore also own resources possessed by individual organisations, allows to see and distinguish areas crucial for further actions. Furthermore, resource are an important feature in the analysis of both competitive and cooperative behaviour, and thus extended studies on this two types of relationships between various organisations lead towards the combination of these two aspects. To analyse conflict and cooperation it is possible to use various methods, which to some extent are reflected in this article. The most significant is the Resource Based View, but also, of course to a limited extent, also the game theory and associated with it, the assumption of rationality of entities operating on the market.

2. ASSUMPTIONS OF THE RESOURCE BASED VIEW

2.1. Basic assumptions of the Resource Based View

Scientific considerations dedicated to the strategy of an organisation were established in the late 50s and at the beginning of the 60s of the 20th century and are continued to the present day. During that period, many approaches to the strategic management were emerged, highlighting different features of the strategic behaviour. Concepts of the strategic management were related to economic orientations, scientific approaches and strategic behaviour. One of these trends is the Resource Based View. This view is partially related to management sciences and partially to economic sciences. In the field of the management, the main objective of considerations is to indicate the internal conditions for the strategy of an entity. This is reflected in exhibiting the relation between strengths and weaknesses of an entity and the nature of its strategy. On the basis of economic sciences, proponents of the Resource Based View seek for relations between variations in results achieved by enterprises, defined in terms of the economic rent and resources, which are the source of this rent. Assumptions of the approach are discussed in the table 1 below.

<table>
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<th>Table 1: Rules of the strategic management</th>
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<td><strong>Adopted values</strong></td>
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| **Openness** | • Treating the world as the common place for stocking up, production and trade (globalisation of corporate behaviour)  
• Recognition that the most efficient are direct, non-formal contacts (the so-called no-door company)  
• Underlining that mutual trust is worth more for results and the social climate than most efficient organisational systems |
| **Complexity** | • Solving problems is the essence of the management, not only fulfilling functions (operations)  
• Treating organisation as a part of the environment, which is a set of opportunities and threats for the organisation and determines achieving success in action  
• Recognition that for the development of an organisation to achieve economic results is equally important as the development of people |
| **Future orientation** | • Management based on the vision of future, even in distant time  
• Solving today’s problems through the future perspective |
• Recognition that the progress as an expression of the organisational development is far more important than the survival

Creativity

• The development of human knowledge is far more important than tangible resources
• Respecting the principle *rerum novarum cupidus* (greedy for novelties) by everyone and everywhere
• Seeking for and supporting leaders
• Development a need of achievements and of testing through the work

Results orientation

• Making profits instead of counting or obtaining it through spreading formal competences
• Adopting achieved rules as the basic criterion for evaluation instead of performed operations, acquired diplomas or personal features
• Focus on action: “do it”, “try it”

Cooperation

• „We are looking for partners” instead of the law of jungle and acting alone
• Seeking the consensus, negotiations
• Orientation of forms, procedures and methods towards the cooperation instead of securing the domination or protection of obtained positions


At the end of 80s of 20th century the interests in resources and skills of the company as a basis for the formulation of a strategy increased. At the beginning of 90s new approaches to the organisation and the strategy might have been observed. Sources of this approach can be found in two works of the 80s W. Ouchi *Theory Z* and T. Peters and R. H. Waterman *In search of Excellence* (Peters & Waterman, 1982; Ouchi, 1981). The crowning achievement of this view was the article of C. K. Prahalad and G. Hamel, published in the Harvard Business Review, entitled *The Core Competence of Cooperation*. The article is a synthesis of many motifs of thinking about the organisation and the strategy as a bound of resources. The fundamental premise for the Resource Based View is an assumption, that to understand the source of organisation’s success, it is necessary to understand the configuration of its unique resources and skills. The aforementioned authors instead of resources and skills, introduce the concept of *core competence*. The essence of competences as understood by C. K. Parhalad and G. Hamel is the knowledge, cumulated in specific skills, which may be creatively used for purposes of the whole organisation.

The essence of the development of the Resource Based View (RBV) is to focus on individual resources of the organisation. Understanding of a branch (industry) is important, but organisations need to seek own solutions in this context. Within the RBV concept of a company the focus is put on specific assets possessed by the organisation, ensuring its effective and efficient operations in dynamically changing environment. In other words, it is important to possess the proper structure of resources and systematic building of the unique set of skills, that become core competences (Oblój, 2007).

Resources are of strategic importance, when are valuable, rare and difficult to imitate and efficiently organised. Resources are valuable, when allow for the smooth operation and adaptation to the environment, e.g. competences of employees. However, when all good companies possess them, it will not give an advantage to any of them. Such skills enable the organisation to operate on a specific market. Therefore, competences to be valuable need to scarce as well. The next requirement that need to be meet by these resources is the possibility of imitation or substitution. Some resources can hardly be replaced with others or imitated. Limitations of the imitation may arise from the following: uniqueness, history and ambiguity of the causality.

Therefore, the way of classification of resources is particularly important. In modern conditions of business operation, the traditional division of resources into material, financial, informational and human, is insufficient. Increasingly, the starting point of such classification
is the division into material and non-material resources. Jay B. Barney, one of the most eminent representatives of the Resource Based View, distinguishes four categories of resources and calls them capitals (Barney, 2006):

- financial capital – monetary resources used by the organisation,
- physical capital – machinery, equipment, technology, plants, buildings, lands, materials, raw materials, supplies,
- human capital – employees, their knowledge, experience, intelligence, system of relations, management capabilities,
- organisational capital – organisational structure, planning process, controlling, coordination mechanisms, internal relations system, external relations system, reputation, organisational culture.

In the context of the analysed issue we are particularly interested in non-material resources. Many authors (including the abovementioned) writing about this type of resources do not provide its formal or specific definition. Authors, mentioned as forerunners of the RBV draw attention on intangible resources, however instead of a definition, they usually provide a classification. Difficulties with defining the concept of intangible resources in the context of management induced the emergence of an approach treading non-material resources as the synonym for the intellectual capital\(^1\). Below, we present selected definitions of the intellectual capital.

<table>
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<th>Definition</th>
<th>Author(s)</th>
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<tr>
<td>„Intellectual capital is the sum of intangible assets related to the market, intellectual property, people and the infrastructure enabling operation of the company”</td>
<td>A. Brooking (1996)</td>
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<td>„Intellectual capital is the sum of hidden assets of a company not covered in its balance sheet, including content of employees brains and this what remains after they leave”</td>
<td>G. Roos, J. Roos (1997)</td>
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<tr>
<td>„Intellectual capital consists of assets arising from intellectual activities from acquiring of new knowledge (learning) through invention to create valuable relations with others”</td>
<td>K.M. Wiig (1997)</td>
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<tr>
<td>„Intellectual capital is the knowledge, practical experience, technologies, good relations with customers and all skills allowing obtaining a competitive advantage”</td>
<td>L. Edvinsson, M.S. Malone (1997)</td>
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<tr>
<td>„Intellectual capital is the sum of hidden assets of a company not fully covered in its balance sheet, and which cover content of human heads, as well as this what remains after they leave the company”</td>
<td>B. Osbert-Pociecha, M. Karas (1999)</td>
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<tr>
<td>„Intellectual capital is as set of intangible assets and its flows”</td>
<td>N. Bontis, N.C. Dragonetti, K. Jacobsen, G. Roos (1999)</td>
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We do suggest to treat intangible assets as the broadest content, covering both assets, skills and competences not fully reflected in a balance sheet, including technology, management processes and the intellectual property.

As a generalisation of our previous considerations, we suggest to apply a rare classification of intangible resources (R. Hall) which, in our opinion, is very important to indicate differences between previously presented components of non-material resources (see Table 2).

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\(^1\) Conclusions of the so-called Konrad Group established in 1987 led by K.E. Sveiby.
Table 2: Classification of intangible resources

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<th>Human dependent</th>
<th>Employees’ Know-how</th>
<th>Skills</th>
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<tr>
<td></td>
<td>Organisational culture</td>
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<td></td>
<td>Learning capacity</td>
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<td></td>
<td>Reputation</td>
<td></td>
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<tr>
<td>Human independent</td>
<td>Contracts</td>
<td>Assets</td>
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<td></td>
<td>Licences</td>
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<td></td>
<td>trade secrets</td>
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<tr>
<td></td>
<td>Copyrights</td>
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<td></td>
<td>Patents</td>
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<tr>
<td></td>
<td>Trademarks</td>
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Authors includes, as parts of skills, employees’ knowledge and skills, organisational culture, learning capacity. The difference between these groups relies on the fact, that acquiring a company, a buyer can be sure of such intangible resources as patents or registered trademarks, but cannot be sure that will not lose such resources as employees’ know-how, organisational culture and other, which are human dependent. Intangible resources could be also analysed from the perspective of legal protection. Resources mentioned above as human independent can be legally protected. However those which are human dependent are difficult to be protected by the law.

On the one hand, employees, members of the organisation possess and control the main source of the competitive advantage. Their knowledge, skills and competences allow for creation of uniqueness, that is a concept of action difficult to imitate by competitors. On the other hand, they need the infrastructure of the organisation to reveal their knowledge, which otherwise could not be exploited for the benefit of the company. At the same time it is important to ensure good environment for constant development and multiplication of acquired knowledge.

The increase of the role and importance of intangible assets is related to the change of the nature and essence of the economic activity of companies. Changes in the technology and communication, methods of transferring the information, increase of expenditures on the development and progress, market researches, personnel trainings, all these mean that the material components of resources of the organisation are not sufficient to achieve a success. It even could be said, that we witness a fundamental transformation in the field of business activities. The digitalization, almost unlimited communication capacities and the globalisation radically change the perception of the essence of a company and the method of creating value by companies. Within the traditional framework, companies tended to gather and possess all kinds of resources. Today, the basic problem is the access to resources. Single companies are incapable to secure the whole scope of competences essential to provide the unique product or service. It becomes necessary to cooperate both in vertical and horizontal dimensions. The system of the so-called external architecture and business processes related to it is required.
3. APPLICATION OF THE NOTION OF COOPETITION IN ACQUIRING AND CREATION OF RESOURCES

3.1. Coopetition – definition and basic applications

We can speak about the coopetition, when we observe simultaneous competition and cooperation, and parties involved in such relationship not only compete with each other, but also cooperate, reducing, for example, costs of researches. Withdrawal from rivalry may not only diminish costs of the competition, but also improve gains obtained by organisations from their main operations (Bengtsson & Kock, 2000). Market operations force the organisation to execute the cost analysis and the evaluation of available resources. If the status of particular entity precludes individual achievement of assumed objectives, and the involvement in concentrated activities is prohibited by legal requirements, then it becomes increasingly important to obtain certain resources at more favourable prices or acquiring resources, that cannot be bought, but need to developed (Teece et al., 1997; Cygler, 2009). This in turn may contribute to the establishment of coopetition based relations at various operational levels (horizontal and vertical relations). On the other hand, an incentive for these relations may be constituted by operations within joint value chains, particularly long-term outsourcing contracts, agreements related to supplies and activities strengthening such value chain (R&D, information systems, exchange of experiences concerning the management, etc.) (Luo, 2007; Ritala & Hurmelinna-Laukkonen, 2009). Even if the competitive factor cannot be completely reduced, entities operating on the market seem to increasingly notice, that the transformation of the zero sum game into the non-zero game may be more advantageous in terms of the gain, reduction of risks borne by entities and capacity to assess and increase own resources.

Methods of controlling conflict (Griffin, 2004) include: increase of resources base, improve of the interdependence coordination and tools for setting primary objectives. These methods may also be applied in shaping the coopetition relation, that requires establishing clear goals and proper coordination of correlations. In case of long-term or renewable relations, the exchange of acquired resources enables to reduce the conflict, and sometimes leads to the synergy effect, where the use of the knowledge of one party and other resources of the second party is beneficial for all participants of the relation and furthermore it may contribute to increase of the innovative character of their operations.

3.2. Coopetition in the context of the Resource Based View

Coopetition can be analysed in contexts of several conceptual approaches, but in this study we focus on the Resource Based View, and therefore on acquiring and managing the scarce, hard to obtain resources, which frequently cannot be individually developed or purchased. As was noted by Luo (Luo, 2007) establishing coopetitive relations influences on shortening of time required to acquire necessary resources, and, as a consequence, joint operations may allow for achieving the advantage in bargaining situations and more expressive boost of one’s position, even in negotiations with powerful participants of the market. It also allows for reducing costs of researches leading to the development of a specific industry through spreading these costs between participants of a particular coopetition based relationship, and next through joint application of newly established technology and joint development of infrastructure, as it can be observed in case of mobile networks operators building common transmission towers.

Therefore it can be seen, that motives inducing to establish coopetition based relationships to a large extant coincide with obstacles/barriers of entering the market, which may be
encountered by an entity, mostly due to insufficient resources obtained by an entity (Teece et al., 1997). The basic feature of this approach is an adequate assessment of resources, identification of deficiencies, which could be supplemented through the cooperation and including the possible source of such resources. Therefore, usually only entities which already achieved a strong position on the market shall be interested in establishing the cooperation relation, particularly, for example, producers of an unique or high quality product, but which lacks proper resources, necessary to perform researches and to continue the development. It also applies to organisations which wish to apply the strategic settlement with a competitor (competitors) to achieve the optimal conditions for current operations. Resources obtained from a competitor do not necessarily need to be financial, but may be related to fixed assets and include research facilities, laboratories and particularly skilled employees or their knowledge.

On the one hand, companies strive to achieve the advantage through reducing costs, on the other, performing researches, acquiring knowledge and development of new products or technologies are of the essential importance, because allow to reach an advantageous position and strengthen the bargaining power in relation to other competitors. All these features may constitute a motivation for entering coopetition based relations (Luo, 2007), and numerous examples provided in the literature proves that in fact, this is what happens more and more frequently (Luo, 2007; Lacoste, 2011). The analysis of the coopetition is dominated by concepts based on the transaction costs theory and the resource based view. In the context of the transaction costs theory it would be important to notice, that uncertainty associated with decisions, as well as the complexity of the market environment generate additional costs related with overcoming these obstacles, for example through collecting data of developing new technologies. The Resource Based View seeks the market success of a company in acquired resources (material and/or non-material), which allow for differentiating from competitors and building an advantage over them. On the competitive market of relatively substitutive products and services, possessing particular type of resources is exactly what may be translated into achieved results. That is why the protection of own resources, understood as scarce, becomes more and more important, and therefore sharing them with other entities may not be easy, though might be necessary. Because, assuming the complementarity of resources possessed by all parties of this type of relation, it is possible to obtain, at substantially lower own costs, new and strategic resources.

While this coopetitive perspective may not be proper in case of single, isolated interactions, it seems to have a power to replace strongly competitive approach in case of repetitive relations. The advantage in this type of situations can be based on one of two sources: either associated with producing products or providing services with a comparable value but with lower costs, or with producing products or providing services with a higher value, but with relatively equivalent costs. At the same time, scarce resources, available to a company may not only generate its advantage, but also constitute the starting point for the potential cooperation with other companies which possess various, particularly complementary resources and through this enable both parties of these relations to replenish missing resources. However, the coopetition is possible regardless of whether the parties possess substitutive or complementary resources, though the latter seems to be more often among actual coopetition based relations, particularly in areas strongly related to research and development, as well as broadly understood knowledge.
3.3. Dynamic approach – learning in time

The mutual learning allows for acquiring experiences and minimising costs related to individual learning, as well as reducing a risk of potential failures and an uncertainty caused by high dynamics of the environment. It is useful to adopt the evolutionary perspective and apply it to assess the capacity for common learning within complex networks of relationships. Establishing this type of relations is justified when partners possess various resources, which allows each party to obtain required features of the value chain (Xiu, et al. 2011). The coopetition may be one of tools allowing for dynamic transformation of resources in time. According to the approach presented by Teece (Teece, et al., 1997), it is possible to describe as dynamic these factors, which using the capacity to connect, transform and model acquired resources enable easier adjustment to the environment. This particularly applies to so-called soft resources, which, as was already mentioned above, are difficult to obtain otherwise than individually developing them. This is the point when they reveal their capacity to become core competences. At the same time, in the area related to the development of new knowledge, it is important to notice activities aimed at conducting joint R&D operations, together with competitors (Ritala & Hurmelinna-Laukkanen, 2009). Researches dedicated to the creation of innovative solutions are usually costly and require time. It may also be complicated to involve entities from other sectors in some specific scientific activities. Therefore, it seems obvious, that based on a transfer of some strategic resources, such as knowledge, it is possible to perform common researches, which results will be useful for all parties bounded with this particular relation (for example market researches or development of new technologies). Through the identification of own scarce or particularly valuable resources, it is possible to assess the bargaining power and position of a particular entity entering relations combining conflict and cooperation. After recognising the status of possessed resources and diagnosis of deficiencies (Teece, 1997) the next necessary step in efficient operations is establishing priority objectives dedicated to broadening the knowledge and acquiring new skills. The similar analysis shall be conducted for all other participants of such network.

After preliminary analysis, a subjects moves towards the implementation of assumptions of particular relationship, and due to the fact, that these relations usually include the long-term perspective, the process of acquiring experiences and learning begins, both at individual and organisational levels. One of resources, that facilitate the dynamic learning are developed inside the organisation methods of internal and external communication (Teece et al, 1997). The joint cooperation of competitors enables them to multiply their knowledge and to obtain experiences or learn through experiences of rivals, and next through all of these to adjust to unstable market conditions. Gaining information in time from external sources is an essential assumption for defining increasing trends of knowledge and gradual adaptation to the environment. However, it does not preclude that learning through the repetition may not always be successful in each case, but in dynamic perspective, where it is important to indicate the trend, it shall be efficient. This means, that, according to the view presented within the evolutionary game theory, the behaviour that shall perpetuate is the one that allows for increasing the total, cumulated sum of utility in time, or, in other words, allows for obtaining generally better results that other behaviour patterns. The dynamic approach together with the coopetition, assuming the proper level of communication skills, leads to the perception of learning capacities exceeding structures of a single organisation and the application of resources located outside as tools increasing benefits and creating the added value. Using resources provided by a partner(s) within the network allows to obtain strategic resources and to minimise own costs. At the same time it serves as a method reducing
ineffective patterns. In some sense, learning from competitors facilitate developing the proper reference standard for the analysis of own resources and then also the evaluation whether their hierarchy and value were properly defined at the preliminary stage.

3.4. Synergy effect, value creation

In case of relations combining features of competition and cooperation, it is possible to efficiently work on transforming the game into the positive sum game. At the same time, the dynamic approach allows for noticing the synergy effect revealing in time and the specific acceleration of the value of acquired knowledge. This is related to the abovementioned process of new values creation, values and the quality that previously were not possible to achieve. On the one hand, such view is closely related to the game theory (Brandenburger & Nalebuff, 1995), but on the other it seems to be important from the perspective of the Resource Based View. The proper definition of the nature of resources belonging to all participants of the network allows for defining the capacity to create value (Ritala & Hurmelinna-Laukkonen, 2009), and therefore possible utilities, that shall be divided between partners of particular relation, taking into account the extent to which this relationship relies on competition or cooperation. Preliminary possessed resources shaping first of all the position and powers and secondly the capacity to create value, may also be an indicator for the method of division of developed resources. Therefore, a companies entering the cooperative relation, despite the initial competitiveness, increase the capacity to create value for all its participants, not only establishing new algorithm of division of already generated utilities (Ritala & Hurmelinna-Laukkonen, 2009). Otherwise, networks based on the coopetition would not be stable and increasingly popular (Lacoste, 2011).

The cooperation in the creation and multiplying the knowledge establishes additional interdependency, which generates not only the transformation costs (Haas 2007), but also the risk and costs related to its reduction or minimisation its consequences. These costs arise from the necessity to secure data considered to be fragile, and therefore data, which shall not be disclosed to competitors, even those, with which this particular party cooperates to some extent (Trkman & Desouza, 2011). At the same time, application of the distant horizon and the evolutionary perspective means, that at some point there may appear a natural temptation, and the risk, of betrayal and to abuse the cooperation. These features restrict benefits from the long-term nature of the coopetition. Of course, the character of resources possessed at the moment of establishing the relation may also decide on the associated degree of risk and, as the consequence, on results caused by operations violating rules of the good cooperation. The stronger party seems to control the nature of relation, and the risk, that it will be cheated is lower, than in the case of the minor party (Trkman & Desouza, 2011). In this analysis as a stronger, we consider the party possessing greater resources and/or which resources are strategic for the durability of this particular relationship, because the larger one becomes the strategic partner of the minor party. However, there is still a substantial incentive to be involved in this type of relations, because even though the risk diminishes gains, it does not eliminate them completely.

4. SUMMARY

The cooperation, within which all parties have definite responsibilities and right allows for obtaining the information about the partner, but also to apply the information to develop the relationship, which could be used as a feature reducing the competition. All parties start to notice mutual capacities to create value, which can be increased, as long as the coopetition
based relation lasts. Using the perspective of joining opposites and seeing benefits of the diversity enables the abandonment of the polarized view of the market behaviour. The coopetition does not guarantee the perfect balance between the cooperation and competition. Depending on the character of the relations and the environment in which it was established, one of these aspects may be predominant. When one of parties possesses strategic resources, required by the other one, the cooperation seems to be more likely. The long-term cooperation based exchange of resources through the dynamic learning, may lead not only to the new division of resources already possessed by both parties, but also to the development of innovative solutions, which may be applied by all participants of the relation. Facing the unstable environment with constant hardly predictable changes, it is necessary to apply various protective tools as well as measures supporting learning and adaptation. It seems right to rely on concepts described in this article and consider them as useful. Therefore, it seems, that detailed analysis and dissemination of knowledge about possibilities and methods of establishing this kind of relations, although today not very popular, may help organisations to cope with violently changing market conditions, and particularly in relation to emerging turbulences, both predictable and those, that arise unexpectedly. It appears appropriate to implement programme described here in two dimensions – on the one hand, examine an actual capacity to establish such relations between organisations operating at different scale, and on the other hand, based on collected theoretical and empirical data, develop a tool enabling enforcement of coopetitive relationships.

REFERENCE LIST