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PARTNER SELECTION IN DOMESTIC CO-OPETITION: THE EFFECT OF PERSONAL TIES

An exploratory analysis on factors leading to the choice of partners in co-opetition

by

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Master's Dissertation in Marketing

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2013

Biographical Note

The candidate carries a background education in Pharmaceutical Sciences held at the University of Porto. During that stage, the candidate underwent a programme of initiation to investigation in the field of Pharmaceutical Technology, where his work yielded a 2nd prize in the National Galenic Formulary award. He concluded his degree in 2004.

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During the course of this investigation, the candidate had a paper accepted for the 6th Euromed Conference after double blind peer revision.

ACKNOWLEDGEMENTS

First and foremost, I would like to express my deepest gratitude to my supervisor, Prof.ª Doutora Raquel Meneses, whose knowledgeable guidance and devoted support where many times the greatest source of motivation. I have been fortunate to have such a mentor and a friend whose selflessness and dedication beyond limits kept proving that it only takes a smile to change the world. I cannot thank her enough.

I would like to acknowledge all of those who have challenged and enriched this work, with special thanks to Professor Giovanni Battista Dagnino and Professor Anna Minà, from the University of Catania, for their valuable revision and precious insights. I thank as well to the two anonymous reviewers from the Euromed Academy of Business whose insightful observations proved being greatly beneficial for the outcome of this work.

This dissertation would not have been possible without the assistance of all of those who somehow contributed to the collection of data and to the comprehension of the analysed partnerships. I owe my gratitude in particular to all the respondents who generously gave their time to make this research possible: Alfredo Reis, in representation of *Amorim Turismo*; Euan Mackay, in representation of *Symington Family Estates*; Francisco Ferreira, in representation of *Quinta do Vallado*; Francisco Moser, in representation of *Altis Hotels*; João Gomes de Oliveira, in representation of *J.Gomes – Sociedade Construções do Cávado*; Nick Heath, in representation of *The Fladgate Partnership*; Paulo Neves, in representation of *Domingos da Silva Teixeira*; Tomás Roquette, in representation of *Quinta do Crasto*.

I would like to offer my special thanks to my teachers, masters of knowledge and fine examples of excellence in academic research, for their edifying support and continuous inspiration.

My special thanks are extended to my friends and colleagues, for their friendly backup and continuous incentive was proven priceless in such a demanding journey.

I express my deepest appreciation to my family, with a very particular mention to my mother, father and brother, whose greatest legacy is the education in which I have been raised. Thank you for always being there for me.

Most of all, I would like to express my greatest appreciation to my wife and daughter, for being my strength, my balance and my purpose. I will be forever indebted for the loving support with which I has always been gifted, despite the stolen family times and the burden of worries. Thank you for making the sun shine every day.

RESUMO

As parcerias de co-opetição implicam o desenvolvimento de esforços de colaboração entre concorrentes. A escassez de estudos realizados neste campo até à data fornece uma contribuição limitada para a compreensão do processo de seleção de parceiros neste tipo de relação particularmente paradoxal. Esta pesquisa pretende contribuir para uma melhor compreensão do processo de seleção de parceiros que antecipa uma parceria de co-opetição bem sucedida.

Foi seguida uma metodologia baseada em *systematic combining* para a análise qualitativa de quatro casos de co-opetição doméstica em Portugal. Após a recolha, codificação e análise dos dados, os resultados sugerem que a existência de relações pessoais prévias entre os decisores exerce um efeito facilitador para a implementação de parcerias de colaboração entre concorrentes.

Com base nestes resultados, é proposto um modelo para explicar o processo de seleção de parceiros para parcerias de co-opetição. Segundo este modelo, a decisão de formação da parceria surge no seio da rede de contactos do decisor, que seguidamente irá, ainda dentro da rede, refinar a seleção de um ou mais parceiros de forma criteriosa baseada em características específicas. Os resultados enfatizam a relevância da rede de contactos das empresas para o desenvolvimento de parcerias de co-opetição.

Abstract

Co-opetition partnerships refer to developing cooperation efforts between competitors. The scarcity of studies conducted in this field to date provides limited contribution for the understanding of the partner selection process in this particularly paradoxical concept. This research aims to contribute towards a better understanding of the partner selection process which anticipates a successful co-opetition partnership.

It follows a methodology based on systematic combining for the qualitative analysis of four cases of domestic co-opetition in Portugal. After data was collected, coded and analysed, results suggest that prior personal relationships between decision makers are facilitators for the implementation of cooperation partnerships with competitors.

Based on these findings, this research proposes a model to explain the process of partner selection for co-opetition partnerships. According to this model, the decision for the creation of a partnership arises from the decision-maker's network of contacts, who afterwards will, inside the network, judiciously refine the selection of partners based on specific characteristics. These results highlight the relevance of business networks for the development of co-opetition partnerships.

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1. Introduction

"*Sleeping with the enemy*" is how Quint (1997) illustrates co-opetition. Indeed, co-opetition partnerships imply tight cooperation between competitors simultaneously entailing a "*war and peace*" concept (Brandenburger and Nalebuff, 1996) that involves the notion of "*compete and cooperate at the same time*", as stated by Novell's CEO Raymond Noorda (Luo, 2007; Ritala, 2010). Co-opetition is thus inherently paradoxical as the question of why a company would join forces with a competitor and share its competitive advantages appears to be dubious (Schmiele and Sofka, 2007). This paradox also lends itself to the question of how a firm would then proceed to select a competitor to partner for co-opetition. In other words, what are the criteria, factors or considerations that influence the selection of a competitor and its reciprocal acceptance of combining strengths to create a co-opetition strategy. While many researches attempt to explain why the phenomenon occurs (Bengtsson and Kock, 2000; Dagnino and Padula, 2002; Zineldin, 2004), not many have described how the "enemy to sleep with" is chosen. Curiously, in a study on domestic co-opetition, Schmiele and Sofka (2007) observed that the prevalence of co-opetition partnerships was higher among graduated managers. In the same study, the authors report that the same phenomenon is unnoticed in international co-opetition. In the exclusion that co-opetition is not directly linked to the managers' level of education, Schmiele and Sofka (2007) propose that the existence of prior personal ties could facilitate the formation of domestic co-opetition partnerships, as personal networks are known to be important channels for the flow of knowledge. This observation marks the foundation of our research question: How are competitors chosen to team up for a co-opetition partnership?

Section 2 opens with a Literature Review aimed to expose a collection of findings on this area presented in existing literature. Subsection 2.1 intends to present a broad characterization of co-opetition with its several implications, being structured in order to provide answer to the “what”, “why”, “who”, “when”, “where” and “how”. It starts by describing the concept hence providing answer to what is co-opetition, followed by a series of insights on the remaining “W's” in order to expose the current theoretical knowledge in this field. This subsection finalizes with a description of how the concept is put into action in real business activity. Being a multi-player strategy, organizations cannot enact co-opetition on its own. Subsection 2.2 is thus dedicated to the first phase that an organization must endure after a decision to advance into such strategy: the selection of partners. It starts by describing the process for partner selection, followed by an exposition of the criteria for partner selection and the idiosyncrasies of matching partners. This subsection ends up with a reflection on the role of prior personal relationships in the selection of partners for co-opetition. Subsection 2.3 summarizes the review of literature justifying the formulation of the initial research question, thus exposing the knowledge gaps that motivated this research.

Section 3 elaborates on the empirical research methodology, sampling and data collection, describing the exploratory qualitative analysis conducted following an abductive approach. Research proceeded from the identification of 4 cases of domestic co-opetition and followed with interviews conducted with top managers aiming to determine how each co-opetition partnerships started. Case analysis was carried out through a Systematic Combining methodology (Dubois and Gadde, 2002) based on Grounded Theory (Glaser and Strauss, 1967) in order to propose an answer to the research question.

Section 4 presents the findings from data analysis, focusing on acknowledged partner selection criteria, its reciprocity among partners in each relationship and its relevance to partnership goals. Section 5 expatiates upon the findings arising from research results, conducing to the outline of a model that proposes an explanation for the process of partner selection for co-opetition partnerships. Finally section 6 elaborates on the drawn conclusions, followed by section 6.1 presenting research limitations along with recommendations for future researches. Section 6.2 closes with final considerations on the research held.

2. Literature Review

2.1. Characterization of Co-opetition

The word “co-opetition” is a portmanteau of “cooperation” and “competition” intended to name a complex relationship of firm's interdependence between competitors where both these phenomena coexist (Dagnino, 2007). Despite it is often stated to have been coined in the early '90s by Raymond Noorda, Novell's CEO, to describe a strategy where “*you have to compete and cooperate at the same time*” (Luo, 2007; Ritala, 2010), according to Stein (2010) the term was first used in the literature in 1913 by Cherington. Notoriously, only in 1996 it was introduced in the academic literature by Bradenburger and Nalebuff (Choi *et al.*, 2010; Ritala, 2010; Stein, 2010).

“Co-opetition” therefore reveals the ambivalent nature of a relationship where both cooperation and competition are simultaneously present and intertwined (Dagnino, 2007), for which several authors refer to the inherent paradox of the concept (Brandenburger and Nalebuff, 1996; Bengtsson and Kock, 2000; Dagnino and Padula, 2002; Dagnino, 2007; Ritala, 2009). Bengtsson and Kock (2000) remind that the complexity of such relationships results from the intertwining of two opposite interactions, in that partners can benefit from both: from collaboration partners can reduce costs for new product development, reduce lead times and benefit from their counterpart's core competences; from competition, each firm is driven to differentiate themselves and their products and services, as well as to perform more efficiently than its partner.

As Dagnino (2007) notes, co-opetition is a real phenomenon already present in the reality of many organizations, for which it should be included in the academic research on the strategy of organizations.

2.1.1. What is Co-opetition

Far from being a mere fusion of cooperation and competition strategies between partners, the concept is much more complex than the oversimplified conception that the etymology of the term may at start suggest (Dagnino, 2007). Being an evolving and intrinsically unstable concept (Dagnino, 2007), a clear definition has not yet been agreed upon by the academic community. Several consecutive attempts have been approached as new studies shed light into this phenomenon. Table 2.1 illustrates the evolution of the concept.

Table 2.1: Evolution of co-opetition's definition

Year	Author	Definition
1996	Brandenburger and Nalebuff	Co-opetition is described as an applied business theory based on game theory where partners balance cooperation with competition.
2000	Bengtsson and Kock	Co-opetition is "*the dyadic and paradoxical relationship that emerges when two firms cooperate in some activities, such as in a strategic alliance, and at the same time compete with each other in other activities*" (p.412)
2002	Dagnino and Padula	"*Co-opetition is a matter of incomplete interest and goal congruence concerning firms' interdependence.*" (p.2)
2004	Zineldin	"*Co-opetition is a business situation in which independent parties cooperate with one another and coordinate their activities, thereby collaborating to achieve mutual goals, but at the same time compete with each other as well as with other firms*" (p.780)
2007	Luo	"*Co-opetition is the simultaneous competition and cooperation between two or more rivals*" (p.130)
2010	Ritala	Co-opetition is "*a collaborative relationship between two or more independent economic actors simultaneously engaged in product-market competition*" (p.21)

Source: the author

Brandenburger and Nalebuff's definition (1996) highlights a game theory basis as a starting point for understanding co-opetition. Bengtsson and Kock (2000) refer to the paradoxical coexistence of two antagonistic strategies. In the authors conception, co-opetition is equivalent to a strategic alliance were participating partners also compete with each other. Dagnino and Padula (2002) offer a different perspective introducing the idea of an incomplete interest and goal congruence as the heart of the relationship, whereas Zineldin (2004) reminds that organisations shall remain independent in order that co-opetition may be understood as such. Luo's (2007) more simplistic definition, while enclosing a plain yet complex relationship concept, results in perhaps the most wide spread idea as being the most intuitive with regard to the term itself: "*Co-opetition is the simultaneous competition and cooperation between two or more rivals*" (Luo, 2007: p.130).

Ritala (2010) suggests a more specific concept focused on the relation between organisational direct competitors. By grouping several conceptualisations, the definition highlights three key aspects: i) a goal congruence and interdependence of a collaborative relationship, as claimed by Dagnino and Padula (2002); ii) the decision making independence for competition, stressed by Zineldin (2004); and iii) a competition in end-product markets, hence casting aside the concept of intra organisational co-opetition.

For the purpose of this work the term "co-opetition" will be used according to Ritala's definition, as the focus of this research will stand upon the collaborative phenomena between competitors in horizontal relationships.

2.1.2. Related Concepts in Horizontal Relationships

Horizontal relationships refers to those taken between companies at the same stage (Steiner, 2008), that is, competing with equivalent products for the same markets.

Besides co-opetition, several other governance structures are often referred as types of collaborative relationship between horizontal players: strategic alliances, joint ventures, consortia, lobbies, cartels, among others are generically described in the literature stressing the prevalence of a collaboration effort between actors.

From all inter-firm dynamics, the one concept that seems to aggregate all the others is the strategic alliance. As highlighted by Contractor and Lorange (2002), referrals to "strategic alliance" are applied in the literature as a broad umbrella for several sorts of inter-firm agreements, from simple short term contracts to complex joint ventures. According to Rangan and Yoshino (1996: p.7), strategic alliance refers to an arrangement between firms aiming for the "*mutually beneficial exchange of technologies, products, skills or other types of resources*". Peng (2011) describes the same concept as a voluntary agreement between firms aiming for the exchange, sharing or co-development of products, technologies or services. The broadness of the term is highlighted by Todeva and Knoke (2005) who present a collection of inter-organisational relationship strategies (Table 2.2, p.8) fitting in the concept of strategic alliance.

It is interesting to notice that co-opetition does not come to light in Todeva and Knoke's (2005) compilation as an inter-firm relationship grouped into the strategic alliance concept, even though at that time the academic discussion on the topic was already set in motion. Nonetheless, many of the described relationships may embody the principles of co-opetition, as it is a strategic option that can arise from cooperatives, R&D consortia, cartels, industry standard groups or action sets are just some examples of inter-organisational relationships that may be carried out by horizontal competitors. From similar descriptions that may be found in several sources, a common aspect is that clear considerations on direct competition between allies appear to be non-existing. In fact, a major gap in the literature consists in the absence of evident distinction between co-opetition and other kinds of collaboration (Ritala, 2010). In this sense, strategic alliances differ from a co-opetition strategy only in the absence of an evident competition basis between partners, even though such comparison remains unclear from literature on the subject. Notwithstanding, the terms “co-opetition” and “strategic alliance” appear often blended in the same sentence (Bengtsson and Kock, 2000; Zineldin, 2004) thus exposing the proximity between both these concepts.

Table 2.2: Strategic alliances classification

Relationship	**Description**
Hierarchical relations	One company takes control of other by merger or acquisition
Joint ventures	A group of firms create a jointly owned legal organisation for a specific and limited purpose such as R&D or Marketing
Equity investments	A equity holding of one firm in another through purchase of shares
Cooperatives	A coalition of small enterprises aimed for the management of collective resources
R&D consortia	Inter-firm agreements for R&D development
Strategic cooperative agreements	Contractual business networks with multi-party strategic control
Cartels	Collusion of large corporations to constrain competitors by controlling production or prices
Franchising	A firm is granted the use of a brand identity remaining loyal to its standard norms
Licensing	One firm is granted the use of patented technology against royalties payments
Subcontractor networks	Network with a subcontractor and its inter-linked suppliers for the establishment of supplying terms
Industry standards groups	Technical committees for the development of standards for manufacturing or trade
Action sets	Short duration coalitions for lobbying intended to influence public policy makers
Market relations	Transactions between organisations coordinated by transfer price mechanisms

Source: adapted from Todeva and Knoke, 2005, p. 124

Literature seems to imply that co-opetition, due to its complexity and specificities, is a special case of strategic alliances with its multifaceted nature pleading for a different approach for this newly studied market structure (Osarenkhoe, 2010; Hannachi and Coléno, 2012). Such vision is not unanimous though, as Kozira (2012) presents the opposite perspective when comparing both phenomena: by concluding that co-opetition is a more complex concept that strategic alliances, Kozira claim that strategic alliances fit in as a particular form of co-opetition. It seems that this logic defies deductive reasoning and constitutes an invalid argument, as it draws a false conclusion from true premises. Looking at the Collins Dictionary for the term "general" one can find definitions as "*including various or miscellaneous items; including or participated in by all or most of the members of a group or category; not specific as to detail*". The general case is therefore the less complex one, the most embracing where others can fit in – and as concluded by Todeva and Knoke's (2005) work, that description appears to match the concept of strategic alliance.

2.1.3. Current Developments

Research on co-opetition is at a very early stage of development (Ritala, 2010), and only recently it has been receiving appropriate attention from the academic community (Walley, 2007) as its potential for the development of strategic management and managerial practice is being revealed (Dagnino, 2007). Besides researchers, the benefits of co-opetition have been catching growing attention as well from managers and decision-makers (Kanter, 1994), whose role should now focus more in seeking collaboration models with their competitors (Hansen and Nohria, 2004; Zineldin, 2004).

Several studies have made reference to the concept in different relationship contexts, either at inter organisational levels (Bengtsson and Kock, 2000; Chin *et al*. 2008), inter network levels (Barreta, 2008; Peng and Bourne, 2009) or even intra organisational levels (LeTorneau, 2004). As previously mentioned, the focus of this research will remain on the inter organisational level in accordance with Ritala's (2010) definition.

2.1.3.1. Motivations for co-opetition

Co-opetition lays between the two opposite poles of competition and cooperation. As challenged by Schmiele and Sofka (2007), why would competitors join forces and share their competences? Illustrating the market as a pie, Brandenburger and Nalebuff (1996) interpret that instead of struggling to have the greatest share of the pie, competitors can create a bigger pie by mutually combining forces. Competition-based strategies focus on the appropriation of available value by seeking the most profitable division of the pie. On the opposite approach, cooperation-based strategies focus on collective generation of value, seeking the most profitable way to share the pie. Between these extremes, a co-opetition strategy encourages organizations to discover new and creative ways to jointly generate and appropriate value (Dagnino, 2007).

Co-opetition models lay therefore on a value net based relationship where all participating actors add value to one another's organizations (Zineldin, 2004). As participating firms gain access to their partner's resources and learn from their valuable knowledge (Ganguli, 2007), firms can find in cooperation a source of competitive advantage (Hansen and Nohria, 2004).

Motivations for co-opetition may be explained in broad terms by two main drivers that can stimulate the gathering of partners. The first is that the negative aspects of being alone are more easily endured if shared with others. Business wise, the main negative features comprise costs and risks – features that companies are always willing to reduce, for which sharing them with a partner may be an alternative approach when reducing them alone is not a valid option. A second driver for teaming up is the attractiveness of the partner. From the standpoint of a company, attractiveness translates as having access to new valuable resources such as knowledge, technology, suppliers, customers, distribution channels, or any other kind. Motivations for co-opetition then range from sharing of costs and risks, gaining access to knowledge and technology, accessing new supply chains, distribution channels, markets or customer, or even gaining dimension to achieve economies of scale (Bengtsson and Kock 2000; Zineldin, 2004; Yu, 2008). Such perspective may provide explanation to the early referred paradox as, after all, it is a matter of human behaviour: it is as natural searching to alleviate one's own disadvantages as it is willing to acquire the advantages of others.

These motivations may be targeted to aim different business areas, such as Research & Development (Dagnino and Padula, 2002; Schmiele and Sofka, 2007), Product Development (Bengtsson and Kock 2000; Zineldin 2004), Innovation (Zineldin 2004), Production (Dagnino and Padula, 2002) and Marketing & Sales (Bengtsson and Kock 2000; Zineldin 2004; Ritala, 2010). Table 2.3 presents a summary of business areas and motivations for a co-opetition strategy.

Table 2.3: Motivations for co-opetition and applicable business areas

	Research & Development	**Innovation**	**Product Development**	**Production**	**Marketing & Sales**
Share					
Costs	x	x	x	x	x
Risks	x	x	x		
Access					
Knowledge	x	x	x	x	
Technology	x	x	x	x	
Supply Chain				x	
Distribution Channels					x
Customers					x
Market Presence					x
Scale (dimension)				x	x

Source: author

With respect to reciprocity in motivations, each partner may exhibit similar or different agendas. For partnerships motivated by the sharing of a given feature, such as costs or risk, motivations are naturally reciprocal, in result of the concept of "sharing" itself. Such symmetric partnerships tend to be more stable as the contribution of each partner tends to remain balanced. However not all co-opetition cases are attained with partners with reciprocal motivations. An example of a common asymmetry is the one frequently observed in international partnerships where one company seeks access to a new market dominated by its local partner, while this seeks access to technology held by its counterpart. Such cases of non-reciprocal motivations result in asymmetric partnerships which tend to be more risky and unstable in result of partners' divergent agendas.

2.1.3.2. Advantages and Benefits

On the advantages side, co-opetition combines the search for innovation, driven by competition, with the opportunity to gain access to new resources, fostered by cooperation (Osarenkhoe, 2012). By aiming for a mutual exchange, it promotes the collective share of information and knowledge, thus developing internal competencies and enhancing companies' internal resources (Zineldin, 2004; Osarenkhoe, 2012), proving to be beneficial both in the search for innovation as in the improvement of market performance for all involved partners (Osarenkhoe, 2012; Ritala, 2012).

2.1.4. How is Co-opetition Developed

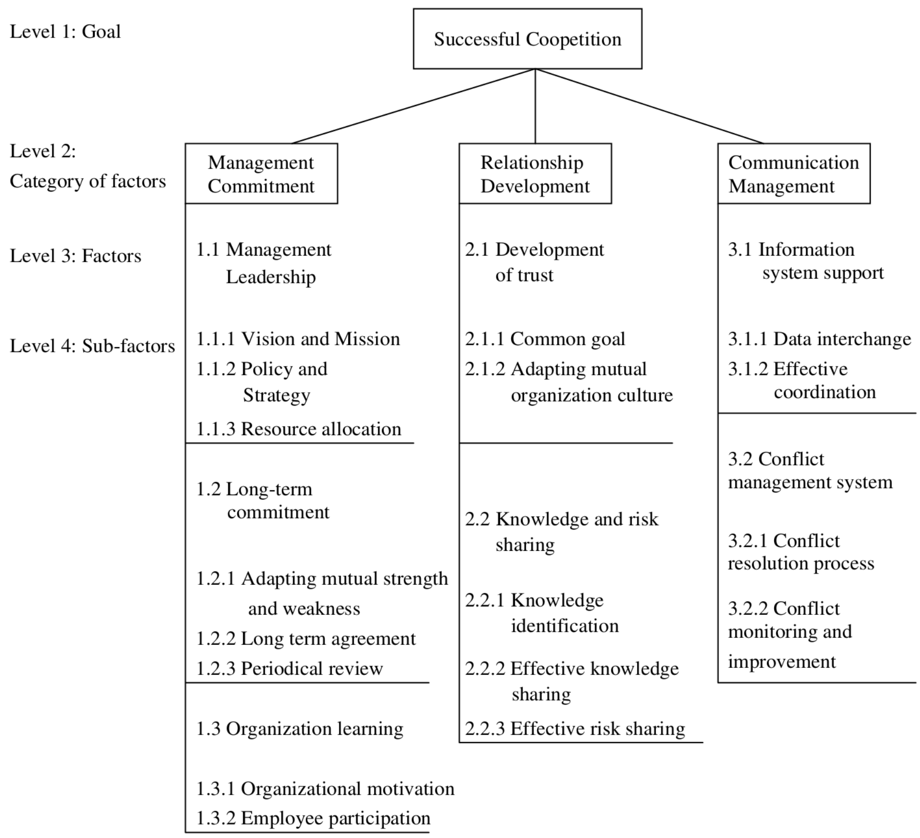
Zineldin (1998, 2004) advocates that organisations would benefit from pursuing mutual beneficial partnership relationships even with competitors, instead of striving for plain conventional competition. Zineldin (2004: p.780) illustrates this though citing Alfie Kohn who stated that "*the simplest way to understand why competition generally does not promote excellence is to realise that trying to do well and trying to beat others are two different things*". Nevertheless, co-opetition between companies does not occur naturally. Hansen and Nohria (2004) suggest that companies on their own tend to raise barrier to the process, failing on the operations of receiving and providing assistance from counterparts. On the “receiving” processes, self-inflicted barriers may consist in an unwillingness to receive assistance from outsiders or in an inability to seek appropriate assistance from outsiders. On the other hand, “providing” processes may fail due to an unwillingness to provide assistance to outsiders or due to an inability to transfer knowledge to others. On these authors opinion, top management have a crucial role in reducing these barrier, suggesting that collaboration relationships between companies should be nurtured top down.

2.1.4.1. Critical Success Factors

On their work to determine and prioritize critical success factors for a co-opetition strategy, Chin *et al.* (2008) identified seven factors divided into seventeen sub-factors grouped in three categories. Such categories comprise vectors of actuation that embody the pillars supporting a profitable and long-lasting partnership: i) *management commitment*, ii) *relationship development* and iii) *communication management*. Illustration 2.1 (p.14) presents the hierarchical model of co-opetition strategy management proposed by Chin *et al.* (2008).

On the perspective of Chin *et al.* (2008), *management commitment* refers to top management engagement in implementing co-opetion strategy. This category comprises three critical success factors: 1.1) *management leadership* analyses top management's capabilities in guiding the organization towards its defined goals, being thus strongly related to senior executives' attitude towards co-opetition; 1.2) *long-term commitment* examines management's long-term dedication in maintaining a partnership relation with competitors, which absence will cause co-opetition strategy to fail; 1.3) *organizational learning* describes an intrinsic culture of systematically detecting and correcting of errors in processes, being critical to co-opetition as it occurs in a continuously changing environment.

Illustration 2.1: Critical success factors for a successful co-opetition



Source: Chin et. al., 2008: p.442

On the same authors' works, category *relationship development* refers to the involvement of the organization in nurturing a good relationship between partners. It includes two critical success factors: 2.1) *development of trust* refers to the extent of trust between partners as a factor reinforcing cooperative behaviour; 2.2) *knowledge and risk sharing* scrutinizes the partners' proficiency in sharing knowledge as a source of competitive advantage, along with the capacity to share risks as well.

Chin *et al.* (2008) finalize with a category of *communication management* referring to the systematic planning, implementation, monitoring and revision of communication channels, both within each organization as between partners. 3.1) *information system support* explores the organization's effectiveness in systematizing information as a means to coordinate business operations in a way to add value to the partnership; 3.2) *conflict management system* expresses partners' competence in handling conflicts as an instrument to support healthy and successful partnerships.

As a result of their study, Chin *et al.* (2008) conclude that *management leadership* and *development of trust* are the factors that contribute the most to a successful co-opetition relationship. Notice must be made to the fact that such results reflect opinions of the managers interviewed in this research, thus not comprising irrefutable proof for these being "the" paramount factors for co-opetition partnerships. Notwithstanding, the relevance of managerial roles and trust between actors have been consistently referred by many scholars. The fundamental role of management for co-opetition success is widely stressed by several authors (Hansen and Nohria, 2004; Zineldin, 2004; Chin *et. al.*, 2008). Nonetheless, Zineldin (2004) notes that even with top management commitment, decisions to implement a co-opetition strategy are not easily taken as several variables concur for its complexity: they involve the identification of *motives* for the establishment of *relationships*, to be nurtured with the appropriate *attitudes* that promote *interactions* and foster *behaviours* that will stimulate *actions* leading to the *satisfaction* of identified company's *needs*.

2.2. The Selection of Partners for Business Alliances

It is commonly accepted that partner selection is one of the most influential factors for the success of a business alliance (Geringer, 1991; Shah and Swaminathan, 2008; Solesvik and Westhead, 2010). The relevance of the choice is of such importance that Cummings and Holmberg (2012) refer to partner selection criteria as critical success factors, given that an unfit initial partner selection may even destroy the best possible alliance management capabilities. On exploring long-lasting business relationships, Zineldin (2004, p.781) identifies 7 factors that determine the development of enduring and mutually beneficial alliances:

1. *"All parties are committed to be engaged in a interactive exchange relationship;*
2. *Each party can contribute with something valuable for the other parties;*
3. *Relationship is perceived by all parties as mutually rewarding, by which each party is willing to give something of value in order to receive something equally valuable in return;*
4. *Each party is free to negotiate the terms and conditions for the cooperation agreement;*
5. *All parties are able to freely communicate and interact with each other;*
6. *All parties recognise that ethical values, interdependence, commitment and adaptation are crucial for a sustainable long-term relationship;*
7. *All parties can find a positive balance between pros and cons of the relationship."*

It is interesting to notice that all these factors make reference to partners (the parties), thus clearly indicating that the success of mutually beneficial business relationships depends firstly in a good selection of partners – the right match, on their joint coordination, on their mutual acceptance and understanding.

Notwithstanding, to the best of our knowledge, no research has been made on the topic of partner selection regarding specifically co-opetition partnership cases. For this reason, our literature review on partner selection is based on the existing literature for strategic alliances, from which co-opetition constitutes a special case.

2.2.1. Partner Selection Criteria and Motivations

The classification of task-related and partner-related dimensions of partner selection criteria, introduced by Geringer (1991), was the first and is still the most cited approach to the topic. In Geringer's (1991) conception, task-related criteria refer to operational skills and resources, which are required for the success of the partnership, whereas partner-related criteria group factors are associated with the efficiency and effectiveness of partners' cooperation. Despite this classification being widely accepted by many scholars, as Das and He (2006) notice it is not always clear and remains somewhat confusing, as the same criterion may be enclosed in either set of dimensions in different studies. Das and He (2006, p.126) hence suggest the following grouping of criteria in these two major categories:

- "*Task-related criteria: complementary products or skills; financial resources; technology capabilities or uniqueness; location; marketing or distribution systems, or established customer base; reputation and image; managerial capabilities; government relationship, including regulatory requirements and government sales; help in faster entry into the target market; and industry attractiveness.*
- *Partner-related criteria: strategic fit or interdependence, or compatible goals; compatible or cooperative culture and ethics; prior ties and successful prior association; trust between top managers; strong commitment; similar status, including size and structure; reciprocal relationship; commensurate risk; and ease of communication.*"

In addition to these two sets of partner selection criteria, Cummings and Holmberg (2012) also introduce learning-related and risk-related dimensions of selection criteria. In this conception, learning-related criteria refer to the partner's attributes that enhance learning from knowledge transfer, whereas risk-related criteria are those arising from the interdependence nature of alliances. Cummings and Holmberg (2012) state that such factors are often neglected by managers and decision makers, hence suggesting a dynamic rather than static approach for partner selection where all four sets of criteria should be balanced when choosing alliance partners.

Taking from such sets of criteria, general motivations to opt for a given assortment of partner's features may be determined by different factors (Dong and Glaister, 2006; Buyukozkan *et al.*, 2008). Shah and Swaninathan (2008) suggest that trust, commitment and financial payoff of a potential partner may be considered by firms as drivers for partner selection. Another relevant determinant is the purpose of the alliance itself, as criteria for the choice of partners will vary in accordance to the project type (Shah and Swaninathan, 2008). For instance, when considering alliances for R&D activities, firms tend to prefer partners capable of creating value while showing reliability for not appropriating that same value (Diestre and Rajagopalan, 2012). Companies will ponder over different factors weighting more or less each feature depending on their operating industry, organizational culture, goal orientation, commitment to partner relationship and cultural mindset. In fact, each partner's preferential criteria, as the motives beneath them, are not necessarily reciprocal as partners may feel attracted one to another for different reasons. However, one should notice that motivations for the choice of partners should be clearly distinguished from motivations for a partnership formation. On such differences, Al-Khalifa and Peterson (1999) stress that motivations involved in partner selection differ from motivations for entering into a partnership, the former being a “means” for the achievement of the “ends” implied by the latter.

2.2.2. Partner Selection Process

Academic literature is rich in empirical researches on the process of partner selection for business alliances (Todeva and Knoke, 2005). One approach refers to the complementarity principle, which suggests that a better performance is attained if partners gather on the basis of complementary strategic advantages instead of basing an alliance on their similarities (Todeva and Knoke, 2005; Wagner and Muller, 2009). On this topic, Geringer (1991) does not recognize complementarity in partner-related based alliances. Instead, complementarity may only be recognised in those cases where partner selection is based on task-related criteria, *i.e.* complementarity of skills and resources. Joining both arguments might lead to conclude that better performances will be achieved by task-related based alliances. However, a different conclusion is drawn by Al-Khalifa and Peterson (1999) when stating that partner-related criteria are the most relevant for a successful alliance. A possible reason for these antagonistic claims may be the background of both studies: Al-Khalifa and Peterson's (1999) study was held in Bahrain, a typical Middle Eastern high context culture where personal relations is highly recognised and valued and often surpass business relations. On the other hand, Geringer (1991) conducted his study in the USA, a highly competitive and results oriented culture, hence more favourable to task-related based alliances.

Bierly and Gallagher (2007) describe alliance's partner selection as a complex process influenced by three endogenous factors – fit, trust and strategic expediency – depending on the extent of two other exogenous factors – uncertainty and time constraints. According to the authors, as long as the company has sufficient time and information, the search for strategic fit is the first step when choosing a partner. When information is lacking and uncertainty rises then trust becomes important as a selection criterion. However, these factors can only explain the process in the absence of any significant time constraints, otherwise response will be based on strategic expediency, described as the ability to make effective partner selection decisions under time pressure. The authors describe that in such cases skilled managers will tend to effectively rely on intuition due to the difficulties imposed by time constraints in following a rational decision-making approach.

2.2.3. Prior Personal Relationships

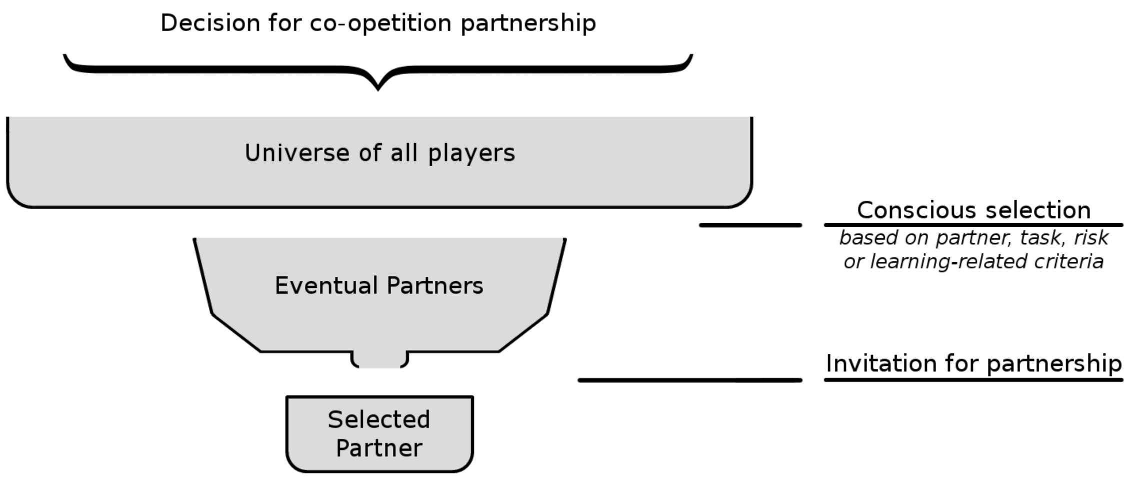
As Ganguli (2007) notices, the dominating and most relevant part in a co-opetition strategy is cooperation. Corporate success on cooperating companies depends, to a great extent, on the quality of cooperation, since it is directly linked with its cooperation experience (Fink and Kessler, 2010). Effective cooperation, in turn, relies on how good a relationship is between all the involved parties. In fact, the relevance of the subject is such that Palmer (2002, in Vieira *et. al.*, 2008) suggests that the good quality of long-term relationships between partners is a source of competitive advantage in business relations.

Studies on the field of partner selection seem to point at task-related and partner-related criteria to be on the basis of the choice of decision makers. Nevertheless, an additional criterion that seems to have been neglected may be the inter-personal relationships between entrepreneurs or decision makers, which is likely to be a relevant factor for partner selection in many cases – particularly in co-opetition partnerships where sharing information between partners means as well sharing information between competitors. In such cases, personal trust between partners stand as the basis of the business alliance itself. As evidence, in a study on domestic co-opetition Schmiele and Sofka (2007) noticed a higher predominance of graduated managers among those enacting such business partnerships, thus leading to the suggestion that formation of domestic co-opetition partnerships appears to be directly linked to the existence of prior personal relationships.

2.3. Conclusion

From the literature one can infer that the selection of partners for co-opetition is carried following a straightforward 2-step model: in a first step decision-makers decide to establish a co-opetition partnership, followed by a second step where decision-makers consciously select their alliance partners based on a given assortment of the previously described task, partner, risk and learning-related criteria. Illustration 2.2 provides a depiction of this model. Even though the purpose of this study is not to test or validate this model, it will serve as starting point for the following study.

Illustration 2.2: Model 1: Two-step model for partner selection.



Source: the author

Despite all academic studies on this field, the process of selecting competitors as strategic allies for a co-opetition relationship is still not fully understood. Altogether, the widely accepted and cited task-related and partner-related dimensions of partner selection criteria, despite being a structured and valuable attempt to explain the partner selection process, are not always a solid or self-sufficient approach to describe that phenomena completely. The more recently described risk-related and learning-related dimensions, despite shedding a new light towards this phenomenon, provide little contribution for the understanding of more relational rather than purely transactional aspects of an alliance. It seems therefore that the study of influential factors or selection criteria for the choice of partners has not yet been depleted.

3. Methodology

Despite all studies made until now, it remains unclear what factors determine the choice of partners for a co-opetition strategy. Likewise, it is also uncertain whether or not those differ from the ones leading into the forging of strategic alliances. Both these questions motivate the following empirical analysis.

The starting point for this research was to answer how competitors are chosen to team up for a co-opetition partnership. As such no hypothesis was advanced for this purpose and investigation was held with a free spirit. An exploratory study was conducted to collect qualitative data in compliance with an abductive approach. Data have been processed through a Systematic Combining methodology (Dubois and Gadde, 2002) based on Grounded Theory (Glaser and Strauss, 1967). Following such methodology the existing literature is taken as starting point for research, from which new data is systematically collect and analysed for the emergence of new concepts and categories until saturation is reached (Goulding, 1999).

3.1. Sampling and Sample Characterization

The selection of cases was based on a Purposive Sampling technique as the most suitable for randomly selecting appropriate informants among the population segment with the most information on the researched topic (Guarte and Barrios, 2006). A preliminary research was held in order to identify eventual study cases to target. Data collection was performed with resource to newspapers, magazines, websites or any other sources of public information.

The electable case would be that of a cooperation partnership between national competitors hence representing a case of domestic co-opetition. Considering this particular requisite, the sampling universe was delimited to companies based in the Portuguese territory for practicability in data access and convenience of data collection. The profile of the electable case was hence defined as a presently active cooperation alliances in which i) all involved companies are competitors between themselves regarding their operating markets and their offered products or services, ii) each company keeps its original identity and independence towards the remaining partners and iii) all companies are based in Portugal.

While defining a profile it is also beneficial to set its boundaries. As such, all cases of international alliances, *i.e.* involving companies from different nationalities, were not electable for this study. Moreover, cooperatives or professional associations (*e.g.* agricultural cooperatives or trade associations) were also disregarded, as even though these organisations may represent a group of associated competing companies, they tend to keep their own independent organic structure hence not typifying a case of co-opetition. Nonetheless, the formation of a new company as result of a collaboration alliance would not hinder electability on itself, provided that the new company was exclusively created for the purpose of the alliance and remains organically and/or functionally dependent from its creating companies.

With this profile and respective boundaries in mind, the search for study material rendered 4 cases of domestic co-opetition comprising Portuguese companies with forged alliances with national competitors in the sectors of wine, tourism and construction industries. Only two partners at each partnership were selected even though two of the partnerships included five partners, in which cases partners were selected at random. Sample includes medium and large organizations, with business structures ranging from Limited Liability companies, Public Limited companies and Holding companies. Table 3.1 presents a characterization of the analysed sample.

Table 3.1: Sample characterization, exhibiting purpose and motivation for partnership in each case

Cases	**Sector**	**Est.**	**Purpose**	**Partners**	**Motivation**
Case A	Wine	2002	Promote sales by increasing wine region's brand awareness	Partner A.1 Partner A.2	Gain scale and share promotion costs
Case B	Cons-truction	2007	Promote internationalization with enhanced complementary offer	Partner B.1 Partner B.2	Access each other's knowledge and technology
Case C	Wine	2010	Promote sales by increasing product category awareness	Partner C.1 Partner C.2	Gain scale to achieve market visibility
Case D	Tourism	2012	Expand product portfolio based on complementary offer	Partner D.1 Partner D.2	Access each other's distribution channels and customers' portfolio

Source: the author

Case A represents a partnership of five competing wine producers from the same region who decided to jointly promote their region in international markets. These producers realized that their strength together was higher than when each one was promoting separately, therefore as a group they were able to "*cause a greater impact and a leave a better impression*" (Partner A.1). Even though they recognize that their promoting efforts are beneficial to all the wine producers from that region, the group perceives added value in their co-opetition partnership, which has been active for over a decade.

Case B stands for a partnership of competitors in construction industry. All companies are based in the same geographical region and compete in their domestic market. As a consequence of their membership and involvement in the local industrial association, top managers knew each other well previously. Such relationship had great impact in the creation of this co-opetition partnership, as stated by Partner B.1: "*I'm convinced that our personal relationships had great influence*". This group remains active only in some previously defined external markets where all partners cooperate based on their complementarity of skills and competences.

Case C is a partnership between two competing Port wine companies aimed to "*promote Vintage Port wine next to opinion makers and consumers*" (Partner C.1). Both companies are major players in all Port wine categories, marketing their brands globally. However, they realized that their top category wine suffered from low recognition in a certain strategic market. These companies thus teamed up as a solution for a specific problem in a specific region.

Case D is a case of co-opetition in the domestic market incorporating two hotel chains with "*a perfectly complementary offer*" (Partner D.1), as each operates in different regions and with different hotel categories. The creation of this partnership encompassed synergies allowing each company to expand their own product portfolio and market presence. Partner D.2 reported that the contact was facilitated by "*prior relationships between both CEO's resulting from their work together in the Tourism Association*".

Regarding the motivations for the creation of partnerships, in all 4 cases partners exhibited similar reasons to take part in the alliance, thus revealing motivational reciprocity and goal congruence between allies. Even so, as previously stated, the motivations to engage a co-opetition strategy must not be confused with the motivations of each company for choosing its alliance partner (Al-Khalifa and Peterson, 1999), which will be analysed in section 4.2.

3.2. Data Collection and Processing

Initial research data was collected from public sources of information such as newspapers, magazines and websites. Notwithstanding, the main source for data collection were semi-structured interviews conducted to top managers or decision-makers at each target firm. The aim of the interviews was to discuss the selection of partners for each partnership, namely by discussing how the partnership was created, how was each partner selected and why was each particular partner chosen to participate in the alliance. Conversations followed an adaptive guideline in order to assure the inclusion of topics emerging from previous interviews.

Table 3.2: Description of initial codes used for Qualitative Data Analysis (QDA)

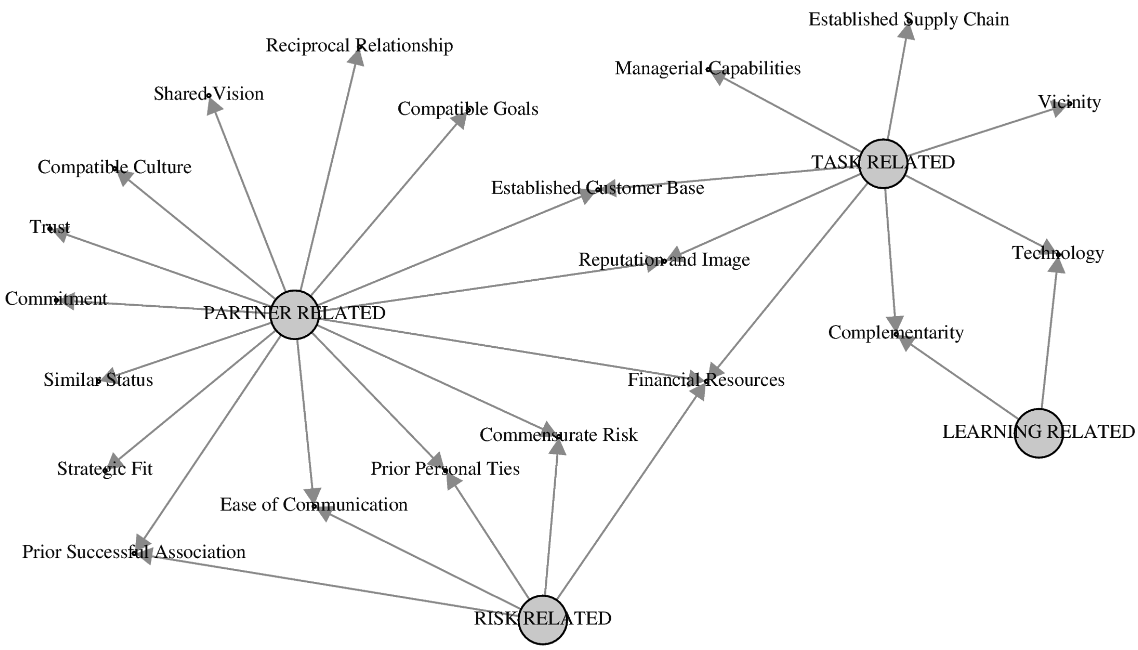
Codes	Description
Commensurate Risk	Refers to an appropriate risk level represented by the target partner.
Commitment	Refers to the existence of a strong commitment of partners towards the partnership.
Compatible Culture	Refers to similar or compatible organizational culture.
Compatible Goals	Refers to a goal convergence or compatibility of both (or all) partners.
Complementarity	Refers to complementarity of products or skills of both (or all) partners.
Ease of Communication	Refers to the easiness in communication between partners towards the sustainability of the partnership.
Established Customer Base	Refers to the established base of customers of the target partner.
Established Supply Chain	Refers to the established supply chain (distribution channels for a specific market or set of markets) of the target partner.
Financial Resources	Refers to strong or solid financial resources of a parter.
Managerial Capabilities	Refers to the competence of managers in leading their businesses.
Prior Personal Ties	Refers to previous personal relationship ties between either friends or members of a same family.
Prior Successful Association	Refers to the existence of previous successful experiences of association between present partners.
Reciprocal Relationship	Refers to the existence of bidirectional relationship of the same degree between partners (*i.e.* no partner is superior or inferior to the others).
Reputation and Image	Refers to perceived reputation and perceived image of the chosen partner.
Shared Vision	Refers to all partners having the same vision, thinking or attitude towards the market.
Similar Status	Refers to similar organizational size and structure.
Strategic Fit	Refers to the suitability of a partner for the implementation of the company's defined strategy.
Technology	Refers to the technological capabilities or uniqueness of the chosen partner.
Trust	Refers to trust between top managers or decision makers.
Vicinity	Refers to geographical proximity of partners.

Source: adapted from Das and He (2006) and Cummings and Holmberg (2012)

Interviews were digitally recorded and the content transcribed for qualitative data analysis using RQDA software. Data was inspected in search of criteria for partner selection for which 20 codes were considered, having as support the previously discussed literature review. Table 3.2 (p.26) describes the initial codes used for this analysis.

These initially established codes fell into 4 categories, namely the partner-related, task-related, risk-related and learning-related dimensions of partner selection criteria. Notwithstanding, some of the codes might fall into more than one categories, in result of different interpretations exhibited by different authors. Illustration 3.1 exhibits the initial correlation between categories and codes.

Illustration 3.1: Correlation between categories and codes.



Source: the author

From this chart one can discern that codes such as prior successful association, prior personal ties, ease of communication and commensurate risk express equally partner-related and risk-related criteria; establishes customer base as well as reputation and image portray both partner-related and task-related criteria; both learning-related criteria may also be seen as task-related; and financial resources, due to its several implications, may be found equally in partner, task and risk-related dimensions.

4. Findings

The analysis aimed primarily at partner selection criteria. A following dissection focused on answers from different respondents within each partnerships to determine the existence of reciprocity in partner selection criteria. Finally, an additional cross analysis confronted partner selection criteria with partnership goals, aiming to identify whether or not both these aspects are interdependent.

4.1. Partner Selection Criteria

The primary focus of the analysis was the breakdown of criteria for partner selection. Based on revised literature, initial codification included 20 partner selection criteria distributed by 4 criteria dimensions: partner, task, risk and learning-related. Following these codifications it was possible to determine the most consistently referred criteria and thus establish the ground for the understanding of partner selection process. Two new partner selection criteria emerged from the analysis – shared business network and similar positioning – for which 2 new respective codes were created and added to the initial ones. Table 4.1 (p.30) presents a description of these emerging criteria. Additionally, the analysis originated the emergence of 1 new category, presented here as a network-related dimension, described as the set of partner selection criteria based on professional or personal networks of decision-makers. The assortment of this emerging dimension was extended to prior personal ties, prior successful association and shared vision criteria.

Table 4.1: Description of new codes emerged from the data analysis

Codes	Description
Shared Business Network	Refers to the mutual participation in professional networks, such as sectorial clusters or industrial associations.
Similar Positioning	Refers to the similarities in the offer positioning between partners.

Source: the author

Content analysis to respondents' testimonials is presented in table 4.2 (p.31), listing all analysed partner selection criteria codes and their origins, as well as a summary of identified occurrences and respondents. Column "Respondents" shows how many respondents mentioned each criterion. Column "Occurrences" shows how many times each criterion was identified in respondents' testimonials. The last five rows refer to dimensions of partner selection criteria and indicate the authors who associate each criterion to a specific dimension. As example, first row reads: "Prior Personal Ties, as a partner selection criterion, was mentioned by eight respondents in a total of 26 occurrences. This criterion is pointed as partner-related by Das and He (2006), as risk-related by Cummings and Holmberg (2012) and as network-related in this study".

In all four analysed cases of co-opetition partnerships it notoriously prevails that prior personal relationships between managers from all partnering companies were very present. This reference was usually mentioned when respondents were confronted with the question of "How did this partnership start?". In those cases where this fact was not mentioned in the first answer, it would eventually come up at a later stage during the interview. In the final count, all eight respondents referred to this fact 26 times. On this qualitative data analysis, coded criteria "Prior Personal Ties" accounts for acquaintances that may come from family or friendship ties, as well as from business ties resulting from previous business associations. Even though it was not highlighted specifically as a criterion of selection, the fact that the leaders of each organization already knew each other was consistently referred to by all respondents and indicated as a starting point for the partnership formation. Table 4.3 (p.32) presents statements from all respondents supporting this interpretation.

Table 4.2: Interviews content analysis on partner selection criteria

Codes	Respon-dents	Occur-rences	Network related	Partner related	Task related	Risk related	Learning related
Prior Personal Ties	8	26	the author	DH.2006		CH.2012	
Prior Successful Association	7	16	the author	DH.2006		CH.2012	
Shared Business Network	7	7	the author				
Similar Status	5	10		DH.2006			
Similar Positioning	5	9		the author			
Shared Vision	5	8	the author	DH.2006			
Ease of Communication	5	6		DH.2006		CH.2012	
Complementarity	4	9			DH.2006		CH.2012
Strategic Fit	4	9		DH.2006			
Managerial Capabilities	4	7			DH.2006		
Vicinity	4	6			DH.2006		
Reciprocal Relationship	4	5		DH.2006			
Compatible Goals	3	8		DH.2006			
Reputation and Image	3	8		DH.2006	DH.2006		
Trust	3	6		DH.2006			
Compatible Culture	3	5		DH.2006			
Commensurate Risk	3	3		DH.2006		CH.2012	
Commitment	2	2		DH.2006			
Established Customer Base	2	2		DH.2006	DH.2006		
Established Supply Chain	1	2			DH.2006		
Technology	1	2			DH.2006		CH.2012

Source: the author (DH.2006: Das and He, 2006; CH.2012: Cummings and Holmberg, 2012)

Table 4.3: Statements on Prior Personal Ties

Cases	Partners	Statements
Case A	Partner A.1	*“There were already some relationships, either family or friendship based”*
	Partner A.2	*“These 5 families already knew each other and had friendly relations"*
Case B	Partner B.1	*“[This partnership] was the result of conversations that we kept regularly in the industrial association”*
	Partner B.2	*“One of the factors for this idea to take shape was the fact that the CEOs already knew each other personally”*
Case C	Partner C.1	*“We know each other personally and we are friends for a long time”*
	Partner C.2	*“If we didn't know each other probably this partnership would never happen”*
Case D	Partner D.1	*“There are personal relationships between both presidents, and that certainly facilitated contact”*
	Partner D.2	*“There were already some contacts between both presidents as they already knew each other”*

Source: the author

The next most mentioned criteria were “Prior Successful Association” and “Shared Business Networks”, both with references from 7 respondents. Even though in some cases the testimonials might be interpreted as belonging to either one of these categories due to the eventual correlation between both circumstances, the fact is that these codes make reference to 2 distinct features. The former accounts for managers having previously and successfully experienced working together with the current partner(s) either formally or informally, while the latter highlights the fact that leaders of each company gathered previously in common business networks such as sector clusters or industrial associations, regardless of having or not worked together at those groups. Unlike the former, shared business networks is a new criterion emerging from this research. Tables 4.4 and 4.5 (p.33) respectively exhibit statements fitting these codes.

Table 4.4: Statements on Prior Successful Association

Cases	Partners	Statements
Case A	Partner A.1	*“It was common to get together in wine shows and we always used to cause a good impact. We then concluded that we had to do it in a more organised and formal way”*
	Partner A.2	*“Some of us were in the wine sector for longer than others, but collaboration initiatives had already happened before”*
Case B	Partner B.1	*“This [collaboration between our companies] is nothing new”*
	Partner B.2	*“This was not the first experience of this kind carried by these shareholders”*
Case C	Partner C.1	*“There was already some cooperation going on previously. We already knew the power, the concept of coming together had already been practised in various environments”*
	Partner C.2	*“That cooperation already existed between both our groups in other markets. There was already a tradition of cooperation regarding Vintage Port Wine”*
Case D	Partner D.1	(not referred)
	Partner D.2	*“[The presidents of both companies] already knew each other, particularly due to their joint work at the National Tourism Association and at other organizations of this sector”*

Source: the author

Table 4.5: Statements on Shared Business Network

Cases	Partners	Statements
Case A	Partner A.1	*“There were these wine tasting events where we used to participate”*
	Partner A.2	*“We already new each other, we used to taste wines together in tasting events”*
Case B	Partner B.1	*“We take part in the construction's cluster of our region”*
	Partner B.2	*“These are companies participating in the construction's cluster of their region”*
Case C	Partner C.1	*“We have some experience of setting up joint tasting events”*
	Partner C.2	*“It is relatively common that some Port Wine companies collaborate when launching new Vintage Port Wines”*
Case D	Partner D.1	*“[The presidents of both companies] are together in many events of the National Tourism Association”*
	Partner D.2	(not referred)

Source: the author

An additional criterion to be emphasized is “Similar Positioning”, as this is as well a new criterion emanating from this analysis. This concept arises from the interpretation of the evidence that the similitude of offer positioning between players may actually serve as a criterion of partner selection and serve as a driver to facilitate an alliance between competitors. Table 4.6 displays statements illustrating this concept.

Table 4.6: Statements on Similar Positioning

Cases	Partners	Statements
Case A	Partner A.1	*“There must be a great consistency in the quality of the wines. And in this particular topic we are all very careful with the quality of our offer”*
	Partner A.2	*“We are all in the same premium positioning for these wines”*
Case B	Partner B.1	(not referred)
	Partner B.2	(not referred)
Case C	Partner C.1	*“For both our companies Vintage Port Wine is clearly the flag waving product category”*
	Partner C.2	*“Our positionings are very similar, considering the way our Port Wines are presented to the market”*
Case D	Partner D.1	*“These 2 groups have a similar offer profile”*
	Partner D.2	(not referred)

Source: the author

Another relevant set of ideas was coded as “Shared Vision”. This criterion was included in the emerging network-related dimension due to the interpretation that such knowledge can only be acquired as a result of a close connection between top managers from both companies. Even though this code did not sum up many occurrences, it was referred by a considerable number of respondents, just not being referred in case B. Despite sharing a same vision being relevant for the sustainability and success of a business alliance, the exception represented in case B may be explained by the fact that motivations for this partnership are more focused on the complementarity of offer between partners, and not so focused on their similar strategic vision towards the market. Table 4.7 presents statements illustrating this code.

Table 4.7: Statements on Shared Vision

Cases	Partners	Statements
Case A	Partner A.1	*"There is a group philosophy, we all share the same passion for the wine"*
	Partner A.2	*"There was a common concern and a common identification: we all acknowledge that we were in an unique and privileged region for wine making with a great potential to produce great wines"*
Case B	Partner B.1	(not referred)
	Partner B.2	(not referred)
Case C	Partner C.1	*"We knew that we have the same philosophy, we have the same understating [about the market] and we both have very similar views about how to develop our market approach"*
	Partner C.2	*"[We have] a market vision that is very similar."*
Case D	Partner D.1	(not referred)
	Partner D.2	*"We have approached the market with similar products, and we are now creating new offers in result of our joint understanding of the market"*

Source: the author

As expected, the analysis of the drivers referred by respondents for the selection of their co-opetition partners matched in great extent those described in literature as fitting partner, task, risk and learning-related dimensions of partner selection criteria. In this research, the only exception to this standard lays on the initially established code "Financial Resources", which found no match in respondents testimonials as none of the interviewees referred waving chosen its partner based on its solid financial resources.

Nonetheless, this research rendered a new dimension of partner selection criteria, emerging from the analysis of the most cited factors referred by respondents. This new proposed dimension, presented as network-related, highlights the importance of networks when considering a competitor for a partnership. When weighting the risks of such alliance, the experience of a positive personal relation seems to ease the managers' mind and may even serve as a facilitator for a formal gathering given that other partner or task-related criteria are met as well. Fitting this new dimension are not only criteria previously described in the literature as prior personal ties, prior successful association and shared vision but also a new criteria not previously described in the literature and here reported as shared business network. This is construed from the understanding that the fact of 2 companies participate in a same business network (*e.g.* an industrial association or a local business association) tends to favour the contact between decision-makers who, by such way, are more likely to find a matching partner for a strategic alliance.

Moreover, another criterion emerging from the analysis is here presented as similar positioning. It is described as the perception of 2 companies exhibiting their offer of products or services with a similar positioning, as a significant number of respondents referred their counterpart's similar market positioning as a relevant driver to legitimate their partnership.

4.2. Reciprocity in Partner Selection Criteria

An complementary target of the interviews was to assess whether or not there would be reciprocity in partner selection criteria, that is, whether the criteria valued by company X to choose company Y as partner would be the same valued by Y to choose X. For this purpose an opened question was addressed among the topics for the interviews: "*Why did you choose your partner?*". The analysis of answers for this question considered either criteria explicitly mentioned or implicit in the respondents testimonials. It was only taken in consideration which criteria were identified rather than how many occurrences each code counted for each respondent. Results were grouped in pairs, case by case, for visual comparison. The outcome, exhibited in table 4.8 (p.37), reveals a significant degree of reciprocity among partners regarding their mutual criteria for partner selection. It should be noted that this table exhibits less criteria than table 4.2 as it resumes the analysis of question "W*hy did you choose your partner?*" alone.

Table 4.8: Content analysis regarding question "Why did you choose your partner?"

Cases	Case A		Case B		Case C		Case D	
Partners	A.1	A.2	B.1	B.2	C.1	C.2	D.1	D.2
Similar Status	x	x			x	x	x	x
Similar Positioning	x	x			x	x		
Shared Vision	x	x			x	x	x	x
Complementarity			x	x			x	x
Compatible Goals			x	x	x	x	x	x
Reputation and Image	x	x			x	x		
Vicinity	x	x	x	x				
Compatible Culture	x	x						

Source: the author

In addition to this, a second question aimed to explore the perception of each respondent towards their counterparts' motivations and, interestingly, this scenario seems to be present on the minds of all respondents. When asked the question "*In your opinion, why did your partner choose you?*", the answers were most always "*For the same reasons that I've just mentioned*", revealing that each respondent had a clear perception of reciprocity of criteria for their partner's choice. Such reflection must not be neglected, as having a right perception of one's partner's motivations contributes for each company's self-awareness, allowing it to properly manage its expectations for the partnership.

4.3. Criteria versus Partnership Goals

The data analysis was extended to confront the sets of criteria for partner selection against the goals of each partnership case. For this matter, partnership goals described in table 3.1 for each studied case were cross analysed against partner selection criteria exhibited in table 4.2. The purpose was trying to correlate the former with the later. It should be noticed however that the purpose of this analysis was not to determine patterns or models, as the sample was too small and not sufficiently heterogeneous for such aspiration.

Cases A and C were analysed together due to evidencing similar goals: promoting sales by enhancing the awareness of a given brand, either a region or a product category respectively. For the promotion of a brand it is mandatory that all promoters share the same or very similar brand values. It is thus with no surprise that in both cases partners describe choosing their strategic counterparts based on similar positioning, vision, status, reputation and image. It is also relevant to note that respondents do not mention valuing a complementary offer range from their partners, which can be understood by the concept of a consistent offer range, rather than a complementary one, being key for a strong brand.

To emphasize the effectiveness of similarities when it comes to jointly create awareness, let's consider case C where both partners are the major players in their markets, both representing strong brands. While presenting their motivations, partner C.1 explained that *"both of our brands are very strong and 90% of the market is driven by both our companies*". With the establishment of the partnership between partners C.1 and C.2, both these competitors leveraged their products awareness on each other's reputation. By such both companies experienced an increase of sales in result of an increase of the product category awareness. Partner C.1 explained that as the promotion was being focused on a certain wine category, and not on specific brands, the increase of sales was generalized throughout all marketed brands for that kind of product. Even though the partners' joint market share may have been reduced roughly from 90% to

80%, there was as clear increase of sales volume, leading to higher revenues and higher profit. As a consequence, both partners experienced a mutually beneficial partnership, hence illustrating how competitors leveraged on their similarities to boost their revenues.

Case B reports a partnership of companies in the construction sector aimed to promote internationalization through an enhanced offer based on partners' complementary. In this case, respondents referred treasuring partners with a complementary offer that could carry added value to the partnership. Naturally it was also relevant that partners would have compatible goals in order to the partnership convey its purpose. A similar set of criteria was referred in case D, designed to expand both partners' services portfolio based on their complementary offer. Also here complementarity was a key criteron referred by both partners, as in fact it as the main driver for this partnership between two competitors in the tourism sector. Similarly, compatible goals were mentioned as a relevant criterion for selecting a partner, as well as possessing similar status and vision. As in cases A and C previously described, again in these later cases the set of criteria mentioned by respondents are consistent with the goals proposed for each partnership.

In a final note, a comment must be made regarding the criterion of vicinity privileged both in cases A and B. It is interesting to recognize that both these partnerships withstand different motivations to value such criterion. In case A partners gathered to promote a region, therefore it would be mandatory that each partners could represent that same region. Subsequently, the criterion of vicinity results from such obligation in order for the partnership to fulfil its purpose. Ergo the vicinity criterion is mandatory in this case. Conversely, vicinity of partners in case B can be seen as an incident rather than a requirement. It can be said that fact of sharing the same vicinity, and hence the same circles of influence and the same business network, boosted partners to organize themselves in a more structured fashion that ultimately led to the creation of a co-opetition partnership. However, the driver of this alliance was to attain complementary offers, which could as well be found outside those partners' region. In this case, it does not seem that geographical proximity would be crucial for the success of the partnership.

5. Discussion

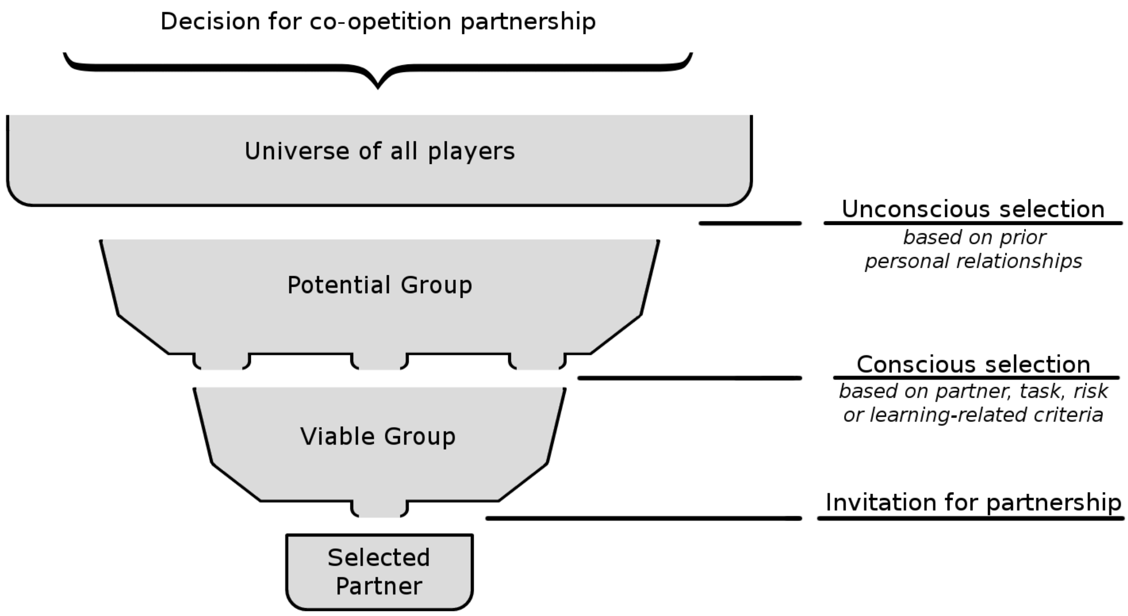
In this study, all analysed cases of domestic co-opetition were preceded by a prior relationship between managers[1], for all partnerships seem to have been born from a previous personal relationship.

During an initial stage of this research, it seemed that companies would choose their partners from those among their network of business acquaintances through a phenomenon that might be explained by a 3-step model, including a decision for partnership, followed by a primary unconscious selection and a secondary conscious selection. Firstly the manager would identify the need to establish a cooperation strategy. Secondly, the manager identifies a set of potential partners for cooperation. This mental yet unconscious process originates a group of potential partners, which is restricted to the manager's network of connections. This potential group includes just any potential partners with whom the manager has or had a relationship, thus excluding any eventual possible partners who have no relationship with the manager. Thirdly, the manager makes a finely tuned selection within the potential group. It is now a conscious selection according to a set of judicious criteria, mixed and weighted according to whatever aspects the manager finds relevant. At this stage such judicious criteria may be partner-related (such as strategic fit between companies, management commitment towards the project or similar status among all partners), task-related (such as complementarity of products or resources, managerial capabilities or access to a specific technology) and even risk or learning-related (such as a commensurately risky partner

1 Note: in this sense "manager" refers to top managers, decision makers or any other actors who may have the power to decide and implement company's strategy.

or the possibility to acquire knowledge from the partner). This pondered selection gives origin to the viable group, which will be subsequently addressed with an invitation for a partnership. Illustration 5.1 illustrates this process.

Illustration 5.1: Model 2: Three-step model for partner selection.

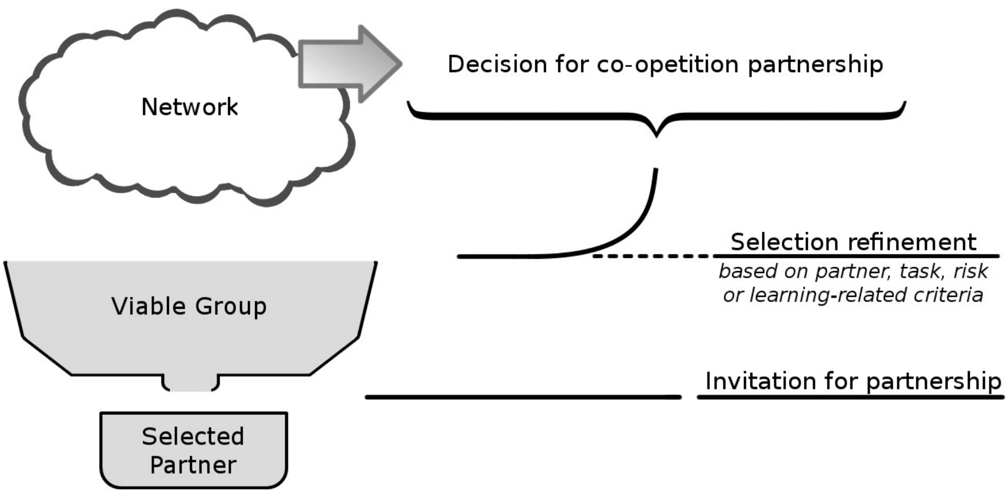


Source: the author

The novelty in this model is the inclusion of a step resulting in the creation of a potential group of partners. It entitles a self-limited selection given that there is no conscious systematic approach to all existing players in the market. This unstructured mental step is then the bottleneck that will trim down the offer of partnership possibilities from a theoretically large universe of partners into a limited group of acquaintances. For this reason, this fundamentally embodies a network-related process, for the universe of selectable partners is only as wide as the network of acquaintances of each decision-maker. This conception was not found mentioned in the reviewed literature.

However, a new perspective of partner selection process emerged from the course of the investigation, for such a formally structured pathway for partner selection did not exactly seem to fit all analysed cases. It seemed then that the apparent first stage in the formation of the analysed partnerships was a get-together between competing companies in a same network. From the socialization between decision-makers, with the sharing of their experiences and concerns, arises the thought of joining forces to better respond to the challenges faced by companies, who thus consider taking advantage from the synergies of an eventual cooperation. With the thought of a new partnership in mind, the process of partner selection then crosses a period of refinement based on partner, task, risk and learning-related criteria. The target partner is then finally invited for a formal alliance. Illustration 5.2 clarifies this process.

Illustration 5.2: Model 3: Network-based model for partner selection.



Source: the author

Such interpretation matches the relevance of prior personal relationships in the formation of domestic co-opetition partnerships as advocated by Schmiele and Sofka (2007), hence reinforcing the outcome of the work carried by Chin *et al.* (2008) who concluded that the development of trust is one of the factors that contributes the most for successful alliances. Considering the formation of these partnerships, trust does not seem to be relevant only in cases of uncertainty and lack of information as suggested by Bierly and Gallagher (2007), as these analysed cases don't seem to be bounded to time constraints nor intuition but rather on a strategic fit supported by the knowledge and trust towards the eventual alliance partner. Trust plays, therefore, a crucial role in the choice of competing partner.

Considering reciprocity in partner selection criteria, data seems to suggest that companies tend to search for alike partners. This may be an intuitive control mechanism to keep companies at a same level of dominance, preventing the prevalence of a dominant leader that might unbalance the alliance. Such mechanisms, along with the development of trust, also contributes to risk reduction and to stability within the alliance. However, the data does not allow to infer that all co-opetition partnerships exhibit reciprocity of criteria in the selection of partners as a means of self-control or long term stabilization. In fact, this phenomenon is unlikely to occur when partners have different motivations for the alliance (*e.g.* one partner seeks to access a new technology whereas other seeks to access a new market), in which case reciprocity may not be verifiable as companies will stand different goals for the partnership.

6. Conclusion

This research aimed to contribute to the understanding of partner selection process in co-opetition partnerships. The goal was to determine how companies choose partners for collaboration among their competitors.

Having as starting point the existing literature on partner selection process and partner selection criteria for strategic alliances, an exploratory study was specifically directed to domestic co-opetition partnerships. Despite the similarities found with the existing literature on strategic alliances, a new dimension of partner selection criteria emerged from this research as to emphasize the relevance of networks for the process of selecting co-opetition partners. Criteria such as prior personal relations, prior successful association, shared business network and shared vision were now included in the proposed network-related dimension referring to the set of criteria used by managers with regards to their network of relations.

All analysed cases express successful co-opetition partnerships with competing companies establishing mutually beneficial relationships with their counterparts in a win-win cooperation. Results suggest that selection of partners for co-opetition is firstly based on the existence of prior previous relationships. Regardless of their personal or business nature, the experience of positive prior relationships seems to contribute as a facilitator and even a catalyser for the formation of domestic co-opetition partnerships.

The analysis suggest that domestic co-opetition partners are likely to be picked for the limited range of possibilities in decision-makers' network of connections, from which viable co-opetition alliances will be elected. Companies will not necessarily search for the best fitting or more reliable of all potential partners. Instead, decision-makers will look at their network of business connections and discuss with their peers in search for eventual synergies, from after which they will select what partners represent a best fit to integrate an eventual alliance. The most relevant contribution for the understanding of partner selection process in domestic co-opetition is that potential partners are confined to the social network of decision-makers, irrespectively of the companies' size. This consideration is consistent with the Upper Echelons Perspective (Hambrick and Mason, 1984) presenting organizations as a reflection from their top managers.

These findings suggest that the experience of positive prior relationships seems to endorse the reduction of risk perception towards a potential partner, thus lessening the uncertainty that usually accompanies a cooperation partnership with a competitor. As an implication, it is proposed the nurturing of diversified networks which can provide enriching reflection moments, thus promoting the creation of personal relationships as well as the exploration of business synergies. The establishment of relationships between peers is a natural behaviour in human nature. Inevitably, it should as well be instinctive in business practice, as no company can do business alone. As a consequence, everyone in a managerial role is hence encouraged to nurture their personal and business networks as means to widen the potentiality of fostering new successful business alliances.

6.1. Limitations and Recommendations

Despite the fact that this study aimed for objectiveness and accuracy, results are supported on qualitative analysis, which invariably comprises a personal interpretation of observations. Additionally, this is an exploratory study, for which it does not intent to confirm a given hypothesis. The contribute of this study is then to present a new hypothesis to explain partner selection processes for co-opetition partnerships, for which it would be recommend a broader study supported on quantitative analysis to validate the proposed model.

In turn, the proposed model 3 suggests a possible approach for the understanding of partners' selection processes for domestic co-opetition partnerships. However, it does not imply that all domestic co-opetition partnerships are created according to this model, as one cannot conclude from this study that a network of personal or business relationships is a prerequisite for co-opetition. In fact, for scenarios where co-opetition arises in response to a sudden challenge (*e.g.* to apply for a public tender), model 2 may well be the most adequate. It is also not implicit that the process is extensible to all kinds of co-opetition partnerships. Indeed one cannot infer on the model's application for international co-opetition partnerships, and it would probably require a certain degree of adaptation in order to be applicable to intra-organisational forms of co-opetition. Additionally these results do not allow a conclusion on the model's exclusivity for co-opetition partnerships. In fact, it is inconclusive as to whether the model can be applied to other partnership governances or broadly to all kinds of strategic alliances in general. Nevertheless, it seems to have a more relevant role in these cases, as co-opetition is a peculiar kind of strategic alliances with the main characteristic being that partners are as well competitors. Such paradoxical cooperation entails great risks, such as opportunistic behaviours, disclosure of critical knowledge and loss of competitive advantages, for which this may be a pathway to reduce risk and uncertainty towards an alliance partner.

Yet another limitation is that the sample is entirely formed by Portuguese companies. Thus it is bounded to the culture, the economic environment and even the way of doing business in one single country. Research results would be largely enriched with the extension of this study to other countries and continents in order to represent other business contexts and cultural environments. Additionally, the sample reflects only cases of domestic co-opetition partnerships, for which it would be interesting to develop further studies including cases of international co-opetition in order to determine whether the proposed model remains applicable in such cases.

6.2. Final Considerations

The greatest contribution of this study is hence highlighting the importance of personal relationships in business networks as an influential criterion for partner selection, acting as a risk reduction factor thus facilitating the selection of strategic partners for the creation of co-opetition partnerships.

Taking from the observation that the formation of domestic co-opetition partnerships may be enhanced by a large network of influential decision-makers (Schmiele and Sofka, 2007), this study thus finds its purpose as to contribute for the general knowledge for this phenomenon by aiming to present insights on one particular factor: the influence of prior personal relations between managers from different companies for the partner selection process in the genesis of domestic co-opetition partnerships.

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Appendix A

Interview Guidelines

Interview Guidelines for Exploratory Research on

"PARTNER SELECTION IN CO-OPETITION"

A| Identification

1| Name, Function and Company of the interviewee

2| Co-opetition Partner(s)

B| Questions

3| Your company [Company A] has a partnership with [Company B, ...].
How did this partnership start? Whose initiative was it?

4a| Why did you chose your partner(s)? How did you choose? *[or]*

4b| What lead you to accept the invitation for a partnership with [Company B, ...]?

5| In the case your partner did not have these characteristics [referred on 4], or the partner was someone else, would you team up anyway? Or would you look for another partner / reject the invitation?

6| How did you meet your partner? Since when do you know it?

7| In your opinion, would you say this is a partnership between 2 people [*i.e.* Mr. X and Mr. Z] or between companies / institutions [*i.e.* Company A and Company B, ...]? In other words, do you consider to have a relationship with the "Company" or the "Person"?

8| Why do you think your partner chose you?

Appendix B

Description of codes used for QDA

Commensurate Risk: Refers to an appropriate risk level represented by the target partner.

Commitment: Refers to the existence of a strong commitment of partners towards the partnership.

Compatible Culture: Refers to similar or compatible organizational culture.

Compatible Goals: Refers to a goal convergence or compatibility of both (or all) partners.

Complementarity: Refers to complementarity of products or skills of both (or all) partners.

Ease of Communication: Refers to the easiness in communication between partners towards the sustainability of the partnership.

Established Customer Base: Refers to the established base of customers of the target partner as a selection criterion.

Established Supply Chain: Refers to the established supply chain (distribution channels for a specific market or set of markets) of the target partner as a selection criterion.

Financial Resources: Refers to strong or solid financial resources of a partner as selection criterion.

Managerial Capabilities: Refers to the competence of managers in leading their businesses.

Prior Personal Ties: Refers to previous personal relationship ties, between either friends or members of a same family.

Prior Successful Association: Refers to the existence of previous successful experiences of association between present partners.

Reciprocal Relationship: Refers to the existence of bidirectional relationship of the same status between partners (*i.e.* no partner is superior or inferior to the others).

Reputation and Image: Refers to perceived reputation and perceived image of the chosen partner.

Shared Business Network: Refers to the mutual participation in professional networks, such as sectorial clusters or industrial associations.

Shared Vision: Refers to all partners having the same vision, thinking or attitude towards the market.

Similar Positioning: Refers to the similarities in the offer positioning of all actors.

Similar Status: Refers to similar organizational size and structure. Does not imply "Reciprocal Relationship".

Strategic Fit: Refers to the suitability of a partner for the implementation of the company's defined strategy.

Technology: Refers to the technological capabilities or uniqueness of the chosen partner.

Trust: Refers to trust between top managers or decision makers.

Vicinity: Refers to geographical proximity of partners.

Appendix C

Euromed's Acceptance Letter

De: Euromed Research Business Institute [emrbi@unic.ac.cy]
Enviado: sábado, 18 de Maio de 2013 13:31
Para: João Miguel Abrantes Alves
Cc: Raquel Meneses
Assunto: 125 ACCEPTANCE LETTER Paper Submission: 6th Conference EuroMed 2013 - João Miguel Abrantes Alves 125

Dear João Alves,

Congratulations! Your paper entitled: "PARTNER SELECTION IN CO-OPETITION: A THREE STEP MODEL", has been accepted for presentation to the 6th Conference of the EuroMed Academy of Business that will be held in Estoril, Lisbon, Portugal, 23rd-24th, September 2013.

Your paper has been through a double blind review process and the feedback of the two reviewers can be found in the attachment. You are kindly requested to amend your paper taking into consideration 1. the two reviews and 2. the attached author guidelines for papers, and return it back to me by July 15th. Please note that authors whose English is not their first language should check grammar and spelling very carefully. Professional proofreading is highly recommended for these cases.

All registered accepted papers will be published in the Book of Proceedings (with an ISBN number) which is approved for inclusion in the Conference Proceedings Citation Index - an integrated index within Web of Science. This distinction is given only to the most significant papers, in terms of academic excellence, conferences-conventions worldwide.

A selection of the best conference papers (presented in alphabetic order) will also be considered for publication in the following journals, most of which are internationally ranked or/and ISI approved:

1. EuroMed Journal of Business - EMRBI's official Journal
2. Annals of Public and Cooperative Economics
3. Global Business and Economics Review
4. Global Economic Observer
5. International Journal of Computational Economics and Econometrics
6. International Journal of Emerging Markets
7. International Journal of Financial Markets and Derivatives
8. International Journal of Online Marketing
9. International Journal of Organizational Analysis

10. International Journal of Technology Marketing
11. International Journal of Wine Business Research
12. Journal for Global Business Advancement
13. Journal for International Business and Entrepreneurship Development
14. Journal of Critical Studies in Business and Society
15. Journal of Customer Behaviour
16. Journal of Promotion Management
17. Journal of Transnational Management
18. Journal of Research in Marketing and Entrepreneurship
19. Managing Service Quality
20. MegaByte
21. Social Business
22. The Marketing Review
23. Transnational Marketing Journal
24. World Review of Entrepreneurship, Management & Sustainable Development

Conference registration:
You can now promptly proceed with the conference registration to benefit from the reduced early bird registration fee (by 25th of July 2013). Please find attached the conference registration form that also includes special registration fees for additional authors (in case your co-authors would like to join us at the conference).

Please note that the early bird registration fee is applicable to those who settle their registration fee by the 25th of July 2013 and not to those who only complete and return the registration form.

General information, hotel accommodation and travelling:
General information for the conference as well as information regarding hotel accommodation and travelling can be found on our conference website at http://6theuromed2013.webnode.pt/

For any further clarifications, please do not hesitate to contact me.

Looking forward to welcoming you to Estoril, Portugal.

Yours sincerely

Yiola Michael

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