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Coopetition (Contemporaneous Cooperation and Competition) Among Nonprofit Arts Organizations: The Case of Symphony Orchestras

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COOPETITION
(CONTEMPORANEOUS COOPERATION AND COMPETITION)
AMONG NONPROFIT ARTS ORGANIZATIONS:
THE CASE OF SYMPHONY ORCHESTRAS

by

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ABSTRACT

COOPETITION
(CONTEMPORANEOUS COOPERATION AND COMPETITION)
AMONG NONPROFIT ARTS ORGANIZATIONS:
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Theresa A. Kirchner
Old Dominion University, 2007
Chairman: Dr. John B. Ford

Coopetition was formalized as a strategic management concept in the early 1990s by Ray Noorda, CEO of Novell, who coined the term and proposed that often, in order to achieve growth in an organization or industry, “You have to cooperate and compete at the same time” (Davis 1993). Although the individual ideas of cooperation and competition in the business environment have been well-established for some time, the formal idea of contemporaneous cooperation and competition, or cooperation among competitors, is relatively new in business and academic literature. Why is this hybrid concept important? The literature to date on coopetition and its antecedents suggests that they constitute a phenomenon that extends beyond the individual paradoxical constructs of competition and cooperation (Chen 2002). In a business environment that has historically stressed competitive advantage, the assertion that the best strategy often has multiple winners is a powerful one (Brandenburger and Nalebuff 1996). This research expands the concept of coopetition to an area in which it has not yet been studied: the nonprofit arts sector. It provides a comprehensive literature review, a posited model of coopetition and related hypotheses, and two proposed studies: a qualitative exploratory study to examine

coopetition in the nonprofit arts setting, and a quantitative study to empirically assess the model and hypotheses.

Contributions of this research include: (1) an in-depth literature review of the first ten years of theoretical and empirical research on the concept of coopetition, (2) a literature review of the concepts of competition and cooperation in the context of the nonprofit arts environment, (3) presentation of a conceptual framework of coopetition in the nonprofit arts environment and related hypotheses based on the literature, and (4) qualitative and quantitative studies of the concept of coopetition in a nonprofit arts setting and a resulting understanding of how nonprofit arts coopetition in artistic, operational, marketing, and fund development contexts has the potential to impact organizational improvement in terms of participant organizational financial performance and organizational effectiveness. From an academic standpoint, this research adds to the literature in the areas of nonprofit marketing/management and coopetition/strategic management. From a nonprofit arts management and marketing standpoint, the qualitative and quantitative studies indicate that the range of potential strategic and tactical options for achieving organizational improvement is broader than traditionally contemplated, with opportunities that can be envisioned and leveraged through coopetition.

This dissertation is dedicated to my husband, Marc Kirchner, who has unceasingly and enthusiastically encouraged and supported my academic efforts.

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I also thank the ODU School of Business and Public Administration professors who taught and guided me through the Ph.D. program. Dr. Kiran Karande not only emboldened me to study a field, business continuity planning, about which virtually no academic work had been undertaken, but also agreed to collaborate with me as a co-author. I owe Dr. Yuping Liu many thanks for giving me key tips on maximizing survey response which proved quite fruitful in this research. Thank you also to Dr. Steve Rhiel, for always having an open door when I needed advice on everything from analysis of

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I owe a special debt to the executive directors of nonprofit arts organizations who agreed to be interviewed for the qualitative study outlined in this research and who have consistently and graciously responded to requests for assistance of various kinds: Frank Bove, Edwin Brown, Rob Cross, Carol Thomas Downing, Bill Hennessey, Carla Johnson, Paul Mansheim, Grace Parkinson, Todd Rosenlieb, Pat Rublein, Bob Shoup, Keith Stava, and Gus Stuhlreyer. Brad Kirkpatrick was instrumental in helping me understand nonprofit arts organization accounting, operations, and related data. J.J. Gray's expertise as a call center manager and follow-up phone calls to the quantitative survey participants translated into a significant positive impact on survey response.

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COOPETITION (CONTEMPORANEOUS COOPERATION AND COMPETITION) AMONG NONPROFIT ARTS ORGANIZATIONS: THE CASE OF SYMPHONY ORCHESTRAS

CHAPTER I INTRODUCTION

New York's Metropolitan Opera General Manager Joseph Volpe recently refused to let Eric Cutler, a young opera singer contracted by the Met, sing at the 2005 Richard Tucker Music Foundation fund-raiser where he was to be honored as one of the U.S.' "Rising Stars." The reason? According to Mr. Volpe, "If artists are under contract to the Met, and there is a fund-raising gala at Lincoln Center or anywhere in the city, we do not release our singers. Why should we compete against ourselves (Wakin 2006, p. E1)?"

Obviously, Mr. Volpe considered the Richard Tucker Music Foundation to be a significant competitor of the Metropolitan Opera - in this case, in terms of fundraising. Others, however, including the Foundation itself, whose mission is "to encourage and nurture excellence in present and future generations of American opera singers," might argue that it is an organization with which the Metropolitan Opera has an interest in cooperating. The award in question is considered the "Nobel Prize" of opera, which is given annually to support a singer judged to be destined for a major national and international career, potentially with the Metropolitan Opera, and publication of Cutler's association with the Metropolitan Opera might be considered a public relations opportunity (Wakin 2006).

One year later the situation was different. Mr. Volpe had retired from the organization, and Peter Gelb had assumed the position of General Manager. Mr. Gelb is known for his ability to work well with others, find win-win solutions to shared

problems, and leverage mutual opportunities. He not only consented to let Metropolitan Opera singers perform at Richard Tucker Music Foundation events but also invited Barry Tucker, the President of the Foundation, to re-join the Metropolitan Opera Board. A change in executive leadership of the Metropolitan Opera led to an enhanced environment of cooperation between the two organizations which Mr. Volpe had viewed simply as competitors.

Elsewhere in the nonprofit arts world, arts organizations which might consider themselves direct or intertype competitors are involved in a variety of cooperative efforts with each other, ranging from informal information and idea sharing to outright mergers. Examples of formal, permanent alliances include the recent mergers of the San Diego Symphony and Opera, the Aspen Ballet and Santa Fe Festival Ballet, and the Philadelphia Orchestra and Philadelphia Pops, and the proposed merger, preceded by a period of collaboration, of three Pennsylvania orchestras (Russell 2006).

This research examines the relatively new concept of coopetition in general, and focuses on its potential role in strategic nonprofit arts management and marketing in particular. The research process develops, and will empirically evaluate, potential measures for assessing coopetition in the nonprofit arts environment and its potential impacts on organizational performance and effectiveness.

Statement of the Problem

Coopetition is a still-emerging concept that involves an ongoing relationship between organizational partners which cooperate and compete contemporaneously to achieve common goals and strategic advantage (Zineldin 2004). Until the early 1990s, competition and cooperation generally were considered as dyadic extremes on opposite

ends of a scale. Increasingly, striving for success, in terms of achieving and maintaining competitive advantage, requires that organizations develop and utilize contemporaneous competitive and cooperative strategies (Lado et al. 1997). From a strategic standpoint, cooptition involves development of a cooperative and competitive model by an organization, with goals such as developing markets or reducing costs to improve organizational success (Chien and Peng 2005). For that success, cooptition requires a joint vision and shared goals, “mutual commitment and trust, and a mutual sharing of information, risks, and rewards” (Zineldin 2004, p. 782).

The situational characteristics of competition and cooperation influence the degree to which competitors collaborate, and the results of that cooptition. Competition can involve jockeying for resources, strategic market position in terms of value-chain, knowledge flow, competency and excellence, power to influence, and role and share in market expansion (Luo 2005, Luo 2003, Bartlett and Ghoshal 1989). Cooperation may take different forms, including technological, operational, organizational, and financial. Critical factors influencing cooperation include strategic interdependence and technology linkage (Luo 2005, Tsai 2001, Ghoshal and Bartlett 1988). Factors suggested by the literature to contribute to and define the incidence of cooptition may include resource symmetry/heterogeneity between the cooptitive partners, relative position in networks, strategic similarity and homogeneity of resources of the partners, and cooptitive intensity, which has been demonstrated to correlate with performance (Chien & Peng 2005). Competition and cooperation intensity can be evaluated in terms of frequency of competitive and cooperative contact between individuals or organizations, and empirical research has established a related measure of cooptition intensity (Luo et al. 2006).

Coopetition, therefore, is a complex phenomenon, which can have both substantial advantages and costly negative consequences. Advantages may include benefits stemming from amalgamating and sharing of knowledge and competencies, increased motivation to assume risk, and greater ability to manage competition. Potential disadvantages center around resource demands, uncertain investment, hidden and/or unforeseen control and coordination costs, and neglect of an organization's core business and conflict (Bengtsson & Kock 2000).

A review of the literature suggests that the concept of coopetition may be particularly applicable in the case of services and nonprofit organizations. This research concentrates on an industry that combines both of those attributes, that of nonprofit arts organizations, which has been little-researched in terms of the concepts of competition, cooperation, and coopetition. Study in this area is particularly appropriate, because of the degree of crossover between nonprofit arts audiences and donors, who often desire to patronize multiple arts organizations and often are attracted to unique packaging of multiple art forms. Also, nonprofit arts organizations are generally unable to achieve economies of scale from an artistic standpoint, but have the potential to do so in terms of operational, administrative, and overhead expenses (Kotler and Scheff 1997). In terms of collaboration, some work has been done on the opportunities related to cooperative relationships between nonprofit arts organizations and the government, and between nonprofit arts organizations and businesses, in the form of funding or sponsorships (McNicholas 2004, Cornwell et al. 2005). However, very little research has addressed cooperation between arts organizations which may consider themselves to be either direct or intratype competitors.

Prior research indicates that directors of arts organizations typically recognize and address competition only in the form of direct competitors or clear substitutes - a significant risk termed “competitive myopia” by Kotler (1988). However, from a practical standpoint, current and future patrons and donors can be mismanaged, underleveraged, or at risk due to unanticipated competition from sectors not generally regarded as competition, such as the broader entertainment and leisure sectors (Bennett 2005). From the standpoint of collaboration, nonprofit arts organizations may not recognize the benefits to themselves, individually, of cooperating with each other, or with other perceived competitors, to stimulate primary demand for arts, enlarge the sector as a whole, and address “unconventional competitors” (Kotler and Scheff 1997).

This study addresses the current scarcity of research on the topic with several important and distinct components: a 3-part literature review; development of an initial model and related propositions, based on the existing literature, a qualitative study, and a quantitative study.

Significance of the Problem

Why is work in this area important? While the concept of cooperation was quickly recognized as important in the technology and industrial network environments, it has not yet been explored or assessed in other areas. In particular, the topic has not been addressed in literature on nonprofit organizations, in general, and nonprofit arts organizations, in particular. In the nonprofit arts economic environment in which organizations face rising resource and operating costs but are generally unable, as individual organizations, to achieve productivity gains, collaboration involving artistic endeavors, facilities, marketing, box office ticketing, and technology has the potential to

yield significant cost savings as well as increase donor funding and ticket sales (Baumol 1995). The synergistic nature of cooptation, which has the potential to achieve both economic and strategic results greater than the sum of the inputs, appears to have particular relevance in the nonprofit arts sector, which is inherently comprised of quality-of-life oriented organizations with core values such as excellence, creativity, integrity, diversity, and responsibility (Byrnes 2003). This study yielded important new qualitative information and quantitative data, obtained from nonprofit arts organizations, which will be analyzed to develop implications of, and opportunities for, inter-organizational cooptation in that sector in terms of financial performance and effectiveness.

Shortcomings of Current Research

An analysis of the extant literature showed little empirical research on either the concept of cooptation in general or the concepts of competition and cooperation as they relate to nonprofit arts organizations. The study of cooptation has been hindered by a lack of specific, precise, and consistently used definitions. The paradoxical nature of cooptation suggests that each of its accepted components (competition and cooperation) contains some element of the other, but no empirical work has been done to explore this theoretical concept (Chen 2002). Consumer multicategory decision-making and all-in-one products are examples of topics that should be explored with regard to cooptation (Shocker et al. 2004). No detailed definition of cooptation or related scale exists, although antecedent and consequence constructs have been proposed or empirically tested. Chen (2002) suggested the need for a fundamental reappraisal of cooptation, which may result in a revised view of the construct and its antecedents that suggests that

they constitute a phenomenon which goes beyond the constructs of competition and cooperation.

There is a need for design and gathering of longitudinal data to establish directionality of such conceptual relationships. For example, such data on evolution of alliance relationships over time has not been analyzed. Therefore it is difficult to determine the directionality of potential related factors such as trust, commitment, and effectiveness (Perry et al. 2004). As a result, little is definitively known about how cooperation operates in the real world, even in the areas of information technology and industrial networks where it has been most studied. For example, the role of knowledge and knowledge sharing in cooperative situations has not been widely explored. Impacts on small and medium-sized organizations (SMEs) of cooperation are another promising area for research (Levy et al. 2003).

A potentially powerful tool which can be used to assess strategic implications of cooperation is game theory, which has its functional roots in the Allied strategic approach to submarine warfare in World War II and has been applied during the last decade to assess cooperative situations (Brandenburger and Nalebuff 1996). However, despite its potentially powerful ability to assess intricate cases, especially when leveraged with information technology tools, the application of game theory is relatively new and empirically unproven, and it is difficult to match games to real situations. Significant academic research is needed in this area (Armstrong 1997, Clark 1997).

For these reasons, key researchers in the areas of strategic management and marketing have called specifically for additional work on cooperation as a research priority. Sheth and Sisodia (1999) suggested that research on competition-centric

concepts, characterized by market share, competitive strategies, and vertical integration should be refocused to examine the concept of coopetition, which can be assessed in terms of market growth, the strategic need to consider measures such as subsidizing or outsourcing customers, and virtually integrated alliances. Day and Montgomery (1999) proposed that, in an environment in which a firm can play multiple roles, competitive intensity would continue to increase, but that organizations should recognize and leverage the concept that collaboration can add strategic value to otherwise competitive relationships. Varadarajan and Jayachandran (1999) noted the need for research on business networks and strategic alliances, as well as the study of processes that may lead to competitor interdependence and resulting tacit collusion in the form of mutual forbearance.

Work is also specifically needed on coopetition in the general nonprofit setting and with the nonprofit arts environment in particular. While some work has been done in that area on competition and cooperation separately, research indicates that the study of coopetition, which is more complex than the simple interaction of competition and cooperation, is likely to yield new dimensions and insights. For example, Kohli, Jaworski and Kumar (1993, p. 475) propose that, in terms of market orientation, which includes the concept of competitor orientation “in the interest of pursuing the limits of the concept, the most exciting measurement extension may lie in non-profit organizations, non-traditional organizational forms, or non-standard marketing applications.”

Scope of this Study

From a literature review standpoint, this study’s examination of coopetition looks at the breadth of literature on the topic, including the key contributing subcomponents of

competition and cooperation as they relate to nonprofit arts organizations. From an economic standpoint, the arts can be categorized into two types: for-profit and not-for-profit. The not-for-profit category includes the majority of arts organizations and is the focus of government support and this analysis (Baumol and Bowen 1966). This study focuses on competition for nonprofit arts organizations.

Peacock (2000) noted that the historical conception of the cultural arts as creative arts and their performance and presentation” increasingly is seen as relatively narrow and is translated into a wider scope of culture, largely due to the evolution of individual government funding priorities, decisions and support. Competition can therefore be evaluated in terms of a wide range of entertainment and leisure options, but this study focuses on competition in terms of other nonprofit organizations, in the form of direct or intratype competitors. Cooperation is addressed in terms of perceived nonprofit arts organization competitors. The scope of this research is the nonprofit arts sector, including, for example, museums and performing arts, and the qualitative study included interviews with executive directors of a variety of nonprofit arts organizations. The scope of the empirical research purposely is limited to an examination of competition as experienced by a homogeneous subset of potential competitors in the performing arts sector. For the quantitative study, executive directors of U.S. symphony orchestras were surveyed about competitive relationships with other nonprofit arts organizations, including other orchestras.

Objectives of this Study

This research has three primary objectives. First, it addresses the need for a comprehensive review of the literature on the topic of coopetition developed since the seminal work of Brandenburger and Nalebuff (1996). In the absence of literature on coopetition in the nonprofit arts sector, it also analyzes the literature in that area on the topics of competition and cooperation to develop a concept of coopetition in that field, augmented by a model and related hypotheses.

Second, this study proposes innovative qualitative work on the nature, extent, and results of coopetition in a variety of nonprofit arts organizations. Antecedents for coopetition in the nonprofit arts setting were proposed, based on the literature, and data for them were gathered in the quantitative study outlined in this paper and can be evaluated in a future study. Results of coopetition, in terms of organizational improvement in the form of both financial and organizational impacts, were assessed.

A third objective of the study is to assess the concepts developed above from a quantitative standpoint. Because the resulting analysis is the first in-depth empirical study of coopetition in the nonprofit arts environment, its objective was relatively narrow - to examine the construct and develop a scale to measure its existence in the nonprofit arts industry. The model and related propositions were evaluated using a scale development process adapted from Churchill (1979), which yielded results that can serve as a foundation for future work to finalize a formal scale for coopetition in the nonprofit arts industry.

Plans to Accomplish the Objectives

In the context of the existing literature, an initial conceptual model of nonprofit arts coopetition was proposed (Figure 1.1). Coopetition was evaluated in terms of two constructs that represent the two functional components of nonprofit arts organizations: artistic coopetition, and operational/marketing/fund development coopetition. Potential antecedents of coopetition include: (1) competitor orientation, (2) competitive intensity, (3) creativity, (4) entrepreneurship, (5) heterogeneity of resources, (6) barriers to collaboration, (7) strength of leadership, and (8) trust of coopetition partners. The construct, commitment to coopetition partners, is proposed to mediate the antecedent of trust of coopetition partners and the coopetition process variables. Measures of results related to coopetition include organizational financial performance and organizational effectiveness.

Preview

This dissertation has several important and distinct components: a four-part literature review, development of an initial model and related hypotheses based on the existing literature, a qualitative study, and a quantitative study. First, a 3-part literature begins by reviewing and classifying the existing literature on coopetition into seven perspectives: (1) the theoretical/game theory perspective, (2) the strategic clusters/information technology perspective, (3) the strategic alliances perspective, (4) the intra-firm/inter-unit perspective, (5) the international/global perspective, (6) the value chain/government perspective, and (7) the relationship marketing perspective. In the absence of a significant body of literature that specifically addresses the concept of

coopetition in the nonprofit arts industry, the scope of the study is then expanded to explore literature on the individual concepts of cooperation and competition as they apply to artistic and business relationships among nonprofit arts organizations, since no academic work on coopetition in that area, per se, has yet been undertaken. Finally, the literature review develops a synthesized description of coopetition and its antecedents/consequences in the nonprofit arts sector. From that review of the extant literature, an initial model and related propositions were developed, which were then evaluated with a qualitative study and a quantitative study.

Based on prior research, the model factors were analyzed and decomposed into operationalized variables, using scales identified for each of the constructs. Those constructs, the related scales and their component items were reassessed after completion of the qualitative study described below for potential modification in the development of the quantitative study. Demographic variables were assessed in terms of whether or not there were indications that they moderate the model constructs.

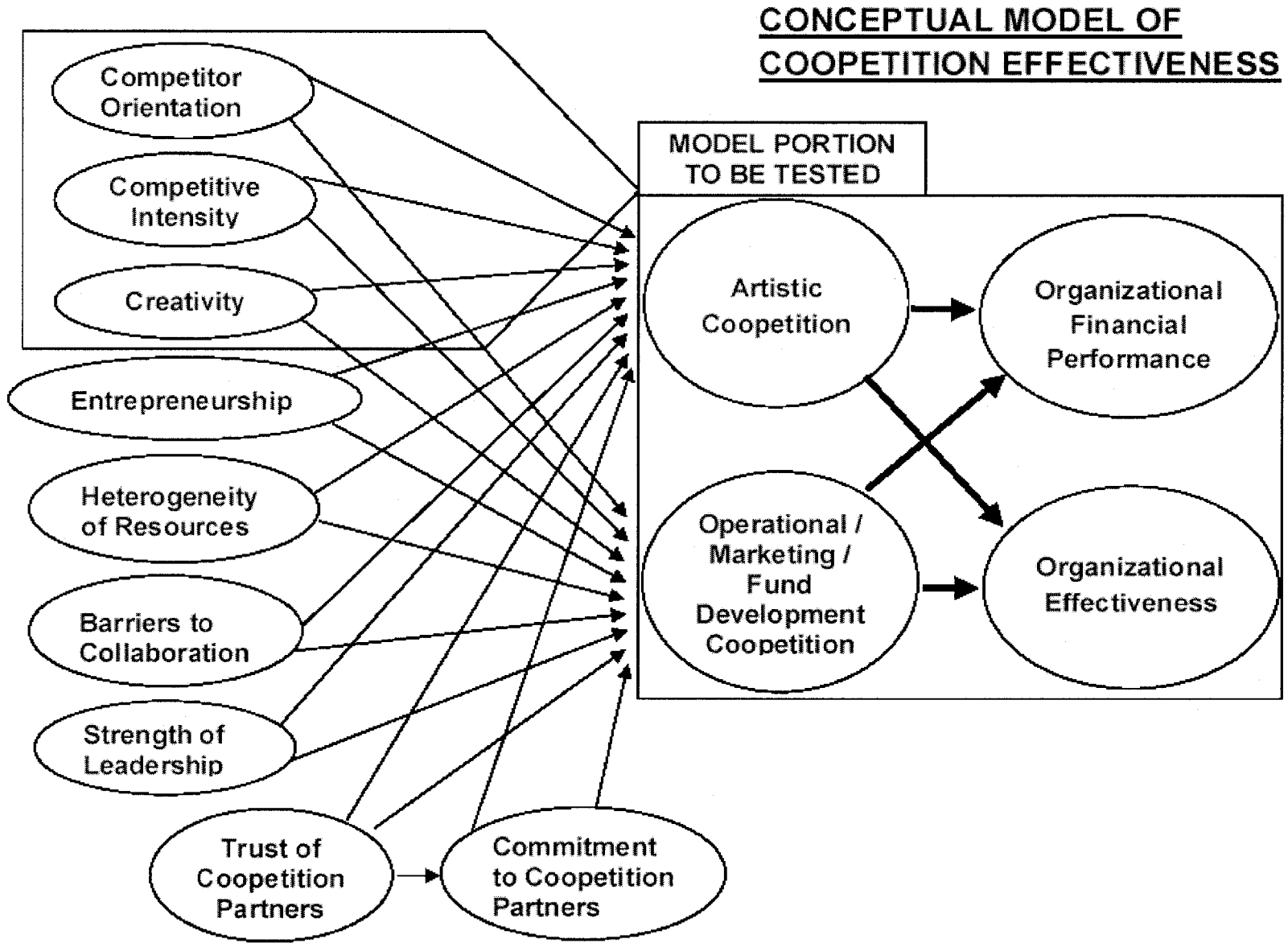


Figure 1.1: Conceptual Model of Coopetition Effectiveness

The research design and methodology involved two studies: (1) a qualitative study of executive and artistic directors of nonprofit arts organizations to obtain additional information on the topic under study and feedback on work done to date, which will be used to revise and enhance the model and related hypotheses, and (2) a quantitative study of a specific case of nonprofit arts organizations, symphony orchestras, which will empirically evaluate the final model and hypotheses. In the qualitative study, structured interviews involving executive directors and artistic directors were conducted, beginning with guided discussion using questions developed to elicit feedback on concepts and variables related to competition that were suggested by prior research. Visual identification of cooperative relationships among nonprofit arts organizations was used to elicit information on current and potential partnerships and to augment the participant responses. Based on the results of Study 1, finalization and operationalization of the proposed model and component factors/relationships to be assessed were completed. Study 2 empirically assessed the revised model and related hypotheses using survey data, gathered through questionnaires mailed to executive directors of U.S. symphony orchestras, a relatively homogeneous group of nonprofit arts organizations.

This paper concludes with a discussion of the findings, limitations of the present research, implications for marketing practitioners and academicians, and suggestions for future research will be proposed.

COOPETITION (CONTEMPORANEOUS COOPERATION AND COMPETITION) AMONG NONPROFIT ARTS ORGANIZATIONS: THE CASE OF SYMPHONY ORCHESTRAS

CHAPTER II REVIEW OF THE LITERATURE

This review of the literature is organized into four separate, but related, parts. First, a comprehensive survey of the literature on the topic of coopetition is presented. In that section, the scope purposely is limited to the recent literature on that specific topic and does not concentrate in depth on the foundational concepts of competition or cooperation, which contribute to the phenomenon of coopetition. Second, an overview of the specific concept of competition in the nonprofit arts sector is provided. Third, an examination of cooperation in the nonprofit arts sector is undertaken. Finally, information is synthesized to present an overview of coopetition in the nonprofit arts sector, its antecedents, and its consequences. In conclusion, hypotheses are outlined, justified from the previous discussion.

Coopetition

Coopetition is a term that suggests that it is possible for organizations with mutual interests to cooperate profitably at one level while competing at another (Brandenburger and Nalebuff 1996, Bengtsson and Kock 2000). Although the descriptor was coined by Ray Noorda, founder of Novell, in the early 1990s, literature on the concept of cooperation between competitors first began to emerge with Hamel et al.'s 1989 work and other research in the early 1990s (e.g., Sheth and Parvatiyar 1992), and was presaged

by game theory research that began in the 1940s. This paper concentrates on the development of the literature on strategic management and marketing in the context of that cooperation between competitors (Day and Montgomery 1999).

The purposes of this portion of the literature review are to: (1) examine the previous literature on cooperation between competitors and (2) categorize that literature based on theoretical perspectives. An overview of recent research on cooperation is outlined in Table 2.1.

A heuristic overview of cooperation appears below in Figure 2.1. It presents cooperation in terms of the paradoxical blend of competition and cooperation (Chen 2002). In this literature review, pertinent terms are defined, and the marketing context of cooperation is established. Literature on the topic of cooperation (cooperation between competitors) is analyzed in terms of its foundations and categorized into seven perspectives: (1) theoretical/game theory, (2) strategic clusters/information technology, (3) strategic alliances, (4) intra-firm/inter-unit, (5) international/global, (6) value chain/government, and (7) relationship marketing. Because there is some overlap of those perspectives in individual articles, the international/global and relationship marketing articles, which can also be classified into other categories, are subsumed into those categories.

Prior to the mid-1980s, the emphasis on competition focused on the process by which independent sellers vie with each others for customers in a particular market (Weitz 1985). The literature was based on a traditional “business is war” viewpoint, based on a “survival of the fittest” perspective. An example is a statement attributed to Aldous Huxley, “From the wolf’s point of view, a slow deer is an easy lunch,” and Gore

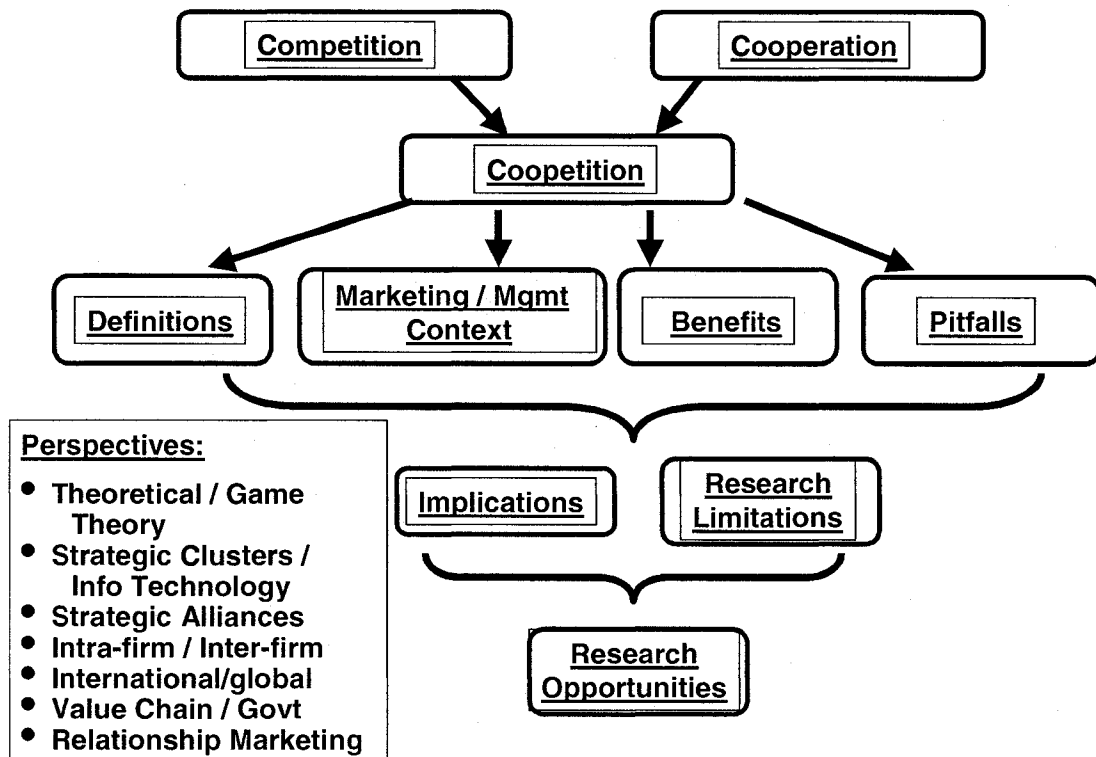
Table 2.1: Recent Literature – Coopetition

Recent Literature - Coopetition			
Author, Year, Journal	Topic of Study	Nature of Study	Conclusions
Theoretical / Game Theory Perspective			
Shocker et al. (2004), <i>Journal of Marketing</i>	Analysis of the implications of product complements and substitutes, extending the work of Brandenburger and Nalebuff (1996)	Literature review, theoretical discussion and analysis	Posits that understanding of intercategory relationships will enhance understanding of competitor and complementor influences and effects, and assist in strategy development.
Zineldin (2004), <i>Marketing Intelligence & Planning</i>	Coopetition requires strategic planning rather than conventional collaboration/cooperation/coordination with competitors	Literature review, theoretical discussion and analysis	Proposes 7 preconditions for coopetition, presents potential benefits & negative consequences of cooperative relationships, and outlines the importance of trust and commitment.
Clarke-Hill et al. (2003), <i>Management Research News</i>	Offers a multi-paradigm approach to cooperative strategies research - strategic positioning, resource-based view, game theory	Literature review, theoretical discussion and analysis	The combination of perspectives provides a holistic view of coopetition, and explains the duality, co-existence and interactions of its coopetition and cooperation components.
Levy et al. (2003), <i>European Journal of Information Systems</i>	Examines benefits, drawbacks, and cooperative implications of knowledge sharing between small/medium-sized enterprises	Case study analysis of game-theoretic model, 37 UK SMEs	Coopetition forces impact SMEs; mitigation and exploitation of those forces is difficult; knowledge generally is not exploited explicitly in business management or customer support.
Lambe et al. (2000), <i>Academy of Marketing Science Journal</i>	Examines interfirm relational exchange - close, collaborative, fast-developing, short-lived relationship in can be cooperative.	Theoretical analysis, posits propositions for empirical research	Different relational exchange contexts require different managerial responses / sets of expectations; exchange partners may become competitors; selecting partners is important.
Strategic Clusters / Alliances / Networks Perspective			
Chien & Peng (2005), <i>Journal of American Academy of Business</i>	Explores the competitive behaviors and cooperative behaviors of firms in an network, focusing on coopetition intensity	Taiwan 13-co. industry network, contract data, qual interviews	Coopetition and cooperation did coexist in the network; frequency varied by dyad. Proposed equations of competition, cooperation, and coopetition intensity.
McClurgin (2005), <i>Economics of Innovation & New Technology</i>	Exploratory case study of coopetition and cooperative strategy and strategic behavior in the smart card industry	Theoretical analysis and case study of the smart card industry	Interactions between smart card industry companies combine cooperative and competitive strategies, on both vertical and horizontal dimensions, to achieve maximum value.
Giunero (2004), <i>Academy of Management Journal</i>	Examines potential benefits/liabilities of restricting network access by competitors, and resulting effects on network evolution.	Logistic regression using secondary data for 67 large airlines	Alliance formation is affected by co-specialization and existing alliances; polarizing countervailing alliances may emerge to address alliances among competitors.
Leiblein et al. (2004), <i>Journal of Business Venturing</i>	Examines effects of technological capabilities and international collaborative alliances in a highly competitive environment	Regression analysis, secondary data, 101 semiconductor firms	Both technological capabilities and international alliances aid development of foreign sales; differences were observed between entrepreneurial and established firms.
Perry et al. (2004), <i>Journal of Business Research</i>	Collaborating direct/indirect competitors in horizontal alliances; the role of trust, commitment, and termination penalties	High-tech firms, $55\% \leq \text{IT} \leq 10\%$, OLS regression	Trust had a direct, positive effect on commitment; improved by termination penalties. Commitment and effectiveness were positively correlated.
Zhang et al. (2004), <i>Transportation Research Part E</i>	Examines coopetition in the airline industry, focusing on effects of an air cargo alliance on passenger market competition	Develops a basic oligopoly model; analyzes alliance pairs	Found that an air cargo alliance will increase the partners' outputs and decrease rivals' outputs; will also likely reduce passenger market prices and increase total surplus.

Table 2.1: Recent Literature – Cooperation (cont.)

Author, Year, Journal	Topic of Study	Nature of Study	Conclusions
Daboub (2002), <i>S.A.M. Advanced Management Journal</i>	Examines strategic alliance that may be cooperative, with asymmetrical learning opportunities and problems of control/ethics	Theoretical analysis, literature review	A shift to the network, and boundary less, flexible organization is driven by need for greater coordination and information processing, results in need for constructive, ethical conduct.
Rindfleisch & Moorman (2001), <i>Journal of Marketing</i>	Examines the implications and research needs in the area of horizontal and vertical interfirm cooperation and competition	Survey of R&D VPs, $ss=196$, $r=48\%$, CFA, ANOVA	Horizontal (cooperative) and vertical (non-cooperative) alliances differ in terms of structure and motivation, acquisition and use of information, creativity, and synergy.
Bengtsson & Kock (2000), <i>Industrial Marketing Management</i>	Examines components of cooperation as the most complex and advantageous relationship between competitors	Exploratory case study, 3 Scandinavian firms, propositions	Firms tend to cooperate in activities far from buyers and compete in activities close to buyers; heterogeneity of resources requires a mix of horizontal/vertical relationships.
Das & Teng (2000), <i>Organization Science</i>	Discusses approaches for understanding and explaining instabilities of strategic alliances; presents 3 key pairs of competing forces.	Theoretical analysis, proposes framework and propositions	Proposes a framework of internal tensions with testable propositions, provides suggestions for empirical testing, outlines limitations; proposes opportunities for future research.
Intra-Firm / Inter-Unit Perspective			
Luo et al. (2006), <i>Journal of Marketing</i>	Cross-functional cooperation (joint occurrence of cooperation and competition across functional areas with a firm)	High-tech firms in China, $ss=326$, $r=33.6\%$, CFA, SEM	The joint occurrence of cross-functional cooperative ability, cooperative intensity, and competition was positively correlated with a firm's customer and financial performance.
Luo (2005), <i>Journal of World Business</i>	Inter-unit cooperation within a global coordinated multinational enterprise and between geographically dispersed subunits	Theoretical analysis, presents a conceptual/typological framework	Competitive pressure & product similarity can simultaneously increase both cooperation and competition; firms must build intranet, incentive, encapsulation, and coordination systems.
Hanson & Nohria (2004), <i>MIT Sloan Management Review</i>	Examines inter-unit cooperation in leveraging globally distributed resources as a source of competitive advantage	Survey/interview/case studies, 107 orgs, factor analysis	4 organizational barriers prevent effective inter-unit cooperation; inter-unit cooperation and competition, in the form of performance management, should be counterbalanced.
Tauer and Harackiewicz (2004), <i>Jnl of Personality & Social Psychology</i>	Unique and joint effects of intergroup competition and cooperation on intrinsic motivation and performance	3 behavioral studies (sports setting), 1 questionnaire study	Intergroup competition and cooperation led to higher levels of task enjoyment; intergroup competition leads to more positive outcomes than pure cooperation or pure competition.
Tsai (2002), <i>Organization Science</i>	Examines the effectiveness of knowledge sharing in interorganizational networks that involve cooperative and cooperative links.	QAP multiple regression, surveys of 24 business units	Both formal and informal coordinative mechanisms influence intra-firm knowledge sharing and enhance capabilities; firm capability is moderated by intra-firm competition.
Value Chain Perspective			
Dussauge et al. (2004), <i>Strategic Management Journal</i>	Examines the effects of strategic alliances on the relative competitive positions of cooperative partners in a value chain	Auto manufacturers (135), secondary data, probit, GLS regr	Relative competitive positions of cooperation partners tend to change more in link alliances (asymmetric capability development) than in scale alliances (strengthen the alliance group).
Grängsjö (2003), <i>Int Jnl of Physical Distribution & Logistics Management</i>	Analysis of cooperation in the tourism industry and related strategic planning and marketing considerations	Analysis of a tourist destination case study & component values	Recommends an organic, multi-dimensional approach to the study and development of destination marketing, based on categorization of partners as dominant or equal.
Kotzab & Teller (2003), <i>Int Jnl of Physical Distribution & Logistics Management</i>	Research of grocery industry value-adding partnerships and competition models & strategies, using a supply-chain value net.	ECR members, $ss=45$, $r=67\%$, statistical analysis	Defined ECR (efficient customer response) as a cooperation model and verified that collaboration takes place in logistics, while competition dominates in customer customer marketing.

Figure 2.1: Coopetition – Heuristic Overview



Vidal's pronouncements, "It is not enough to succeed. Others must fail," and "Every time a friend succeeds, I die a little" (quoted by Gerard Irvine 1976).

In contrast, literature on the concept of coopetition first emerged in the field of strategic management during the late 1980s and drew from sociological and biological roots (Day and Montgomery 1999). Brandenburger and Nalebuff (1996) note that this view of a beneficial linkage between competition and cooperation can be seen in Bernard Baruch's assertion that "You don't have to blow out the other fellow's light to let your own shine" (p. 4), Ray Noorda's pronouncement that "You have to compete and cooperate at the same time" (p. 4), and a statement attributed to Bill Gates that "Sometimes the lambs have to lie down with the wolves." Noorda defended the strategic

wisdom of cooperation with competitors even in situations where one organization contributes more than another, stressing that the bottom-line goal is the growth of the entire business (Davis 1993). Brandenburger and Nalebuff summarized the paradoxical concept with their statements that business is “simultaneously war and peace,” and “most businesses succeed only if others also succeed” (p. 4).

Definitions

The beginnings of a moderation of competition to accommodate the reality of increased collaboration between competitors can be seen in Porter’s (1980) five forces of competition model, which can also be viewed as 5 forces of cooperation or collaboration (Sheth and Sisodia 1999). That cooperation is characterized by an association or working relationship between multiple organizations, often in a joint intellectual effort.

Brandenburger and Nalebuff (1996) defined the new environment of cooperation in terms of competitors and complementors. They proposed that, for a given organization, a competitor is a player whose product / service causes its customers to value the organization’s product / service less or who makes it less attractive for a supplier to provide resources to the organization. Their perception of a complementor, on the other hand, was of a player whose product / service causes its customers to value the organization’s product / service more or who makes it more attractive for a supplier to provide resources to the organization. In such a situation, each organization’s product / service is enhanced by, and may only function with, the other organizations’s product / service. With common or correlating interests, complementor organizations bolster and reinforce each other while reaching and influencing mutual customers (Noonan and Wallace 2003). The terms “competitor” and “complementor” were described by

Brandenburger and Nalebuff (1996) as natural counterparts. The terms “partner” and “ally” were deemed too broad to serve as such natural counterparts to the term “competitor,” since customers, suppliers, and complementors can all be an organization’s partners or allies (Lyons 2000). Examples of competitors who are also complementors include Microsoft and Netscape, which compete in terms of their browser products but cooperate in the development of security standards for the industry. Coopetition must be entered into with caution, because of the potential for inadvertent loss of competitive advantage to a competitive partner. Success factors include a clear win-win situation, openness in cooperation, and a clearly defined exit strategy and agreement (Anslinger and Jenk 2004, Hansen and Nohria 2004, Perry et al. 2004).

Coopetition can be classified into three broad types: (1) systemic cooperation related to design, (2) infrastructural sharing, characterized by cooperation in the building of infrastructure, while having full competition in terms of branding, marketing, sales, and the introduction of new services, and (3) standards-setting. Infrastructural sharing, in particular, can be a win-win situation for partners that has the potential to give them a competitive advantage over others in the market in terms of improved capabilities and reduced operating costs. Coopetition can function as an augmentation of Porter’s (1980) conceptualization of competitive advantage and may involve meshing different marketing approaches of separate firms (Brandenburger and Nalebuff 1996).

Coopetition has its roots in game theory, a subset of applied mathematics that offers a systematic methodology to develop strategies when an individual’s or organization’s profitability and well-being relies on how other individuals or organizations act. Game theory analyzes the interplay between competition and

cooperation, and is concerned with interdependent decision making. It shows how non-competitive strategies can result in value added by all players, who, as a result, take more out of the game than they put in (Hartwig 1998).

Key Related Marketing / Management Contexts

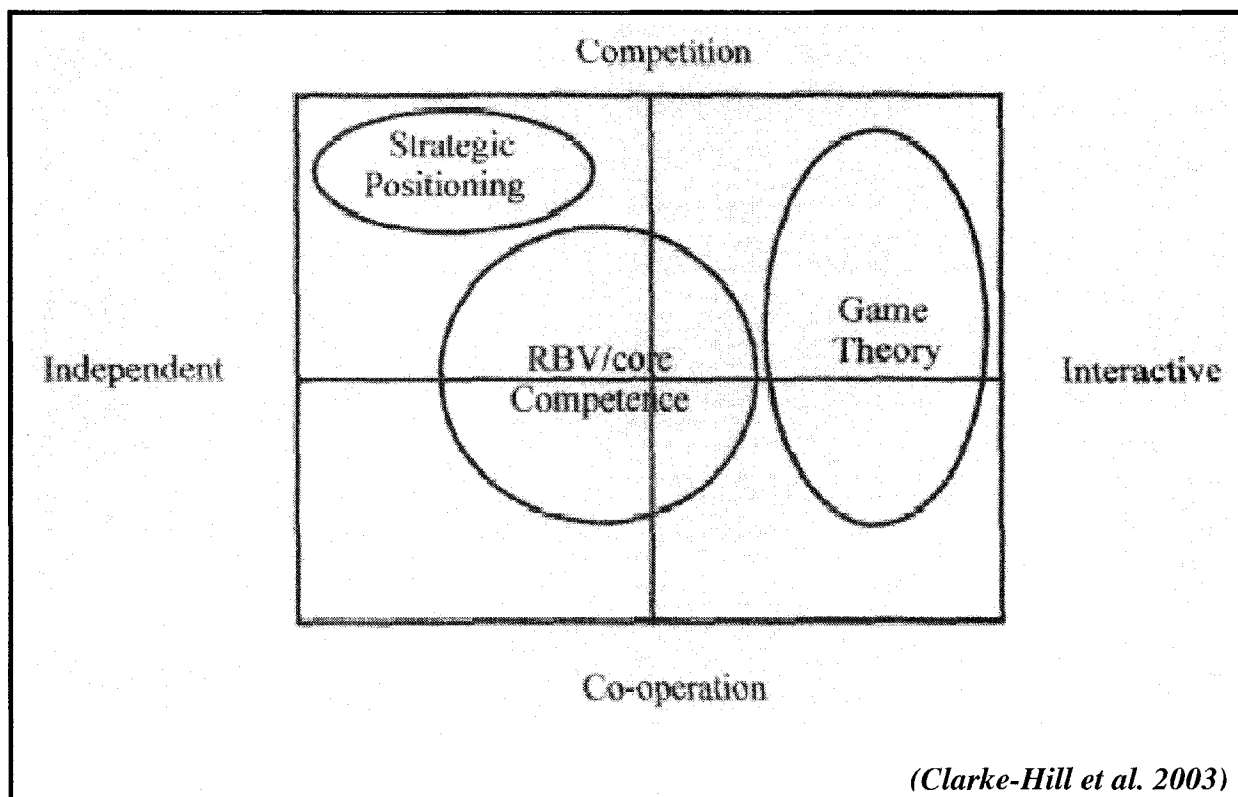
Sheth and Sisodia (1999), in their overview of important marketing contexts and related concept classifications, presented an “old context” of competition, characterized by heightened competitive intensity and competition-centric concepts, with related lawlike generalizations of market share, competitive strategies, and vertical integration. They contrasted it with the “new context” of cooperation and identified related emerging areas for research such as “market growth, subsidization and outsourcing of customers, and virtually-integrated alliances.” Kerin and Sethuraman (1999) disagreed that two of the three lawlike generalizations attributed to heightened competitive intensity context were, in fact, lawlike generalizations, but applauded Sheth and Sisodia (1999) for analyzing marketing frameworks and concepts in new contexts. Lado et al. (1997) also suggest that firms which adopt a cooperative approach to search for opportunities and resources that would allow them to make generate and actualize value-adding strategies are more likely to be successful than firms which maintain strictly cooperative or strictly competitive strategies.

Clarke-Hill et al. (2003) offered three theoretical perspectives on the paradox of cooperation and competition, using the model, shown in Figure 2.2, which analyzes those perspectives in terms of a scale of independence and interaction. The first perspective, strategic positioning, is primarily concerned with competition, not interaction, which can

be applied to collaborative relationships. The ultimate tendency, in a cooperative alliance, is for one partner to decide eventually that it can gain more in the future from resuming competition than continuing the relationship of cooperation (Porter 1980, Chen 2002). A second perspective involves the concepts of the resource-based view and core competence. The resource-based view holds that firms possess individual resources, and that their differential performance is fundamentally due to the heterogeneity of the resources that each firm controls (Barney and Hoskisson 1990, Bengtsson and Kock 2000). A pooling of complementary strengths can result in creative synergies. This view has a more balanced emphasis on cooperation and competition than the strategic positioning perspective and is characterized by a blend of interaction and independence. The core competence aspect of the second perspective assists in explaining the interactive nature of cooperation and competition. For example, the risk related to the inherent skill learning and knowledge transfer associated with cooperation results in reinforcing competition. The third perspective utilizes game theory, which assumes rationality. The traditional Prisoners' Dilemma presumes competitive intent. Cooperation, on the other hand, can only be achieved in an infinite game (one that is uncertain in length) with the intent to maximize utility. Game theory is highly interactive. It assumes that participation in the game involves cooperation, and it treats cooperation and defection (competition) as separate strategic choices or behaviors for each play. The holistic goal of those designing the game is to understand the paradox and complex interaction of cooperation and competition. The three perspectives represent multiple paradigms and offer divergent but complementary views. Viewing the system as a whole with a high-

level analysis may help reveal qualities over and above those that are apparent from an analysis of its respective parts.

Figure 2.2: Theoretical Perspective: The Paradox of Cooperation and Competition



Foundational Literature

Axelrod (1984) approached the topic of competition from the standpoint of genetics, proposing that both genes and people are selfish utility maximizers and often achieve their ends through cooperative or non-competitive strategies. His theoretical analysis was based on game theory, positing that “mutual cooperation can emerge in a world of egoists without central control by starting with a cluster of individuals who rely on reciprocity.” His work utilized the Prisoner’s Dilemma, a game in which individuals can either cooperate with each other or defect. Regardless of what action the other party

takes, defection yields a better payoff than cooperation. However, if both parties defect, each does worse than if both of them had cooperated.

Hamel, Doz, and Prahalad's (1989) research on competitor alliances established the paradox of collaboration with competitors as a phenomenon of competition and a "win-proposal". Sheth and Parvatiyar (1992) built on that research to examine the purpose of, and parties to, alliances, categorizing sets of alliance partners as competitors (cartels and competitive alliances) and non-competitors (co-operatives and collaborative ventures). They then proposed unique characteristics for each of these types of business alliances based on twelve organizational properties.

Moore (1993, 1996) focused on leadership strategy in the context of both ecosystems and business. He proposed that Darwin's "natural selection" process and Smith's "invisible hand" operate in the same way to produce order in a system so complex that it cannot be comprehended or controlled on an individual level.

Brandenburger and Nalebuff (1996) authored "Co-opetition," a seminal, managerially-focused work, which analyzes the implementation of strategy using game theory. The works of Brandenburger and Nalebuff, and Moore followed the work of Axelrod (1984) in the sense that they had their roots in Darwinian ideas of "survival of the fittest" and a new theory of evolution. For genes, utility is measured as increased representation in the gene pool. For businesses, it is measured in added economic value, but the means are often the same. Moore, and Brandenburger and Nalebuff, make the point that organizations must be cognizant of, and responsive to, their environments. For example, an internally-focused company might produce the highest quality goods at the lowest possible cost and deliver on-time, but this may not result in long-term health if the

company chooses to focus, for example, on becoming a key supplier of K-Mart rather than Wal-Mart. Hartwig (1998) proposed that, in that situation, the organization may be in the position of a biological organism that might be well adapted to survive except that its primary food source was becoming extinct.

Coopetition – Perspectives

An analysis of the extant literature indicated that it can be segmented into seven topical categories: (1) the theoretical/game theory perspective, (2) the strategic clusters/information technology perspective, (3) the strategic alliances perspective, (4) the intra-firm/inter-unit perspective, (5) the international/global perspective, (6) the value chain/government perspective, and (7) the relationship marketing perspective. Each is now discussed individually.

(1) Theoretical / Game Theory Perspective

The game theory perspective of coopetition is a basal one. Game theory can be described as “a dominant conceptual framework in marketing used to analyze the behavior of competing firms in oligopolistic markets characterized by the interdependence” of those firms (Weitz 1985). Interdependence implies that the outcome of an action initiated by a firm is contingent on whether or not, and how, its rivals will react to its actions (Moorthy 1985). A key concept is the Heisenberg principle, which posits that the game is changed when a new participant joins in. Game theory applies the methodology of statistical logic to the concept of strategic choice. This concept was established by von Neumann and Morgenstern (1944), who built on neoclassical economic theory to propose that to choose rationally is to maximize one's rewards. Their initial game theory was applied to the area of strategic competition. Their research was

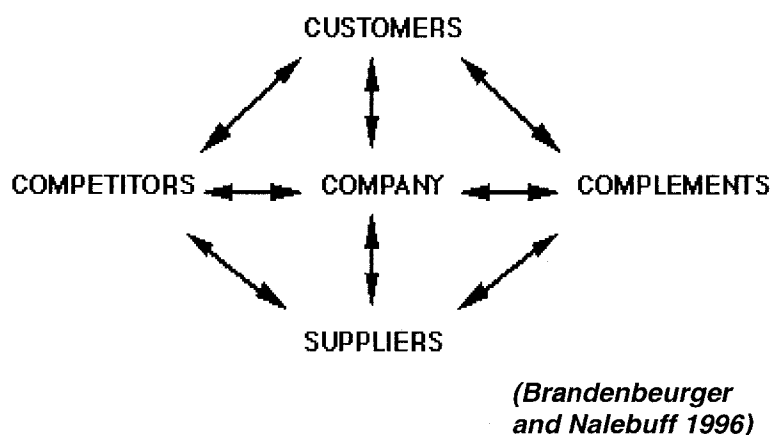
restricted to the analysis of zero-sum games, which held that a participant could only gain at the expense of another participant.

John Nash, in his work from the early 1950s to the present, introduced the concept of “sets of optimal strategies”, termed Nash equilibria, which are employed by players in a game in such a way that a player cannot gain an advantage by unilaterally engaging in strategy change if the strategies of the other individuals in the game do not change. Nash’s theoretical work was based on a strategic combination of competition and cooperation. The Nash program methodology illuminated the differences between cooperative games, which allow binding agreements and bargaining, and noncooperative games, which involve no external authority who ensures that participants stick to pre-established rules and compulsory agreements. Nash noted that an equilibrium solution would also be ideal in cooperative games, suggesting that, in a biological context, it is possible to escape from noncooperation. He suggested that cooperative games can be analyzed in terms of their ultimate resolution into a noncooperative environment, and that cooperative behavior can evolve as a pattern of behavior. This recognition reshaped game theory, because of the degree to which noncooperative games are prevalent in both personal and business interactions. It correlates with the idea of negotiation, in which two or more players cooperate to produce a favorable outcome in a situation where failure to cooperate would leave each of them worse off (Brandenburger and Nalebuff 1996).

A game can be characterized as a collection of rules that control a bargaining situation. Two or more individuals or collections of individuals adopt tactics and strategies based on their ability to either augment their own outcome and/or diminish the

outcome of the other participants. The rules set for the game outline potential actions for each participant, how much information is given to each participant as the game evolves, and likely gains/losses based on possible outcomes. Brandenburger and Nalebuff (1996) developed the concept of the supply chain value net (shown in Figure 2.3), which diagrammatically serves as a visual representation of the game of business strategy, locates the players relative to one another, identifies player interdependencies, and highlights competition and cooperation possibilities. Five basic game elements/levers include layers, added values, rules, tactics, and scope (Brandenburger and Nalebuff 1996).

Figure 2.3: Coopetition - The Value Chain



The literature suggests that two factors comprise the essence of competition and apply in the context of coopetition. The first factor is interdependence, which implies that the consequences for a firm of taking an action depend not just on that firm's actions, but also on what actions its competitors take. The second factor is the presence of conflicts of interest. Much horizontal interdependence involves conflicts of interest and the inability to collude explicitly. These interdependent firms compete for the same pool

of consumers, and, since antitrust laws prohibit and deter most forms of collusion, they therefore focus on opportunities for implicit and legal collusion. An example of implicit collusion is signaling, which can involve disclosures or divulgence of conceivable actions designed to communicate or obtain information from competitors. The benefits of signaling include preemption and establishment of norms of conduct in the market. Disadvantages include antitrust issues and effects on competitive position and the reputation of the firm. With implicit or explicit collusion, firms can often arrive at a more beneficial equilibrium solution than with the Nash model (Axelrod 1984, Clarke-Hill et al. 2003).

Potential applications of game theory modeling in terms of marketing strategy issues include: pricing, promotion, product quality, strategic entry and entry deterrence, and strategic consumer behavior. Game theory is also useful for analyzing horizontal cooperative arrangements between competitors (Moorthy 1985).

Strategic recommendations offered by Brandenburger and Nalebuff (1996) included: (1) draw a map of the game based on the Value Net, (2) “don’t accept the game as it is; change it” using strategic levers, and (3) think complementor as well as competitor. They suggest that a firm enter directly into a complementary business or bargain for beneficial terms for complementary products / services to benefit its customers. An example is that of Intel, which feared that it would not be able to successfully market its next-generation microchip because existing software applications which would have utilized it still did not push the limits of Intel’s existing microprocessors. Intel’s solution was to develop a complementary product, a desk videoconferencing system, which would require the next-generation chip.

In concluding this discussion of the theoretical/game theory perspective, it should be noted that some literature disagrees on the value of game theory, suggesting that the technique of role playing may provide more accurate predictions than those possible with current game theory capabilities (Armstrong 1997).

(2) Strategic Clusters / Information Technology Perspective

The second perspective of literature relating to coopetition involves strategic clusters of organizations, which are common in information technology-dominated areas. Cooperation among competitors is generally assumed to have increased most rapidly in knowledge-based industries (Chen 1997). Recent literature on coopetition has focused on clusters of occupational communities that collaborate, particularly in evolving areas such as information technology, biotechnology, nanotechnology, and cognitive science (Prahalad 1995, Porter 1998, Breault 2000). Porter (1998) described clusters as geographic concentrations of linked organizations and institutions in a specific discipline. Clusters, however, particularly in the information and communications technologies industries, increasingly take the form of virtual agglomerations that support Porter's geographic or spatial agglomerations (Traxler and Luger 2000). They can comprise a set of related industries and other organizations and institutions engaged in a system of integrated competition and cooperation, such as suppliers of specialized resources and infrastructure. Clusters can be both vertical, involving distribution channels and customers, and horizontal, including providers of similar, related, or complementary products, or combinations of both. Many clusters include governments and other institutions (e.g. universities) as key players, which provide key inputs such as specialized technological and vocational education and training, research and

development, and specialized support. Porter (1998) held, however, that clusters go beyond the traditional horizontal / vertical representations of the value chain and represent an alternative way of organizing that value chain. When organizations are geographically clustered together in an area, and evolving interactions among them result in trust and commitment, long-term advantages can be achieved. Competition that is designed to hurt or eliminate competitors can be harmful to all involved, since it can weaken clusters. For example, if a firm succeeds in driving a competitor in a cluster out of business, that may have the potential to also cause a key mutual supplier to fail. Robert Breault (2000) suggested that clusters comprise more than vaguely-associated groups of similar organizations. They can result in a unique and powerful synergy among organizations concentrated within related industries, which extends to both public and private sector organizations and members of the community who are stakeholders in the evolution, maturation, and health of the local economy.

Strategy in network and technology markets is different from that of information content or traditional industrial markets. Cooperation is needed to establish and maintain standards, to create a single network of compatible users, while head-to-head competition is needed to achieve market share (Shapiro and Varian 1999). Also inherent in an information technology perspective of coopetition is the concept of the knowledge economy, which involves the use of technology to produce economic benefits. Products and services in technology markets are the result of knowledge-intensive endeavors and ventures that create both significant technological advances and associated accelerated obsolescence. Technology-intensive markets depend much more heavily on intellectual proficiency and organizational learning than on natural resources and physical

components (Prahalad and Hamel 1990, Kogut and Zander 1992). They rely on coopetition, not competition, and it focuses on abundance, not scarcity. Information sharing is virtual, and location can be perceived as unimportant. The focus is on service differentiation, not product differentiation. Coopetition involves the sharing of knowledge that may be an important source of mutual competitive advantage. However, the knowledge gained by cooperation may also be used for competition, leading to the question of how much sharing is healthy. As a result, firms in coopetitive relationships may restrict information shared because of a fear that it may be used to compete against them in the future, (Lambe et al. 2000, Levy et al. 2003).

Research has shown that technological alliances, including those among competitors, tend to be perceived as good news by investors and achieve greater abnormal returns in the stock markets than marketing alliances, creating financial advantage for those involved (Das et al. 1998).

(3) Strategic Alliances Perspective

A strategic alliance is a form of interorganizational cooperation which involves the pooling of skills and resources by the alliance partners to achieve one or more common goals and achieve a competitive advantage in the marketplace (Varadarajan and Jayachandran 1999). The contemporaneous cooperation and competition between partners is an important characteristic of strategic alliances (Das and Teng 2000). Organizations can interact with rivalry when dealing with conflicting interests, and, in the same timeframe, cooperate to leverage mutual interests (Bengtsson and Kock 2000).

All companies participate in networks to some extent in terms of forming relationships, and the nature of those networks allows competitors to cooperate as well as

compete (Dennis 2000). Achrol (1997) proposed the existence of four types of networks which may participate in alliances: (1) markets that are internal to an organization, (2) vertical markets, (3) intermarkets, or multi-firm alliances that involve a variety of unrelated industries, and (4) opportunity markets, characterized by organizations which form alliances on a temporary project basis. Interorganizational cooperative relationships can be characterized as horizontal (which may be cooperative, such as the alliance between Ford and Mazda) or vertical (e.g., the relationships between General Motors and GM parts suppliers). They also can be classified as long-term (e.g., joint venture) or operational for a specific finite time period (e.g., a joint product development team). Hybrid alliances for long-term projects are also possible. Ford Motor Company, for example, purchased 25% of Hiroshima-headquartered Mazda in 1979, and increased its share to 33% in 1992. In January, 2005, Ford, Mazda, and Changan Automotive Group of China announced a joint venture to build a manufacturing facility in China, which will have a long-term annual manufacturing capacity of 200,000 vehicles and will be capable of producing a variety of Ford and Mazda vehicles.

Organizations participating in strategic alliances tend to conduct an early battle for dominance of some type (e.g., of an industry). Later, they tend to compete individually for market share. They often collaborate in the development of standards, since compatibility reduces technology risk and creates substantial consumer benefits. Industry-wide standards can result in greater value for users by developing a bigger and more efficient network (e.g., in the cell phone industry.) Companies then do not compete for the market; they compete within the market using common standards. The existence of standards shifts the focus of competition from proprietary systems to compatible

components. Marketing in such an environment concentrates on price, features, and proprietary extensions of a product. However, motives for participating in standard-setting processes are not always pure; an organization may participate nominally but may actually have a hidden competitive agenda and no real interest in seeing a successful standard emerge. Research indicates that competitive responses to actions cannot be predicted by strategic group membership, but that strategic group membership is a predictor of the way in which firms compete with each other (Smith et al. 1997).

Lei (1997) outlined a dual role for strategic alliances using the dimensions of cooperation and competition within the context of strategic alliances. Alliances can involve rival co-specialization, which may involve exclusivity and encourage countervailing alliances, and nonspecialization, which generally involves rivals who share the same partners and which encourages intra-network competition (Gimeno 2004). Alliances can be used both offensively and defensively, and there are inherent tensions between potential benefits and costs. Strategic alliances (virtual companies, alliances, and joint ventures) may contribute to superior performance only under certain environmental and organizational conditions (Chesbrough and Teece 1996). Bleeke and Ernst (1995) noted that cooperative relationships with competitors and others are likely to be established, nurtured, and maintained only as long as they are perceived to be in the best interest of the cooperating firms. As a result, firms should anticipate and plan for the end of an alliance (e.g., acquisition or selling of interests), much as is outlined in a prenuptial agreement.

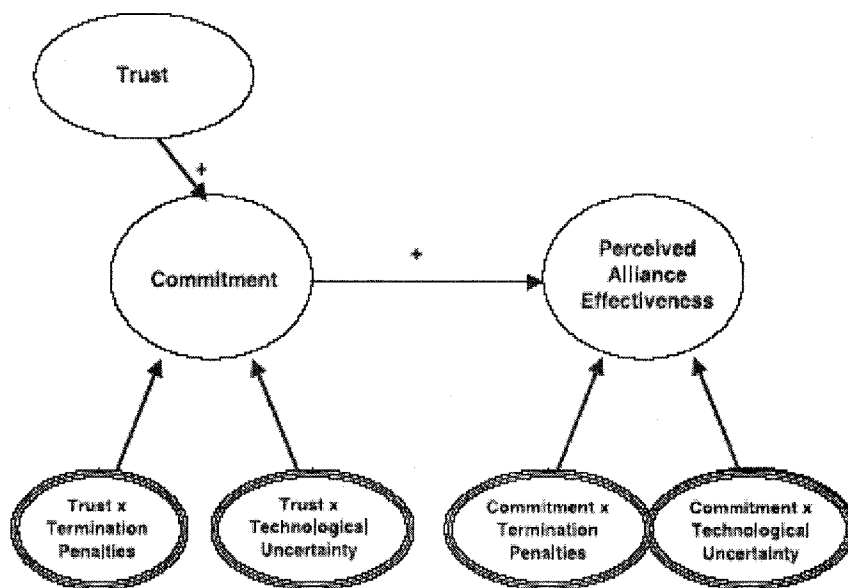
The literature indicates that alliances can be classified as scale or link alliances. With scale alliances, partners contribute similar resources, for example with joint

research and development undertakings that involve the sharing of knowledge. A specific case is that of the PRV alliance between Peugeot, Renault and Volvo, which was established in 1971 to generate the V6 engine. It not only accomplished that objective but also achieved numerous supplementary product and process enhancements within its partnering organizations. Another example is that of Star-Alliance, which is comprised of individual airlines which banded together to generate comprehensive marketing and customer support capabilities, provide new and enhanced products and services, and realize cost efficiencies (Kippenberger 2002). Scale alliances can be viewed as potential Trojan Horses, because of the potential for asymmetric, or unequal, capabilities. They typically are used to pursue aggressive market penetration strategies. Scale alliances also can be viewed in terms of relatively small or medium-sized organizations which may band together to compete in larger markets by increasing the scale of their combined efforts and operations (Dennis 2000). Link alliances, on the other hand, are collaborations in which partners make complementary contributions. For example, the NUMMI alliance, which involved General Motors marketing of Toyota-designed vehicles, was advantageous for both parties. Toyota benefited from GM's superior marketing capabilities, and GM leveraged the formal opportunities to acquire quality and productivity knowledge and skills from Toyota. Such alliances are essentially coalitions, because increased economies of scale strengthen the group of allied firms relative to other competitors. They tend to be formed based on efficiency considerations (Hennert 1988) and can take the form of high-ratio relationships, for example, between very large and very small competing organizations which fulfill the needs of each (Mainelli and Pumphrey 2002). Research has shown that link alliances lead to more volatile alliance

outcomes and greater changes in relative market shares than do scale alliances (Dussauge et al. 2004).

With collaborating competitors, important relationships will exist among trust, commitment, termination penalties, technological uncertainty, and alliance effectiveness, as outlined in Perry et al.'s (2004) interaction effects model, shown in Figure 2.4, which uses Morgan and Hunt's (1994) definition of trust and appears to be the latest significant analysis on the topic. It posits that trust and commitment contribute to alliance effectiveness but questions whether or not trust and commitment are sufficient factors for "effectiveness of horizontal strategic alliances in technologically uncertain environments." The authors found that "trust and termination penalties can be effective tools to motivate commitment and enhance alliance effectiveness."

Figure 2.4: Interaction Effects Model



(Perry et al. 2004)

External factors (environmental conditions) also seem to affect commitment. An example of the importance of trust and commitment in cooperative relationships is the potential for globalization of the Russian oil industry, which is third in the world in oil production and the second largest exporter (after Saudi Arabia), and continues to be affected by a 70-year legacy of the effects of a planned economy, which it inherited from the Soviet system. The culture of this environment can be characterized as one of suspicion, blame, corruption, hierarchical perspective, and a traditional win-lose outlook. In this situation, trust and commitment would be difficult to achieve. While the Russian oil industry has leverage over Western oil companies and can participate in asset swapping and international joint venture partnerships, its cultural environment makes it difficult for potential alliance partners to participate in the development of the industry for mutual benefit (Dixon 2004).

One reason for the relatively recent wide-spread evolution of, and engagement in, competitor alliances is that a cooperative alliance can provide a way to avoid, or at least, delay, mergers and takeovers in industries that are under pressure to become more concentrated and consolidated (Dussauge et al. 2004). In the transportation industry, for example, the industry cargo and passenger sectors overlap in a significant way, and cooperation between them can yield benefits without formal consolidation. Research indicates that air cargo alliances can achieve cost-reduction opportunities in passenger service areas, such as codesharing, joint baggage handling, joint use of lounges, gates and check-in counters, and exchange of flight attendants. Collaboration on cargo allows each partner to commit to greater passenger capacity, reducing the marginal cost of passenger services and increases the potential outputs of each partner. This not only has the

potential to raise the marginal profit of each partner, increase total surplus, allow reduced passenger prices, and improve competition in passenger markets, but also to alleviate pressure for organizational consolidation (Zhang et al. 2004).

(4) Intra-Firm / Inter-Unit Perspective

Coopetition may also be an important factor within a single firm or conglomerate, across departments, divisions, or component companies. The extant literature indicates that an organization with substantial inter-related businesses or a large number of country subsidiaries is likely to gain more from collaborating than one which is an agglomeration of relatively unrelated businesses. Internal knowledge sharing within such an organization requires both a formal hierarchical structure and informal lateral relationships (Tsai 2002). Competitive barriers to inter-firm or inter-unit cooperation include a lack of willingness to seek feedback and accept input from others (a “not-invented-here syndrome”) and a lack of willingness to help others (a “hoarding-of-expertise problem”). Solutions include use of management levers, such as leadership, values and goals, and human resources procedures. Other opportunities include a focus on group (rather than individual) performance, revision of formal and informal reward systems, and utilization of recruitment to hire people with a natural inclination to communicate and cooperate (Hansen and Nohria 2004).

Firms are created and exist in order to empower people to work collaboratively to accomplish what they could not accomplish individually. When two sub-units of an organization are selling similar products / services in the same markets or to the same market segments, and developing similar but individual techniques and strategies for doing so, for example, in the banking industry, the resulting competition may engender

competitive advantage or may result in inefficient and conflicting uses of available resources. Organizations may want to establish dual responsibilities for such groups, which reward both results for a group's own business unit or country subsidiary and, on the other hand, seek to help and aid other related business units. The downsides to such an approach involve difficulties in successful implementation along with the stress that is inherently involved. Coopetition can easily be overdone, resulting in unproductive collaboration in the form of excess travel and meetings (Brandenburger and Nalebuff 1996).

(5) International / Global Perspective

The international/global perspective recognizes that strategic moves in one country affect competitive / cooperative positions of firms in other countries (Yip 2003). Cooperation is needed to establish and maintain standards to create a single network of compatible users. On the other hand, head-to-head competition is seen as needed to achieve market share. Regional integration can be viewed as a form of coopetition in which nations, industries, and firms leverage alliances to gain competitive advantage (Sheth 1992). International units tend to consist of both collaborative and competitive ties (Tsai 2002). Globalization strategies adopted in response to globalization drivers (enablers of strategy) form part of a coopetitive game played in the international arena (Dixon 2004). As with other perspectives of coopetition, game theory can be used to explore its global implications (Brandenburger and Nalebuff 1996).

Inter-firm cooperation between competitors also can emerge as a way for organizations to band together against foreign competition or to penetrate markets (Leiblein and Reuer 2004). For example, the Crafted With Pride in the U.S.A. Council

was formed by domestic textile and apparel producers who are competitors to address a substantial increase in U.S. imports of apparel (Buzzell and Ortmeier 1995).

(6) Value Chain / Government Perspective

From a value chain perspective, coopetition involves the expansion of the value net to a supply-chain value net, as depicted by Brandenburger and Nalebuff (1996) in Figure 2.3 and explored by Kotzab and Teller (2003) in their research of “value-adding partnerships and coopetition models in the grocery industry.” This perspective is applicable to both private industry and governmental environments. Demand may be interconnected across product categories, and supply chain members may exhibit both coopetition characteristics (competition and cooperation) simultaneously. Collaborating competitors can cooperate on the “invisible logistics side” (e.g., uniform packaging guidelines) and compete in the “visible marketing arena” (e.g., advertising and promotion). Bengtsson and Kock (2000) posited a heterogeneity proposition, related to a situation in which organizations within an industry network simultaneously compete and collaborate, which holds that collaboration tends to take place far from the customer, while competition is kept “near the consumer.”

Network types can be categorized as either dominant or equal partner (Grängsjö 2003, Dennis 2000). Demand may be interconnected across product categories. For example, a consumer who wants a cake may opt to create it from scratch, buy one ready-made, or bake it from a mix because some individualism is desired. Shocker et al. (2004) proposed several intercategory effects. Some products, with dynamic and competitive interrelationships between them, do not fit neatly into the complement/substitute

framework. Demand may be interconnected across product categories. Interaction between buyer and seller must also be considered.

New business models are increasingly incorporating cooperation. For example, efficient consumer response (ECR) is a “customer-oriented reengineered value-added management strategy” characterized by “harmonization and cooperative adaptation of commonly agreed upon business processes and standards to avoid duplication of costs and improve service.” It is a win-win-win strategy (in which each of at least two cooperation partners and the customer each win), which stresses having what customers want, where, and when they want it. Supplier-retailer collaboration involves partners who identify and appreciate shared and/or related interests in areas such as establishing specific norms, guidelines, rules, and policies. Partners can gain critical mass from an industry standpoint, which is then applied to specific partnerships. Related tools include efficient unit load (EUL) – standards related to packaging logistics, electronic data interchange (EDI) – transmittal of standardized and formatted data to supply chain partners, efficient replenishment (ER) – restocking of merchandise through the supply chain, and category management (CM) – a process of collaborative development involving both retailers and vendors to provide a customized portfolio of products treated as a strategic business unit (Svensson 2002).

Governments can take on several roles that have the potential to be influential from a cooperation and value chain standpoint. First, the government can act as a customer, buying goods and services. It may also assume the role of supplier, with rights to resources, opportunities, and permissions. It can also act as a competitor, vying for people, people’s dollars (e.g., in the form of taxes), investment, and services. For

example, the U.S. Postal Service competes directly with UPS and FedEx, and public colleges compete with private colleges for the same student populations. The government can also act as a complementor, providing basic infrastructure, civil order, and currency stability. It can enter into strategic partnerships for research and technological development, such as government-university-industry strategic partnerships, which leverage the complementary resources, assets, and skills of government, academic, and corporate organizations to foster research with the potential for long-term industrial and economic benefits (Carayannis and Alexander 1999). More directly, a government can enter into collaborative and value chain relationships with its direct competitors, as in the case of the U.S. Postal Service, which shares shipping/delivery agreements with UPS and FedEx. Finally, the government can act both as a legislator and a regulator, directly impacting its other relationships outlined above. In those relationships, the government tends to have an inherent advantage. For example, to the extent that a government taxes its people, it reduces their ability to spend money on other goods and services (Brandenburger and Nalebuff 1996). In its legislative and regulatory capacities, the government has the ability to regulate commerce and prohibit collusions. Competitive information sharing is limited by the government in the U.S., and formal linkages beyond participation in trade associations may violate antitrust statutes (Brown and Butler 1995). The government does, however, allow cooperation for standards setting industries, subject to those statutes. Competitors often collaborate via industry associations for lobbying purposes, both to minimize government regulation and to further their common special interests (Meyer 1998).

(7) Relationship Marketing Perspective

The literature has recently explored the paradoxical concept of collaborative competition in the relatively new context of relationship marketing. Competition often takes place between networks of relationships, not between single, well-defined companies or industries. Those networks include groups of alliances, outsourced manufacturing and services, and informal contacts. A market needs an optimal balance, or equilibrium, between three forces: competition, collaboration, and regulations/institutions (Gummesson 1997). Hypercompetition, defined as fierce and relentless competition, is characterized by the ability to incessantly disrupt the status quo and maneuver in turbulence and instability to achieve sustainable advantage. It is portrayed in the literature as the opposite of relationship marketing and collaboration (D'Aveni 1999, Gee 2000). Coopetitive efforts are useful to establish universal procedures, reduce complexity, increase understanding, and develop user-friendly terminology and access (Gummesson 1997, D'Aveni 1999, Gee 2000).

Establishing and maintaining market relationships may be particularly important to services industries, such as the healthcare sector, since their marketing focuses on long-term relationships with customers and others in the market, including competitors. The customer is the ultimate decision-maker in terms of satisfaction and willingness to repurchase, and his/her evaluations and decisions are based on personal value factors. Each competitor will either meet market expectations or ultimately fail, and the same type of evaluation can affect an entire industry. The extant literature suggests that coopetition has the potential to increase customer satisfaction. Services providers, such as airlines, compete in certain areas and collaborate in others in terms of customer services.

As an example, IBM, which sees itself as a services company, cooperates with approximately 4,000 companies in North America alone (Gummesson 1997, Gee 2000).

Coopetition may be particularly important for non-profit organizations.

Typically, community needs are the justification for the existence of these organizations, and fundraising is necessary for their survival. The case can be made that competition is applied differently in the case of non-profit services, which often compete for the same clients but must share resources and work together to provide services which are optimal and, often, close to identical in purpose and nature (e.g., a homeless shelter) (Keegan 1994, Kaynama 1997).

Potential benefits and pitfalls of coopetition

Potential benefits of coopetition include, as outlined earlier in this paper, shared development costs, access to cross-pipeline expertise, and reduced transaction costs (Anslinger and Jenk 2004). Multi-directional learning resulting from coopetition can also be mutually beneficial for partners (Tsai 2002). Coopetition can allow firms to share technology risk and operational fixed costs and to penetrate new markets quickly (Harari 1994). Improving the overall system through cooperation benefits all parties, including the industry. While the most obvious beneficiary of improvement is the customer, when the individual customer gains, the entire sector gains, and the umbrella industry flourishes (Gee 2000).

On the other hand, by definition, firms involved with coopetition compete with one another for internal scarce resources as well as external market share (Tsai 2002). Potential pitfalls associated with coopetition include lack of performance measurement objectives and metrics to track and assess results, limitations on strategic and tactical

options, the effects of a dynamic environment and resulting changing interests, lack of planning for evolution, misunderstanding a collaborator's behavior due to overconfidence and attribution errors, predicting a collaborator's behavior incorrectly because of a false consensus effect, and a tendency by an organization's decision makers to assume that a cooperative rival is behaviorally more like them than is actually the case. Those who engage in cooptition must realize that doing so inherently involves compromises and tradeoffs, and that benefits are likely to be unequal for participants (Anslinger and Jenk 2004, Moore and Urbany 1994).

Coopetition that involves knowledge-sharing must be carefully monitored. Learning opportunities in a coopetitive relationship are likely not equal, and firms are likely to acquire differing amounts of knowledge and take different time periods to do so (Daboub 2002). Each firm in an alliance will endeavor to leverage its partners' knowledge and expertise for private gains, and there is a potential that the firm that completes its desired acquisition of knowledge and expertise before its alliance partners do the same can absorb those benefits and then terminate the alliance (Khanna et al. 1998). Sharing of staff resources to facilitate knowledge-sharing must also be carefully managed, particularly in the case of mixing management teams from different cultures, who may view coopetitive activities differently from motivational and behavioral perspectives (Kidd 2003). Ethical issues also include the potential for collusion and the forces associated with the evolution and expansion of organizational structures to network and boundaryless (cellular) organizations and alliances, which increasingly lie beyond traditional legal and ethical constraints (Daboub and Calton 2002).

Finally, the Brandenburger and Nalebuff game theory analysis of coopetition, which is the most well-known work in the literature, is aimed primarily at practitioners, who must use it with caution, since it is largely empirically untested. There is relatively little evidence that game theory can significantly advance the way that managers ponder and solve problems. There is also no firm substantiation that game theory can improve outcome predictions related to strategic alternatives (Armstrong 1997, Clark 1997.)

Research Opportunities - Coopetition as a Strategic Tool

Theoretical analysis and related empirical testing are needed to identify and understand the constructs that affect coopetition. Varadarajan (1999) proposed assessment and evaluation of the effects of competitive and cooperative forces on industry and firm profitability (e.g., alliances with potential new entrants, producers of substitutes, and industry competitors). Varadarajan and Jayachandran (1999) suggested the use of marketing discipline competencies, such as joint product development, joint marketing, and reciprocal marketing alliances, to examine the relationship between strategic alliances and competitive advantage. Research on intercategory relationships and what makes multicategory decision-making different from single-category decision-making would enhance knowledge of that topic (Shocker et al. 2004). Further research on the role and effects of interorganizational knowledge sharing in the context of coopetition is also needed (Levy et al. 2003).

Coopetition has public policy implications, such as the potential for interpretation of cooperation and cooperative behavior as collusion, which should be assessed. Empirical analysis of successful alliances that succeed and/or fail to determine

governance mechanisms that are likely to foster long-term survival would augment the sizable case study literature (e.g., Brandenburger and Nalebuff 1996) on the subject. Analysis of the theoretical aspect of virtual integration (coopetition), in terms of asset specificity, transaction costs, and relational assets would also add important knowledge, as would the assessment of potential cross-cultural and cross-national implications of coopetition in the form of virtual alliances (Sheth and Sisodia 1999).

Competition in the Nonprofit Arts Sector

Research to date has not specifically explored the formal concept of coopetition and how it is manifested in nonprofit arts organizations. This literature review, therefore, now shifts to research that has been done on the concepts of competition and cooperation among nonprofit arts organizations. A table outlining recent literature on the topics of competition and collaboration in the nonprofit/arts environment is outlined in Table 2.2. Based on a synthesis of the literature on competition and cooperation, a conceptual model is presented, in Figure 2.5, which identifies the constructs of artistic coopetition and operational/marketing/ development coopetition, with latent indicators that explain those constructs.

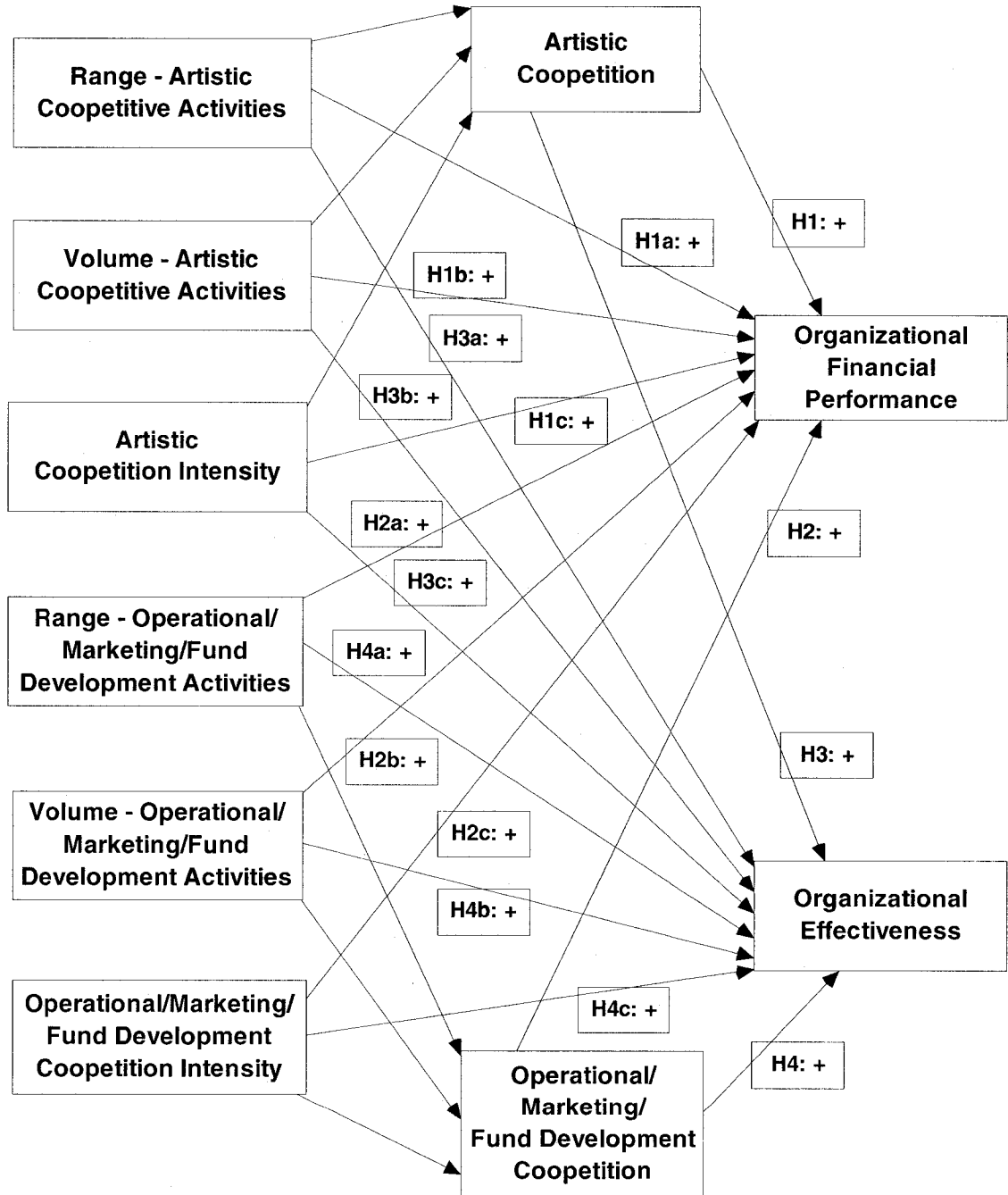
Competition can be described as “an opponent behavior engaged in by two or more individuals or groups to attain a certain objective” (Chien and Peng 2005, p. 150). It can also be defined as “pursuing one’s own interest at the expense of others” (Das and Teng 2000, p. 85), or, in a pure sense, a person or group “attempting to outperform another in a zero-sum situation (Kelley and Thibaut 1969, p.).

Table 2.2: Recent Literature – Competition and Cooperation in Nonprofit / Arts Organizations

Literature - Competition and Cooperation in Nonprofit / Arts Organizations			
Author, Year, Journal	Topic of Study	Nature of Study	Conclusions
Bennett (2005), <i>Services Industry Journal</i>	Assessment of competitive threats to arts and cultural organizations from outside the sector; study of "competitive myopia"	British theatre companies, ss=141, rr=38%	Arts organizations that perceive unconventional competition react to it; however, 50% exhibit "competitive myopia" in terms of broader leisure/entertainment industries.
Seaman (2004), <i>Journal of Cultural Economics</i>	Analysis of the nature, effects and consequences of competition and cooperation in the non-profit arts arena	Literature review, theoretical analysis, & hypotheses proposal	There is a need to re-evaluate the assumption of non-profit arts organizations as monopolies, and the applicability of competitive and cooperative strategies in the sector.
Sargeant et al. (2002), <i>Journal of Nonprofit & Public Sector Marketing</i>	Analysis of the market orientation construct to the nonprofit sector, in the form of "societal orientation"	Literature review, theoretical analysis, & hypotheses proposal	There are direct and positive effects of competitor focus and the propensity to collaborate on the degree of societal orientation (the nonprofit operationalization of the marketing concept).
Kuan (2001), <i>Journal of Law, Economics, & Organization</i>	Presentation of a model to examine why performing arts organizations are organized as nonprofits and how they compete	Literature review, theoretical analysis, & model presentation	Nonprofit arts organizations enjoy monopolistic environments in their geographic areas, are characterized by nonrivalry, and compete, in particular, for high-level patrons and donors.
Jones (2000), <i>Int. Jnl of Nonprofit & Voluntary Sector Marketing</i>	Applicability of, and issues related to, marketing orientation (including competitor orientation) in a nonprofit setting	Opera companies, ss=3, interview / questionnaire	There is difficulty in defining competition and collaboration, & little competitive rivalry between opera companies; external competition was not regarded by respondents as an option
Lampel et al. (2000), <i>Organizational Science</i>	Examination of production/consumption of cultural goods & summary of 5 polar dyads affecting competitors in cultural industries	Literature review and theoretical analysis	Success in cultural industries is achieved through novelty, creativity, and differentiation, but innovativeness must be accessible, familiar, & within bounds of existing conventions.
Voss & Voss (2000), <i>Journal of Marketing</i>	Examination of competitor orientation - commitment to integrate competitor input into the product development/mktg process	Theater managing directors, ss=101, rr=79%	A competitor orientation may lead to increased audiences but have a negative impact on the bottom line & lead to increased expenses associated with implementing competitor activities

Figure 2.5:

**Conceptual Model of Hypotheses -
Coopetition and Its Consequences**



From the perspective of the consumer decision-making process, nonprofit arts organization competitors can be categorized into four classifications: (1) desire competitors, which can satisfy competing consumer desires for leisure or entertainment, which are often limited by time availability, (2) generic competitors, which can offer basic alternatives for consumer satisfaction of a specific desire, (3) form competitors, which can offer alternative forms of entertainment that can satisfy the consumer's specific desire, and (4) enterprise competitors, which are other organizations offering the same form of entertainment, for example, alternative theatre options (Kotler and Scheff 1997).

More specifically, a broad conception of competition in the nonprofit arts industry can involve a breakdown into four types: (1) direct/intertype, (2), intratype, (3), substitute, and (4) indirect (Kotler and Scheff 1997). Direct or intertype competition involves competition from organizations in the same category of arts group. Within a geographical area, it tends to be more common among theaters and museums than for symphony orchestras and opera companies. Intratype competition in the arts sector involves other types of arts organizations, with, for example, an opera company and a symphony orchestra competing for subscribers, other attendees, donors, and government support. Substitute competition involves the same category of art but in a different format - for example, recorded music or video performances instead of live performance attendance. Indirect competition for arts organizations involves other leisure opportunities, such as movies, sports events, and in-home entertainment of various types (Bennett 2005).

Faced with such competition in the nonprofit arts sector, organizations can employ several types of competitive strategies to increase demand and build their attendance and donor bases. First, the easiest objective to achieve is to motivate current attendees and donors to attend or give more frequently. Second, arts organizations can attempt to attract current arts attendees and donors of other organizations, a strategy which is often successful, since crossover attendance by arts attendees is traditionally high, and an organized effort by organizations to cultivate crossover attendees may increase and energize the overall arts market. For example, in a 1989 Philadelphia Arts Market Study, 90% of opera attendees were found to have also visited a museum. Finally, and most difficult, is the option to attempt to convert nonattendees to attendees (Kotler and Scheff 1997).

Bennett's (2005) categorization of competition in the nonprofit arts sector is similar; it proposes that competition can be explicit/direct or it may be implicit/secondary, involving "unconventional competitors," such as organizations in broader leisure and entertainment industries, which may unwittingly pose competition. In terms of consumers with limited money and perceived shrinking available leisure time, competition for both patrons and donors can be stiff and can come from either category of competitor (Jones 2000). Competition in cultural industries is increasingly rooted in consumer expectations of creativity, innovativeness, and accessibility in leisure activities and entertainment (Lampel et al. 2000).

The general finding in the literature is that there is little perceived direct competition in the nonprofit arts sector, especially among performing arts organizations, which, with a few exceptions in the largest urban areas, enjoy a monopolistic

environment in their geographic areas. As nonprofit organizations, they are characterized by nonrivalry (Kuan 2001). For example, it is rare to find more than one major symphony orchestra or one major opera company in a single city, since those organizations typically are nonprofit and dependent on high-level donors for revenue needed to survive (Caves 2000).

Kotler (1988) noted that the implicit/secondary category of competition may pose competitive challenges to arts or cultural organizations that are not recognized early enough to be addressed from a proactive strategic standpoint and coined the term “competitive myopia” to describe that issue. For example, a major donor to an arts organization may develop an interest in supporting a different art form, a different type of nonprofit cause, or an unrelated leisure activity, at the expense of the impacted donee, which may not have anticipated such a switch or recognized the potential for such competition to emerge. Fox (2001) terms such competition that is not easily recognized as “invisible competition,” and proposes that strategic planning must focus on brainstorming to not only identify such potential competitors but also identify solutions, such as opportunities for protective alliances. Organizations most likely to research and analyze information on such unconventional competitors are those which operate in a complex environment, hold managers personally accountable for results, and employ well-trained and well-qualified managers who are responsible for assessing competitive threats (Bennett 2005).

Recent research involving definition and measurement of competition in the nonprofit arts industry has centered on studies of both that sector as well as of related industry types, such as other types of service organizations (Jones 2000, Sargeant and

Mohamad 1999). Specifically it has tended to build on the concept of competitor orientation, a component of market orientation. Narver and Slater (1990) posited that market orientation is comprised of three factors of equal importance: customer orientation, competitor orientation, and interfunctional coordination. Kohli, Jaworski, and Kumar (1993) also included the concept of competition in their model of market orientation, which included a focus on the customer, the competitor, and the role of technology in generating, disseminating, and responding to information/intelligence obtained on customers and competitors.

Gatignon and Xuereb (1997) extended the concept of market orientation to one of the strategic orientation of the firm, with three component orientations: customer orientation, competitor orientation, and technology orientation. They found, in a study of 3,000 marketing managers from a wide range of industries in the U.S., that a competitive orientation, not a customer orientation, leads to superior innovation performance when demand is not very uncertain, and the same may be true in the case of nonprofit arts organizations. It is negatively associated with innovation performance when demand is uncertain. Competitive orientation seems correlated with an organization's will to cut costs, when necessary. A competitively oriented firm is typically engaged in strong rivalries and counterattacks its competitors, which may drive up costs in the short run.

Voss and Voss (2000) modified Gatignon and Xuereb's (1997) concept of the strategic orientation of the firm to represent a "multidimensional construct that captures an organization's relative emphasis in understanding and managing the environmental forces acting on it in terms of" suppliers, customers, and current and potential competitors. Their revised strategic orientation concept includes three component

dimensions: customer orientation, competitor orientation, and product orientation, with competitor orientation defined, in general as an arts organization's commitment to integrate acquired information about competitors into the product development and marketing process. Their empirical analysis of the nonprofit theatre sector found that competitor orientation was directly and positively related to both subscriber and single-ticket attendance. On the other hand, it was found to have no significant effect on total income and was negatively correlated with net surplus-deficit, possibly because of costs associated with executing ideas gleaned from competitors or putting related activities into effect (Voss and Voss 2000).

Sargeant et al. (2002) extended the work of Narver and Slater (1990) to the nonprofit sector by proposing that the concepts of market orientation and its components cannot be applied literally to the nonprofit sector. For example, from a competitive standpoint, customers in the nonprofit world are categorized into two distinct types: funders and consumers of the nonprofit organization's output, and the number of stakeholders may be quite large and diverse. Sargeant et al. therefore proposed the concept of "societal orientation" as "the implementation of the marketing concept" in nonprofit organizations, positing that there are direct and positive effects of a competitor focus and the propensity to collaborate on the degree of societal orientation (the nonprofit operationalization of the marketing concept.)

Jones (2000, p. 350) synthesized previous work on the topic to define competitor orientation as "an understanding of short-term strengths and weaknesses and long-term strategies of current and future competitors." His research on U.K. opera companies supported previous work on the subject, indicating that competitor orientation was low,

and that it was particularly weak in terms of recognition and awareness of implicit/secondary competitors.

In terms of the degree of market competition in the nonprofit arts sector, research has shown, as with other types of organizations, that competitive intensity can influence nonprofit performance, as either a moderator or an antecedent (Feigenbaum 1987, Voss and Voss 2000).

Cooperation in the Nonprofit Arts Sector

Cooperation can be viewed as a process of interaction involving relationships of mutual interest, which can involve individuals, groups of individuals, or formal organizations (Smith and Wilson 1995, Chien and Peng 2005), or, more simply, as the idea of two or more individuals or groups working together to achieve common objectives (Deutsch 1949, 1962). The nature of cooperation, for nonprofit arts organizations, may be either tactical (informal) or strategic (a more formal, planned, and committed relationship) (Kotler and Scheff 1997).

In proposing the concept of societal orientation, Sargeant et al. (2005) posited that strategic collaboration is equally as important as strategic competition, and that there are direct and positive effects of a competitor focus and the propensity to collaborate on the degree of societal orientation (the nonprofit operationalization of the marketing concept.)

One reason why competition has been thought to be relatively difficult to define definitively, and why competitor orientation may be difficult to analyze in the nonprofit arts industry, is because of a high level of collaboration in at least some sectors (Jones 2000). Information is often shared among similar organizations. For example, theatres, opera companies or symphony orchestras may coordinate program selections to avoid

duplication (Jones 2000). Interestingly, cooperation to achieve efficiencies and cut costs does not appear to be common in nonprofit arts organizations, which is somewhat puzzling, since competitor threats are not perceived to be high (Jones 2000).

To the extent that arts organizations realize that their stiffest competition may be from substitute and indirect competition, rather than intertype or intratype organizations, they may collaborate to strengthen the industry's position against external competitors. Doing so has the potential to stimulate primary demand, with the desired result of the "enlarging the whole pie" of their joint consumer bases or for all arts. In addition, cooperation with other arts organizations may also have the intended or unintended effect of enhancing selective demand for the specific organization (Bennett 2005).

Creative solutions to financial, audience-building, and managerial problems can be realized by collaborating with other arts organizations, other types of nonprofit organizations, including government, and businesses. Economic impact analyses that show spillover benefits to the community can be used to lobby for additional support to increase those benefits. Governments are looking for creativity and in arts organization income-building and value-added opportunities for their constituents. For example, Baumol (1995) worked with arts organizations and the government to implement a voucher program in New York City which allowed patrons to pick the arts organizations that would receive subsidies. The literature suggests that non-profit arts organizations should market to government funding sources with the same creative and concentrated effort that they put into marketing to ticket buyers and private sector donors. Such marketing can take the form of arts organizations banding together, for example to lobby governments for increased funding for the arts sector, as a whole. The concept of

marketing to government funders has not yet been fully explored, understood, or leveraged. There is evidence of a strong, positive stimulus of federal funding, which has a powerful positive image, on private contributions, and the National Endowment for the Arts, for example, favors funding requests which involve collaboration of arts organizations to create unique arts projects. Although some possible displacement of state and local government contributions could be a side result, federal funding should be pursued as a way to attract private sector support because of its strong impact (Hughes and Luksetich 1999).

Collaboration in the nonprofit arts sector can be either cooperative (involving competitors) or non-cooperative, as in the case of cooperative efforts with governments or for-profit businesses. It can also be viewed in terms of two functional categories. The first is artistic cooperation, which is cooperation in furthering the fundamental aims and mission of the arts organizations. The second involves non-artistic areas of operations, marketing, and fund development, which function as staff areas to support the artistic goals and objectives of the organization. Cooperation between or among arts organizations can involve sharing of facilities (either artistic or office), joint offerings (e.g. a sampler series giving customers the option to pick from more than one arts organization activity), joint projects or joint ventures (such as production sharing or support), technology, back room or box office operations, marketing (such as database / name/address sharing or public relations), or fundraising. Arts organizations can also band together for individual and joint advantage through memberships in local or regional arts alliance groups, or national/international organizations (Byrnes 2003, Kotler and Scheff 1997).

One explanation for cooperation among nonprofit arts organizations, especially, in the form of information-sharing, is the extent to which board members sit on more than one nonprofit board, and, in particular, the extent to which they serve on multiple nonprofit arts boards. Ostrower's (2002) analysis of elite arts boards found that the "vast majority" of board members sat on an average of 3.22 other boards, and that 65.7 percent of those who did sit on the boards of other arts organizations, more than any other type of board.

Coopetition and its Antecedents/Consequences in the Nonprofit Arts Sector

Coopetition

The literature indicates that coopetition cannot be measured simply as a combination of the factors of cooperation and competition that comprise the basis for its name. Prior research also is clear that both cooperation and competition function differently, and must be measured differently when examining the nonprofit arts sector than in the fields of information technology and industrial networks.

Coopetition can be measured in terms of both the volume and range of potential component activities, such as sharing of knowledge and information, sharing organizational successes, brainstorming with other organizations, engaging in noncontractual joint projects, sharing materials and facilities, and entering into either short-term contracts (less than 3 years), long-term contracts (3 years or renewed) (Luo et al. 2006, Achrol 1997).

Coopetition intensity in the nonprofit arts sector refers to the extent to which interaction and cooperative efforts are numerous and frequent between or among

nonprofit arts organizations. It involves information and knowledge sharing, which, in turn, in a synergistic way, promotes further information and knowledge sharing (Luo et al. 2006, Tsai 2002). Research has shown that intensive cooperation among competitors leads to a better understanding of customer needs and improved customer and financial performance (Rindfleisch and Moorman 2001, Luo et al. 2006).

To measure the concept of cooperation in the nonprofit arts sector from artistic and operational/marketing/fund development perspectives, multiple-item scales were derived from the extant literature and adapted for the nonprofit arts environment. The resulting scale items which are proposed are thus specific to the nonprofit arts sector, and, in particular, to the symphony orchestra sub-sector that is used as the population for Study 2. It is anticipated that further modification of those items will be made, based on the analysis of the qualitative results developed in Study 1 and the pre-test for Study 2.

The Artistic Director/Executive Director Management and Functional Dyad

The positions of artistic director and executive director (also known as general manager or managing director) tend to be separate from both an organizational and a functional standpoint in nonprofit arts organizations, except when the organization is small, and the artistic director may also serve as the executive director for financial reasons (Noteboom 2003). In practice, either position can report to the other, or both can report equally to the board of directors. From a practical standpoint, the board of directors often involves itself in those functions, but, in general, defers to its professional managers unless it perceives that important or problematic situations require intervention (Noteboom 2003, Ostrower 2002). This study will treat the artistic and executive director positions and related functions as separate.

The Operational/Marketing/Fund Development Triad

The preponderance of recent research literature on nonprofit arts organizations treats marketing and fund development (also known as fundraising) as a combined function, due to the tendency to share common constituents, who are both donors and attendees, and due to the requirement of a well-organized marketing program for a successful fundraising effort (Arnold and Tapp 2003). However, in practice, arts organizations are organized with separate marketing and fund development/fundraising departments, and they tend to be looked at as two distinct functional areas, which are sometimes combined due to resource scarcity rather than because of relationship marketing considerations (Byrnes 2003).

Potential Antecedents of Coopetition

Potential antecedents of coopetition identified through the literature review include: (1) competitor orientation, (2) competitive intensity, (3) creativity, (4) entrepreneurship, (5) heterogeneity of resources, (6) lack of barriers to collaboration, (7) strength of leadership, (8) trust of coopetition partners, and (9) commitment to coopetition partners. The first three of these constructs were selected for further evaluation in this study to assess nomological validity of the nonprofit arts coopetition model.

The concept of *competitor orientation*, as described earlier, has evolved, in terms of the literature on competition and coopetition, in conjunction with the literature on market orientation and variations upon it (Sargeant and Mohamad 1999, Jones 2000). Voss and Voss (2000) used a three-item scale to evaluate it within the strategic

orientation context but chose to eliminate one of the items due to cross-loading on the construct of customer orientation, which was also empirically evaluated in their research. This research utilizes that particular scale, retaining the third item, since customer orientation is not being assessed.

Another assessment of organizational competition, involves evaluation of *competitive intensity*. One competitive intensity scale assesses the degree of hostility stemming from competition (Pelham and Wilson 1996), while another evaluates the degree of interfirm rivalry (Song and Parry 1997). Chien and Peng (2005) suggest that competitive intensity and cooperation intensity are linked concepts, which they define as frequency of competitive and cooperative contact between individuals or organizations, have as antecedent factors resource symmetry between participants, similar relative position in networks, and strategic similarity of the participants. They also suggest a correlation between competition intensity and performance (Chien & Peng 2005). Prior literature suggests that competitive intensity is relatively low for organizations in the nonprofit performing arts sector. Research to date has tended to use the Jaworski and Kohli (1994) six-item scale, and this study utilizes it as well, with one question added from Gatignon and Xuereb's 1997 adaptation of that scale.

The construct of *creativity* has been suggested as an antecedent to competition in the sense that managers in cultural industries must deal innovatively and proactively with polarities such as competition for existing markets, on one hand, and the desire to develop and change the market, which can be facilitated through cooperation, on the other hand. Creativity is important to the extent that it provides a climate that facilitates the achievement of goals and objectives of the organization (Barrett et al. 2005). It has

been assessed in some prior studies through the use of Biech's (1996) 18-item creativity climate scale. This study uses a scale based on the Andrews and Smith (1996) 10-item scale of creativity, developed with novelty and meaningfulness subscales and designed to evaluate creativity in marketing programs, which has shown high reliability and lends itself well to adaptation for assessment of the nonprofit arts environment.

The literature indicates that creativity and *entrepreneurship*, which may be related (Fillis and Rentschler 2005), but which are most often viewed as separate constructs, may contribute to an environment conducive to cooperation (Brandenburger and Nalebuff 1996). It has previously been evaluated using a nine-item strategic posture scale developed by Covin and Slavin (1989).

Building on the resource-based view of cooperation, which holds that firms possess individual resources, and that differences in performance are fundamentally due to the heterogeneity of the resources among firms, it can be posited that the sharing of complementary strengths through cooperation can result in improved efficiency and performance (Clarke-Hill et al. 2003). The ability of firms to bring unique resources to a cooperative relationship, and, in return, leverage the unique resources of the other participating firm(s) or share development or operating costs, may impact the perceptions of arts organization managers who are evaluating the potential of cooperating (Dussauge et al. 2004). Heterogeneity in resources, therefore, may foster strategic groups and cooperative relationships (Barney and Hoskisson 1990, Bengtsson and Kock 2000).

Other potential antecedents of cooperation include a lack of barriers to collaboration, strength of leadership, and trust of cooperation partners (Morgan and Hunt 1994, Blois 1999, Perry et al. 2004, Bstieler 2006). The construct, commitment to

coopetition partners, is proposed to mediate the antecedent of trust of coopetition partners and the coopetition process variables (Morgan and Hunt 1994, Perry et al. 2004). The literature suggests that the degree of termination penalties may also influence the nature of coopetition (Perry et al. 2004).

An interesting idea suggested by several researchers is that personal traits of the arts organization's artistic and executive directors may influence the willingness to cooperate with competitors and coopetition success. Such traits may include egoism, willingness to seek input / learn from others, and willingness to seek help.

Organizational Financial Performance

Venkatraman and Ramanujam (1986) proposed that no single measure adequately captures the broad domain of organizational performance, and they recommended, from a conceptual standpoint, a mix of financial, operational, and organizational effectiveness measures, especially when analyzing topics involving multiple stakeholders. Similarly, they held that there is no single measure that effectively evaluates the complex sub-concept of organizational financial performance.

The financial goals of nonprofit organizations in general, and nonprofit arts organizations in particular, are significantly different from those of for-profit firms. Specifically, as cultural organizations which, in general, have social goals that involve promoting quality of life for the largest number of people possible), they evaluate performance based on weighted resource usage maximization (which values the number of attendees/donors, rather than simply the total attendance/donor figures) within the constraint of a non-deficit result (Ansari et al. 1996, Kuan 2001).

The work of Voss and Voss (2000) indicates that both objective and subjective measures are needed to evaluate both financial and non-financial performance improvement, evaluating competition in terms of fundraising, audience development, and success of artistic programs. Perceived cost reductions due to competition, for example, might be viewed not only from a financial standpoint but also as an opportunity to free up resources, as a result of realized efficiencies, so that they can be used more productively. Use of many financial measures can be problematic, because financial statement items can be, and are, adjusted to present the organization in the best possible light. Options used in prior research to assess performance range from total income, increase in annual budget, and level of net surplus/deficit (Voss et al. 2000, Voss and Voss 2000, Ansari et al. 1996). However, it should be noted that the expectation of nonprofit arts organizations is that they maximize utilization of resources without running deficits, so only minimal surpluses are expected, and the typical breakeven target may even depress any incentive to achieve any overall profits (Jones 2000).

Organizational Effectiveness

Organizational effectiveness is usually assessed in non-financial terms. In the nonprofit arts environment, it can be assessed in terms of perceived artistic product improvement (such as improvement in quality), perceived improvement in operations and efficiency, perceived improvement in the areas of marketing and fund development, perceived increase in competitive advantage, audience growth as a measure of market success, increase in subscriber attendance vs. purchase, growth of the donor base, and specific comparisons with peer organizations (Voss and Voss 2000, Lampel et al. 2000).

Perry et al. (2004) applied the concept of organizational effectiveness to evaluate perceived alliance effectiveness, assessing improvement in terms of objectives accomplished, productivity, organizational access to new markets, increased market share, and increased profitability.

Summary

Several key research questions relating to the concept of coopetition in the nonprofit arts environment emerge from the literature review: What are the subcomponents of coopetition? Is cooperative intensity one of those subcomponents? Is coopetition manifested differently in the artistic functions of nonprofit arts organizations than in operational, marketing, or fund development functions? Does coopetition have an impact in terms of financial performance improvement? Does it have an effect in terms of organizational effectiveness improvement?

Four sets of hypotheses are developed to answer these questions. Each primary hypothesis, involving coopetition as a second-order construct, has subcomponent hypotheses which involve constructs that are proposed to serve as latent measures of the second-order constructs.

First, the literature is clear that a well-conceived approach to coopetition has the potential to yield significant financial benefits in two general ways: improved revenue and decreased costs. Financial impact is also typically measured in terms of net income/loss. From an artistic standpoint, strategic coopetition among arts groups has the potential to achieve both objectives. For example, developing creative and unique artistic programs can attract new audiences and donors and energize and retain existing audiences and donors, with the bottom-line result of increased revenue. From a cost

savings standpoint, artistic cooperation can result in opportunities such as sharing of artistic materials, such as sets and sheet music, and artistic performance venues, as well as the potential to share contracted time of artists/musicians (Baumol 1995, Kotler and Scheff 1997).

To evaluate the constructs of artistic and operational/marketing/fundraising cooperation, three types of measures are used. First, the breadth of cooperative activities is evaluated by use of a set, or range, of cooperative activities that a nonprofit arts organization may engage in, as suggested by the existing literature. Second, the extent or depth of cooperative activities is assessed through evaluation through the numerical volume of those activities. While either measure would give an indication of level of cooperation, both measures are needed to provide a comprehensive assessment of cooperative activities, particularly since the extant literature indicates that different types of cooperative activities result in differences in terms of both likelihood to be leveraged and consequences (Arnold and Tapp 2003, Jones 2000,). Third, cooperation intensity, which has been used in prior research as an indicator of cooperation, is assessed (Luo et al. 2006, Tsai 2002, Reindfleisch and Moorman 2001). Accordingly, the first set of hypotheses are posited:

H₁: There is a positive and direct effect of artistic cooperation on perceived financial performance improvement of nonprofit arts organizations.

H_{1a}: There is a positive and direct effect of a range of artistic cooperation activities on perceived financial performance improvement of nonprofit arts organizations.

H_{1b}: There is a positive and direct effect of the volume of artistic cooperation activities on perceived financial performance improvement of nonprofit arts organizations.

H_{1c}: There is a positive and direct effect of artistic cooperation intensity

on perceived financial performance improvement of nonprofit arts organizations.

Second, revenue increases and reduced costs can also result from competition among arts organizations on operational, marketing, and fund development-related efforts. Opportunities range from sharing of subscriber, attendee and donor lists to capitalize on the known tendency of those groups of arts stakeholders to patronize multiple types of arts organizations, to joint marketing and capital campaigns. The following hypotheses are therefore proposed:

H₂: There is a positive and direct effect of operational/marketing/fund development competition on perceived financial performance improvement of nonprofit arts organizations.

H_{2a}: There is a positive and direct effect of a range of operational/marketing/fund development competition activities on perceived financial performance improvement of nonprofit arts organizations.

H_{2b}: There is a positive and direct effect of the volume of operational/marketing/fund development competition activities on perceived financial performance improvement of nonprofit performing arts organizations.

H_{2c}: There is a positive and direct effect of operational/marketing/fund development competition intensity on perceived financial performance of improvement nonprofit arts organizations.

Third, significant opportunities exist for nonprofit arts organizations to improve organizational effectiveness through artistic competition. Such organizations value high attendance at artistic programs, in terms of both season tickets and single tickets, independent of its financial effects, as a validation of the artistic mission (Voss and Voss 2000). Attendance at competitive events translates into effective audience growth, both for the performances in question and in terms of crossover patrons who convert into regular attendees (Lampel et al. 2000). Organizational effectiveness for artistic functions

can also be improved through artistic cooperation in terms of artistic brainstorming and knowledge and information sharing among artistic directors and staff (Byrnes 2003, pp. 76-77). The following hypotheses are therefore proposed:

H₃: There is a positive and direct effect of artistic cooperation on perceived organizational effectiveness improvement of nonprofit arts organizations.

H_{3a}: There is a positive and direct effect of a range of artistic cooperation activities on the perceived organizational effectiveness improvement of nonprofit arts organizations.

H_{3b}: There is a positive and direct effect of the volume of artistic cooperation activities on perceived organizational effectiveness improvement of nonprofit arts organizations.

H_{3c}: There is a positive and direct effect of artistic cooperation intensity on perceived organizational effectiveness improvement of nonprofit arts organizations.

Finally, cooperation among executive directors and their personnel, from operational, marketing, and fund development perspectives, can positively influence organizational effectiveness in a variety of ways. For example, organizations can collaborate to set up better back office or box office operations than they could achieve alone. They can meet periodically to discuss common issues and develop solutions. They can share mailing and attendee lists, not only to grow their markets, but also to minimize administrative effort devoted to maintaining separate databases. To the extent that organizations can leverage each other, and their power, organizational effectiveness can be dramatically improved (Kotler and Scheff 1997). Accordingly, the following hypotheses are posited:

H₄: There is a positive and direct effect of operational/marketing/fund development coopetition on organizational effectiveness improvement of nonprofit arts organizations.

H_{4a}: There is a positive and direct effect of a range of operational/marketing/fund development coopetition activities on perceived organizational effectiveness improvement of nonprofit arts organizations.

H_{4b}: There is a positive and direct effect of the volume of operational/marketing/fund development coopetition activities on perceived organizational effectiveness improvement of nonprofit arts organizations.

H_{4c}: There is a positive and direct effect of operational/marketing/fund development coopetition intensity on perceived organizational effectiveness improvement of nonprofit arts organizations.

COOPETITION (CONTEMPORANEOUS COOPERATION AND COMPETITION) AMONG NONPROFIT ARTS ORGANIZATIONS: THE CASE OF SYMPHONY ORCHESTRAS

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

Since this is the first research done on coopetition in the context of the nonprofit performing arts sector, and since the literature indicates that coopetition in that setting has different characteristics than it would in other sectors, the research is divided into an exploratory qualitative study (Study 1) and a subsequent quantitative assessment (Study 2). Because the scales involved have been derived and adapted from scales used in other settings, a modified approach to scale development and validation was used, adapted from Churchill (1979), as outlined in Figure 3.1. Institutional Review Board (IRB) Approval was obtained for this project from Hampton University, Hampton, VA, where the author is a member of the faculty.

Study 1

The Nature of Study 1

Study 1 was designed as a qualitative study to explore the nature of coopetition and related key variables in the context of nonprofit organizations. Executive directors of major nonprofit arts organizations within the geographic area of Hampton Roads, Virginia, were interviewed. The individual interviews were designed to obtain input from the key informants without the potential “noise” or reluctance to express true

Figure 3.1 Procedure for Validating Scales Adapted to Measure Coopetition and its Antecedents / Consequences (following Churchill 1979)

<u>Phase I</u>		
1.	Specify the domain of the constructs	Literature search Construct definition
2.	Generate the initial sample of items	Literature search Initial item sample In-depth interviews Expert input Refined item sample
3.	Collect data – pre-test	Collect Round 1 data - Qualitative interviews - Questionnaire style
<u>Phase II</u>		
4.	Purify the measures	Reliability analysis Confirmatory factor analysis Revised item sample
5.	Collect data	Collect Round 2 data
6.	Assess reliability	Reliability analysis
7.	Assess validity	Confirmatory factor analysis Test construct validity - Convergent - Discriminant
8.	Develop norms	Test nomological validity

thoughts in the presence of others that may result from group interviews. Expert opinion discussions followed, which allowed the researcher to ask follow-up and clarifying questions and yielded additional rich information. The models presented in Figures 1 and 2 were evaluated in terms of the results of those interviews and discussions, as was the draft questionnaire contained in Appendix A.

The Population / Sample for Study 1

The population for Study 1 was comprised of nonprofit arts organizations within the geographic area of Hampton Roads, Virginia, which includes 1.6 million people in ten cities and eight counties and comprises the 31st largest Metropolitan Statistical Area (MSA) in the U.S. The major arts organizations in this area tend to be clustered in Norfolk, Virginia, but perform throughout the region and enter into collaborative relationships that span city and county lines. The sample for the study includes the executive directors and artistic directors for eleven of the largest nonprofit arts organizations in the selected geographic area and represents a broad range of nonprofit arts organization types.

The sample for this study included Executive Directors (or their equivalents) of eleven significant nonprofit organizations within the Hampton Roads region of Virginia, including the five largest such organizations. In five of the eleven cases, an individual held the title of Executive and Artistic Director and performed both functions. In two cases, the Artistic Director or President of the Board of Directors functioned as a dominant role force in making administrative decisions, even though the organization also had an Executive Director; in those cases, both the Executive Director and the pertinent Artistic Director or President of the Board of Directors were interviewed. In one case, involving a performing arts presenter organization which had a strong functioning Board of Directors but no Executive or Artistic Director, the President of the Board of Directors was interviewed. For purposes of discussion in this paper, the participants in this study are referred to as "Executive Directors" regardless of their actual titles, since all of them function in that role for their organizations.

The Data Collection Process for Study 1

The data collection process for Study 1 began with a series of individual interviews with the executive / artistic directors, which were structured in a series of three steps, as follows. The executive directors were asked a series of twenty-one questions asking for input, as outlined in the draft “Competition, Cooperation, and Coopetition Interview / Focus Group Participants and Questions” document (Appendix B). They were asked, in particular, to identify sources of competition, including organizations which they view as competitors. Second, before asking the last two questions, additional information was given to the director(s) in terms of concepts related to the topic of coopetition and related variables suggested by prior research. Third, subsequent to the interview, each director was given a diagram showing icons for key nonprofit arts organizations in the area (potential coopetition partners) and asked to draw arrows from the icon depicting his/her organization to all other icons of all other organizations with which the interviewee organization has cooperative relationships. The study was designed to yield key words and concepts, identified from those individual interviews, and, as noted above, identify revisions to the models previously constructed based on prior literature, based on commonalities or lack of commonalities, including individual variable additions/deletions and changes to variable relationships and linkages. The qualitative interviews conducted in Study 1 were also designed to ask questions designed to provide an assessment of face validity for the scales and component questionnaire items used in the draft questionnaire developed for Study 2. While it was anticipated that multiple models might result, to reflect potential alternatives, the results of the qualitative

study were, in fact, supportive of the original model. The questionnaire was revised slightly for better formatting, but no other changes were made.

Study 2

Finalization and Measurement of Variables

Forty-three items were used to measure six latent constructs contained in the conceptual model of coopetition and its consequences outlined in Figure 2.5. In addition, twenty-three items were used to gather data to measure three antecedent constructs, and sixteen items were used to collect demographic information, actual financial performance, and actual organizational effectiveness data. The constructs and their related items, identified from the review of the literature, will now be discussed and explained. The model factors were analyzed and decomposed into operationalized variables, using Likert and semantic differential scale items derived and adapted from the existing literature. Based on the results of Study 1, finalization and operationalization of the model and component factors/relationships to be assessed were completed with no changes. Empirical testing of the proposed model and related propositions in Study 2 required gathering of survey data. The survey questionnaire instrument was evaluated in conjunction with the results of Study 1, but no modifications to the questionnaire were required before finalizing it for use in a quantitative pre-test conducted in Study 2.

Coopetition Constructs

Although evaluating the volume of cooperative activities gives a clear indication of the depth of the extent to which an organization engages in cooperation, a simple numerical evaluation does not allow evaluation of the range of engagement in cooperative

activities. The existing literature indicates that different types of cooperative activities may show differences in terms of both likelihood to be leveraged and consequences (Jones 2000). Therefore, following the work of Arnold and Tapp (2003) on evaluation of marketing techniques, both range (breadth) and volume (depth) of artistic and operational/marketing/ fund development cooperation activities currently engaged in by the organization were measured using twenty 7-point Likert scale items assessing that information in terms of types of cooperative activities outlined in the literature and discussed in Chapter II.

Artistic and operational/marketing/fund development cooperation intensity were each measured using 6-item scales adapted from a scale for cross-functional cooperative intensity developed by Luo et al. (2006) ($\alpha=.91$), based on the research of Antia and Frazier (2001), Narver and Slater (1990), and Rindfleisch and Moorman (2001). All items were assessed using a 7-point Likert scale.

Antecedent Constructs

As outlined in Chapter II, competitor orientation, competitive intensity, and creativity are proposed to be antecedents of cooperation, and information on them was gathered to assess nomological validity of the artistic cooperation and operational/marketing/fund development cooperation constructs in future research. Data for items measuring antecedent constructs were gathered using a 7-point scale.

Competitor orientation is posited to be an antecedent of cooperation based on prior research which indicates that cooperation involves competitor orientation traits such as significant interest in obtaining information about, and knowledge from, competitors; desire for superior innovation performance; and an orientation towards cost reduction

(Gatignon and Xuereb 1997). It is measured with a 3-item scale adapted from Voss and Voss (2000) ($\alpha=.87$).

Competitive intensity is proposed to be an antecedent of coopetition based on research which has shown it to influence nonprofit performance (Feigenbaum 1987, Voss and Voss 2000). It is assessed with a 7-item scale, adapted from a 6-item Likert scale developed by Jaworski and Kohli (1993) ($\alpha=.81$). The seventh item added was a semantic differential scale item from an unpublished scale referenced in an article by Gatignon and Xuereb (1997) ($\alpha=.75$), whose scale appears to be based partially, but not totally, on Jaworski and Kohli's scale.

The extant literature indicates that creativity is an antecedent of coopetition, in terms of providing a climate conducive to cooperation between competitors (Brandenburger and Nalebuff 1996). In this study, creativity is measured with a 13-item semantic differential scale, adapted from a 10-item scale for marketing program creativity developed by Andrews and Smith (1996) ($\alpha=.91$). Seven of the items measure the sub-factor of organizational novelty, three items measure the attributes of the sub-factor of artistic program meaningfulness, and the final three items measure the attributes of the sub-factor of marketing program meaningfulness.

Consequence Constructs

Measurements that have been used in related prior research on nonprofit arts organizations to assess organizational financial performance improvement were identified and discussed in Chapter II and include variables that assess perceived cost reduction, additional income due to coopetition, and improvement in profitability (Voss et al. 2000,

Voss and Voss 2000, Ansari et al. 1996). All financial performance items are assessed using a 7-point scale.

Cost reduction was measured as the perception of the extent to which the organization has realized cost reductions achieved due to cooperation with other arts organizations. Additional income due to cooperation was measured as perception of the extent to which the organization has generated additional income due to cooperation with other arts organizations.

Improvement in profitability was measured as perception of the extent to which cooperating with other arts organizations has improved the net income of the organization.

Demographic Variables

Items requesting demographic information are located in Section II of the questionnaire, which asks the respondent to answer general demographic questions. The data gathered could be used in a future study to assess the cooperation model constructs in terms of demographic variables to determine whether or not correlational patterns exist. For example, demographic data gathered for variables related to overall organizational financial performance (e.g. net surplus/deficit over the past four years) could be used to assess whether or not engaging in cooperation was correlated with that overall financial performance in addition to the perceived direct impact of cooperation on organizational improvement analyzed in this study. Due to the lack of literature on potential correlations between cooperation and demographic factors, no attempt is made to hypothesize the potential existence of such patterns in this study.

Age of the organization was determined using the response to an item that asks for the year in which it was founded.

Size of the organization was assessed in two ways: (1) American Symphony Orchestra League budget level, expressed on a 1 (smallest) to 8 (largest) or categorical scale, and (2) number of staff employees (Dempster 2002).

Respondents were asked to give their organizational function (“Executive Director”, “Artistic Director”, or “Other”), the number of years that they have been with their current arts organizations and the total number of years of experience that they have with nonprofit arts organizations and with for-profit organizations.

Respondents were also asked to indicate types of government/foundation support that they receive, given the categories of “Federal”, “State”, “Local”, and “Foundation”, using categories adapted from the work of Arnold and Tapp (2003).

Financial performance variables to be assessed from a demographic standpoint included change in annual budget and net surplus/deficit. Increase/decrease in annual budget was measured by asking the respondent to indicate the degree of actual increase/decrease in the budget. Net surplus/deficit was assessed by asking the respondent for the degree of actual surplus/deficit summarized over the prior four years (Brooks 1999, Hughes and Luksetich 2004). All of the financial performance demographic items were measured using a 7-point Likert scale.

Organizational performance variables assessed from a demographic standpoint included changes in numbers of ticket buyers and donors over the prior two years. The respondent was asked, in three questionnaire items, to indicate the degree of increase/decrease in numbers of individual ticket buyers, season ticket buyers, and

donors, using a 7-point Likert scale with categories ranging from “decreased substantially” to “increased substantially.”

Evaluation of the Relationships Between Variables

The data for individual scales used for factors were assessed using confirmatory factor analysis, which was used to evaluate whether or not items loaded well on the expected factors (those which the items were originally designed to measure.) The data were then tested using structural equation modeling (AMOS), which allows an analysis of the separate effect of each variable by controlling the variance in the other variables. This approach effectively estimates all of the variables in the model simultaneously. The following functional relationships were assessed in terms of the hypotheses:

- H1: Organizational Financial Performance = f (Range of Artistic Coepetitive Activities, Volume of Artistic Coepetitive Activities, Artistic Coepetition Intensity) + Error Term
- H2: Organizational Financial Performance = f (Range of Operational/Marketing/Fund Development Coepetitive Activities, Volume of Operational/Marketing/Fund Development Coepetitive Activities, Operational/Marketing/Fund Development Coepetition Intensity) + Error Term
- H3: Organizational Effectiveness = f (Range of Artistic Coepetitive Activities, Volume of Artistic Coepetitive Activities, Artistic Coepetition Intensity) + Error Term)
- H4: Organizational Effectiveness = f (Range of Operational/Marketing/Fund Development Coepetitive Activities, Volume of Operational/Marketing/Fund Development Coepetitive Activities, Operational/Marketing/Fund Deveopment Coepetition Intensity) + Error Term

There is no theoretical reason, based on extant literature, to believe that the demographic data being gathered, for example, the size of the organization, would have a moderating effect on the influence of coepetition on firm performance, so, for this study,

multigroup analysis was not conducted to verify that that assumption is correct. Future research might address that possibility.

The Population / Sample for Study 2

This research used a single sector of the nonprofit arts industry, because internal validity, in this study, is more important than the generalizability of the results, which can be verified in subsequent research (McKee, Varadarajan, and Pride 1989). Attempting to assess the breadth of a highly diverse industry, such as that of nonprofit arts, could create too much noise to properly assess the hypotheses, which, because of the lack of definitive literature on this topic for this sector, are exploratory in nature (Voss and Voss 2000).

Therefore, this study was purposely designed as a sector-level study, which measured the concept of cooperation in the context of symphony orchestras. Future studies with different or more heterogeneous populations and samples might build on this research to validate the results of this study.

The population for the study was U.S. symphony orchestras, which represent a relatively homogeneous sector of arts organizations. The sample for the study includes executive directors from all orchestras which are members of the American Symphony Orchestra League (ASOL), an association which includes all major orchestras in the U.S. The League was founded in 1942 and chartered by the U.S. Congress in 1962. Its mission is “providing leadership and service to America’s orchestras while communicating to the American public the value and importance of orchestras and the music they perform.” It serves approximately 888 member symphony, chamber, youth,

and collegiate orchestras of a wide range of sizes within the U.S. and 38 orchestras from foreign countries (ASOL 2007).

The Data Collection Process for Study 2

A pre-test was conducted, using input from a random sample of twenty-six executive directors (or managers with equivalent positions) of American Symphony Orchestra League members to assess face/content validity of the draft questionnaire outlined in Appendix A in terms of applicability and representation of the dimension of competition and other related factors. The sample of executive directors was obtained from the American Symphony Orchestra League directory, which was sorted in alphabetical order by orchestra name. The orchestras were consecutively numbered, in that order, and sample orchestras and related executive directors were selected using a random number listing generated by Excel (Burns and Bush 2006). The completed questionnaires were then evaluated to determine whether or not the survey instrument should be revised to make any changes to the items or the questionnaire itself based on the analysis. No changes were indicated by the assessment.

The second and primary round of survey data was gathered through subject completion of the final version of the draft questionnaire outlined in Appendix A. A questionnaire was mailed to the executive director and/or artistic director of each of the symphony orchestras which are American Symphony Orchestra League members. Incentives for completion of the survey included a dollar bill mailed with each survey and the offer to participants of a summary report of the research project results.

Reliability and Validity

Structural equation modeling (SEM) analysis with maximum likelihood estimation was conducted using AMOS 7.0 software as a tool to assess reliability and validity. Since the scales used in this study were adapted from existing scales and modified to incorporate verbiage specific to the nonprofit arts environment in which they were used for this research, a preliminary assessment of reliability was done, using the Cronbach's alpha measure of internal consistency, to ensure that the $>.7$ benchmark of Nunnally (1978) was met (following the work of Gatignon et al. 2002).

As described earlier, face/content validity of the proposed questionnaire instrument was assessed with two pre-tests: (1) in Study 1, with feedback from the in-depth interviews and expert input, and (2) in Study 2, with analysis of the quantitative pre-test results.

Using confirmatory factor analysis (CFA), items which loaded on factors other than expected were assessed from a theoretical standpoint and by examining significance, squared multiple correlations and modification indices to identify items for potential deletion.

Reliability of the final model was assessed with confirmatory factor analysis, using Fornell and Larcker's (1981) measure, which computes reliability based on standardized factor loadings and error variances of the indicators for each construct.

Confirmatory factor analysis also was used to test convergent and discriminant validity of the constructs. Convergent validity was assessed using the Fornell and Larcker (1981) reliability test described above, the size of factor loadings, and variance extracted. Discriminant validity of the final CFA model was established in a 3-part

analysis procedure, as proposed by Bagozzi, Yi, and Phillips (1991) and following the recent work of Govindarajan and Kopalle (2006), using (1) chi-square difference tests, (2) confidence-interval tests, and (3) construct variance extracted tests.

Construct validity was evaluated using structural equation modeling (AMOS) to test the hypotheses using the collected data and analyze the model in terms of statistical validity (Chi^2 and squared multiple correlations) and goodness of fit measures.

Nomological validity was assessed by setting the variance of each construct to 1 and verifying that the signs of the resulting estimated construct correlations were those expected per the hypotheses.

In a future study, confirmatory factor analysis could be used to analyze the scales used for the antecedents of coopetition with survey data gathered during this study.

Nomological validity of the artistic coopetition and operational/marketing/fund development coopetition scales should be assessed by analyzing their correlations with the proposed antecedents of coopetition (competitor orientation, competitive intensity, and creativity) and examining the correlations of those factors with the factors of artistic coopetition and operational/marketing/fund development coopetition to which they are proposed to be conceptually related.

COOPETITION (CONTEMPORANEOUS COOPERATION AND COMPETITION) AMONG NONPROFIT ARTS ORGANIZATIONS: THE CASE OF SYMPHONY ORCHESTRAS

CHAPTER IV

RESULTS OF THE STUDY

Study 1 – Qualitative

Sample Characteristics

The sample for this study included Executive Directors (or their equivalents) of eleven significant nonprofit organizations within the Hampton Roads region of Virginia. In five of the eleven cases, an individual held the title of Executive and Artistic Director and performed both functions. In two cases, the Artistic Director or President of the Board of Directors functioned as a dominant role force in making administrative decisions, even though the organization also had an Executive Director; in those cases, both the Executive Director and the pertinent Artistic Director or President of the Board of Directors were interviewed. In one case, involving a performing arts presenter organization which had a strong functioning Board of Directors but no Executive or Artistic Director, the President of the Board of Directors was interviewed. For purposes of discussion in this paper, the participants in this study are referred to as “Executive Directors” regardless of their actual titles, since all of them function in that role for their organizations.

Qualitative Interview Format

Individual structured, guided interviews were completed with the qualitative study participants, using a 21-item format developed to elicit feedback on a broad range of concepts and related variables suggested by prior research. The individual interviews were designed to elicit personal responses from the subjects without the potential clouding effects that might result from interviewing the subjects in a group, which could influence responses. The concept of cooperation was explored in terms of cooperation among nonprofit arts organizations that might look at each other as competitors, with questions that fell into six general categories: (1) competition, (2) cooperation / collaboration, (3) lack of (barriers to) cooperation / collaboration, (4) tactical considerations, (5) strategic considerations, and (6) evaluative considerations.

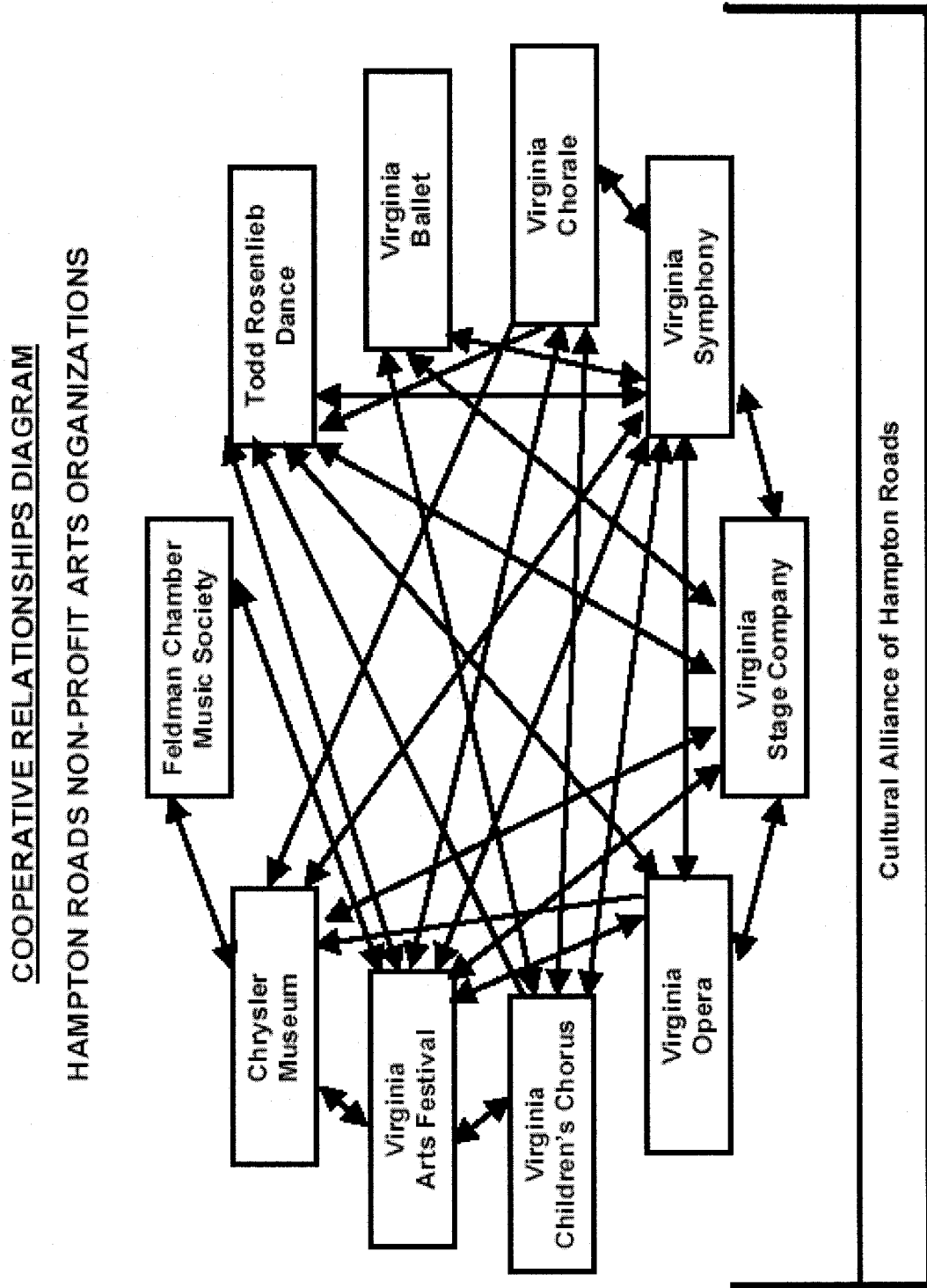
It should be noted that, for purposes of this study, cooperation and collaboration were considered to be synonyms. In most cases, the participants used the terms interchangeably, although one participant drew a clear distinction between them. All questions were perceptual and answered from the point of view of the interviewee. The interviewer guided the discussion only when necessary to move it back towards the general subject matter, so, in some cases, responses related to aspects of cooperation among competitors outside the range of the specific question asked. The interviews were recorded, with the interviewees' permission, to ensure that complete and accurate transcripts could be generated. Following the interviews, the participants were asked to indicate, on a diagram showing all of the arts organizations in the study, the organizations and executive directors with whom they have either formal or informal collaborative

relationships. The responses were consolidated into a summary diagram, which is depicted in Figure 4.1.

Interview Results Compilation and Interpretation

In-depth analysis of the transcripts for thirteen completed executive director interviews, using three assessors, was completed in two stages: (1) independent review of the transcribed interviews by each of the assessors using a planned process, pre-determined guidelines and a qualitative analysis worksheet, and (2) meetings of the assessors to discuss the results and establish consensus about them at a summary level. Each reviewer highlighted the transcripts based on areas of commonality and then mapped the content to an analysis worksheet. Key words, statements, and concepts were identified from the individual interviews, and commonalities / lack of commonalities were assessed across interviews. The interviewers were careful to consider the possibility that answers to individual questions could contain content related to multiple topics and other questions. At a final meeting of the three assessors on the project, an in-depth review was completed of each of the questions and of the responses at a high level. Consistency in identifying key words, statements, and concepts across assessors was apparent; there were no areas of disagreement on the findings.

Figure 4.1: Cooperative Relationships Diagram
Hampton Roads Non-profit Arts Organizations



Study 2 - Quantitative

Response Rate

As of January, 2007, the number of American Symphony Orchestra League (ASOL) U.S. member orchestras was 888, and the executive directors of each of those orchestras was asked to participate in the study. (Thirty-eight orchestras from foreign countries are also ASOL members, and survey information was also gathered for them, but it was not analyzed in this study because of potential cross-cultural analysis implications, and because characteristics of that group of foreign orchestras may be different from those of U.S. orchestras. A future study could analyze that multinational data in conjunction with U.S. orchestra data.) After validation of the survey questionnaire using the results of the qualitative study (Study 1), which served as a first pre-test, a second pre-test of twenty-six executive directors was undertaken. Each of the 888 orchestras was assigned a control number, based on an alphabetical order listing. Twenty-six random numbers in the range of 1 to 888 were generated, using the random number function offered by Microsoft Excel. Surveys were mailed to each of the executive directors of those organizations with a cover letter offering a summary of the research results. A one-dollar bill was included with each questionnaire as an incentive to participate in the survey. Follow-up telephone calls were made to the executive directors to request their participation. Seven of those executive directors responded, representing a response rate of 27%. The responding executive directors represented all ASOL size levels, from 1 (largest) to 8 (smallest) and in the specialized categories of Y (youth) and C (chamber) orchestras. Face / content validity of the survey instrument,

which was assessed using the transcripts of the qualitative study, was reassessed by examining the pre-test responses of the executive directors to the survey instrument itself. The returned surveys were completed in their entirety, and no issues with the surveys were noted by the respondents. No changes to the questionnaires were indicated or made.

The second, primary round of survey questionnaires was then mailed to executive directors of the remaining 862 U.S. ASOL member orchestras, also with a cover letter offering a summary of the research results to participants, and a one-dollar bill to encourage participation. Since the same survey instrument was used for the quantitative study pre-test organizations as for the second mailing, the resulting data were combined. Of 888 mailed questionnaires, 283 were returned, for an overall response rate of 32%, and 266 responses were complete, yielding an effective response rate of 30%.

Sample Characteristics

The American Symphony Orchestra League estimates that approximately 1,800 orchestras exist in the U.S based on an extrapolation to approximate the entire population of U.S. orchestras using the ASOL budget size variable categories. Those orchestras are present in nearly all communities in all 50 states. Of the estimated 1,800 orchestras, 888 (approximately 49%) are members of the League. Virtually all of the approximately 400 U.S. professional orchestras (those which pay their musicians for rehearsing and performing) are members of the League. The majority of the smallest, non-professional orchestras, including the smaller youth orchestras, are not members of the League.

To verify that orchestras which responded are typical in terms of size of the entire sample, which consisted of all ASOL U.S. member orchestras, the number of respondents

for each ASOL budget category was compared with the comparable number of ASOL member orchestras in each category. The results of that analysis are contained in Table 4.1. Larger orchestras responded in higher percentages, but smaller orchestras responded in larger volume, as anticipated since they comprise the majority of the orchestras.

Demographic information gathered indicated that 227 of the respondents indicated that they held the title of executive director; 39 held other titles. In other cases, the functions of the executive director were held by respondents with equivalent titles, such as general manager, managing director, or business manager. In ten cases, the president of the board of directors responded, indicating that there was no position of executive director or the equivalent. In only two cases was the respondent an artistic/music director. As with Study 1, for purposes of discussion in this paper, the participants in Study 2 are referred to as “executive directors” regardless of their actual titles, since all of them function in that role for their organizations.

Analysis of number of staff employees, another indication of organization size, yielded a mean of 9, reflecting the relatively small size of the majority of the orchestras in the study, many of which had no paid employees. The mean age of orchestras was 47 years, with individual orchestra ages ranging from 1 to 150 years. The mean length of time in the executive director position was 8 years. The executive directors averaged 14 years of experience with nonprofit organizations and 10 years of experience with for-profit organizations. On average, organizations reported that their annual budgets and net surplus/deficit, increased slightly over the last four years, and numbers of individual ticket buyers, season ticket buyers, and donors increased slightly over the last two years.

Table 4.1: Organization Size Summary

<u>ASOL Budget Class *</u>	<u>ASOL Member Orchestras</u>	<u>Survey Respondents</u>	<u>Percent Response</u>
1	24	7	29.2%
2	24	10	41.7%
3	27	17	63.0%
4	34	15	44.1%
5	54	19	35.2%
6	102	39	38.2%
7	142	44	31.0%
8	204	51	25.0%
C	69	17	24.6%
Y	208	47	22.6%
Totals	888	266	30.0%

* **1-8** - 1-Largest, 8-Smallest, **C** - Chamber Orchestra, **Y** - Youth Orchestra

Preparation of the Data

Missing Data

No mailed questionnaires were returned unopened to the sender, indicating that the ASOL address information for all of the orchestras was correct. All returned questionnaires were reviewed and coded. Data for seventeen of the orchestras were deleted from the resulting file because of missing responses to model items or because they were mailed back uncompleted. Since those responses constituted under 10% of the total and because the remaining questionnaires were sufficient for statistical analysis, they could be ignored without further analysis, and only questionnaires with complete data for all of the model indicators being analyzed were used in the subsequent analysis (Hair et al. 2006),

Comparability

Since symphony orchestras comprise a relatively homogeneous group in terms of structure, administration, product offerings, and operations, no issues with comparability were expected. Of the seventeen responses eliminated during pre-analysis of the data, six uncompleted surveys were returned with comments from the executive directors that indicated reasons why they believed that the questionnaire was not pertinent to their organizations. Those responses were deleted from the compiled data along with those which had missing responses to items.

Extreme values

Since all questions developed to measure model indicators used 7-point Likert scales, no extreme values in the resulting data were possible. Among the demographics, there was potential for extreme values, but no instance of such values was seen, except for one response to an item asking for number of staff employees, which was discussed with the respondent and established to be accurate but an extreme outlier. The response for that item was not included when assessing demographic data.

Non-Response Bias

Following Armstrong and Overton (1977) the potential for non-response bias was assessed using extrapolation, assuming that late respondents who answered the survey after a significantly longer elapsed time than early respondents are more similar to non-respondents than to early respondents. The twenty-five returned surveys postmarked within the fewest number of days after being sent were compared with surveys which took the longest to return, based on initial mailing date of the survey to the participant and the postmark on returned, completed survey. The early respondents averaged three

days from initial mailing to postmarked return; the late respondents averaged three weeks from initial mailing to postmarked return. None of the respondents included in this non-response bias analysis received follow-up phone calls asking them to consider returning the surveys, which could have introduced response bias. Five variables were assessed: age of the orchestra, ASOL budget level indicating size, number of staff employees, executive director length of time with the orchestra, and change in annual budget, summarized over the last four years. The results of the analysis indicate no significant differences between early and late respondents.

Future assessment of non-response bias might analyze initial non-respondents who were called and agreed to complete the questionnaire, asking that one be re-mailed to them. Since those executive directors had discarded the original questionnaires mailed to them, they could be considered genuine non-respondents, and their responses could then be compared to those of executive directors who responded to the survey mailing without additional contact.

Empirical Analysis

Initial Reliability Estimates

As an initial assessment, all proposed constructs were evaluated with Cronbach's Alpha Coefficient measure of internal consistency using SPSS. The resulting standardized item alphas, which assessed the constructs with no scale items removed, ranged from .807 to .924, which are all significantly above the minimum suggested by Nunnally (1979).

Model Evaluation

A cyclical empirical evaluation of the proposed theoretical model was then undertaken using confirmatory factor analysis (CFA) and hypothesis testing using AMOS 7.0 structural equation modeling (SEM) software with maximum likelihood estimation. The confirmatory factor analysis was conducted with all constructs evaluated simultaneously in a single CFA model. The results indicated that a number of items should be dropped from the analysis to resolve issues with low squared multiple correlations and large modification indices in three or more instances for an item. Testing of the full hypothesized model including both measurement and structural components suggested that two of the independent constructs, Range – Operations/Marketing/Fund Development and Coopetition Intensity – Operations/Marketing/Fund Development should be combined into a single construct, since the statistical analysis indicated that respondents were treating some items from those constructs as if they were highly correlated and too similar to stand alone in separate constructs. The combined construct was termed Range and Coopetition Intensity – Operations/Marketing/Fund Development, since items from both predecessor constructs were included. Further, the analysis indicated that two proposed consequences of coopetition (Organizational Financial Performance and Organizational Effectiveness) should be combined into a single construct, which was titled Organizational Improvement, since the statistical analysis with both of those constructs included suggested multicollinearity in the respondent's perceptions. Finally, the analysis suggested that both of the single-indicator Artistic and Operations/Marketing/Fund Development Volume constructs should be removed from the model analysis, since they

appeared to be highly correlated with the other independent constructs and component items.

A revised conceptual model is depicted in Figure 4.2. Revised hypotheses, which were renamed to reflect the new conceptual model, are:

H₁: There is a positive and direct effect of artistic cooperation on perceived organizational improvement of nonprofit arts organizations.

H_{1a}: There is a positive and direct effect of a range of artistic cooperation activities on perceived organizational improvement of nonprofit arts organizations.

H_{1b}: There is a positive and direct effect of the cooperation intensity of artistic activities on perceived organizational improvement of nonprofit arts organizations.

H₂: There is a positive and direct effect of operational/marketing/fund development cooperation on perceived organizational improvement of nonprofit arts organizations.

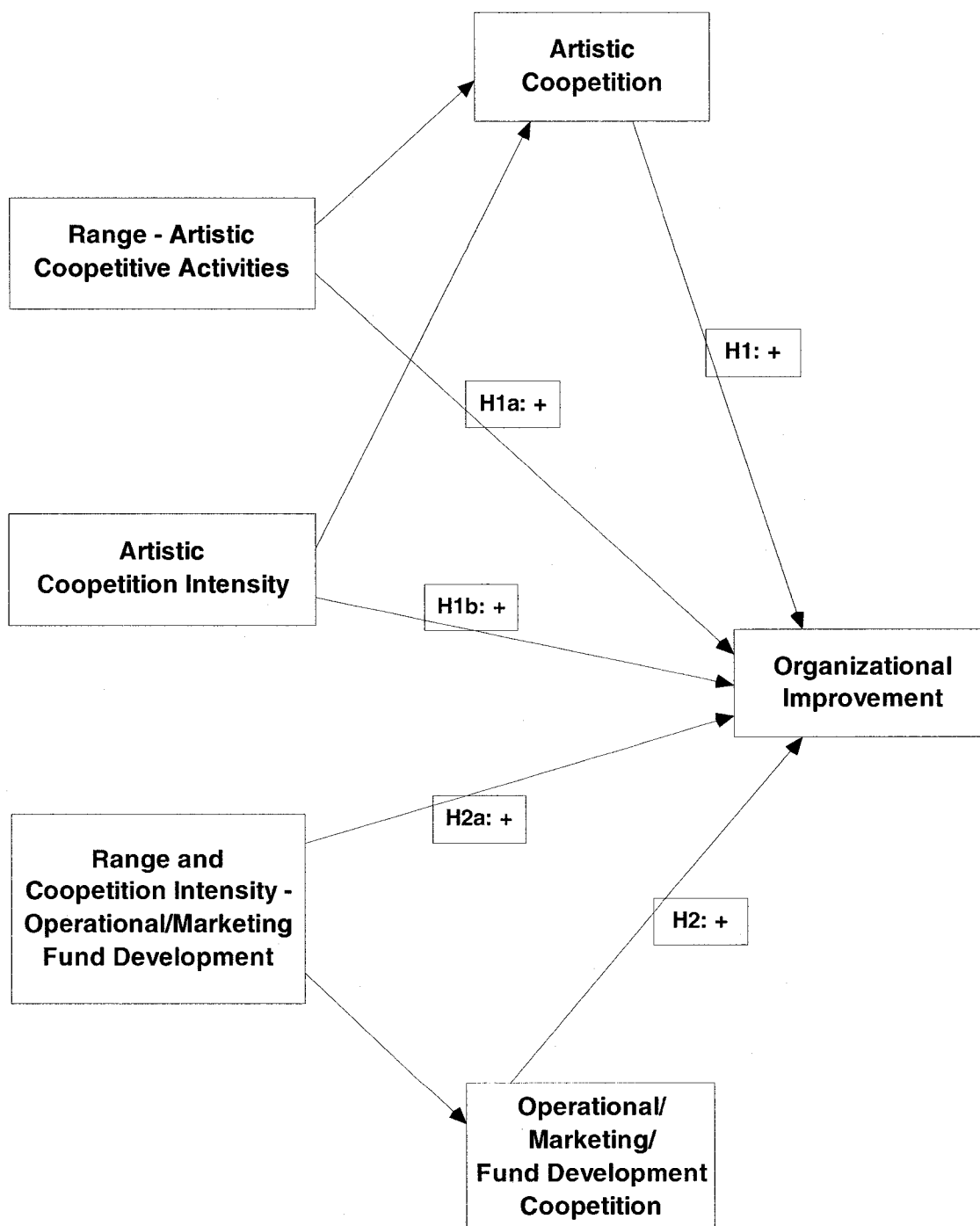
H_{2a}: There is a positive and direct effect of the range and cooperation intensity of operational/marketing/fund development cooperation activities on perceived organizational improvement of nonprofit arts organizations.

The following functional relationships were assessed in terms of the hypotheses:

H1: Organizational Improvement = f (Range of Artistic Cooperative Activities, Cooperation Intensity of artistic Cooperative Activities, Range and Cooperation Intensity of Operational/Marketing/Fund Development Cooperative Activities) + Error Term

Figure 4.2

Revised Conceptual Model of Hypotheses - Coopetition and Its Consequences



Confirmatory Factor Analysis

Construct scales for the revised model were reassessed with confirmatory factor analysis in a single CFA model to evaluate reliability, convergent validity, discriminant, and nomological validity, as well as goodness-of-fit. The model and standardized results are depicted in Figure 4.3. Squared multiple correlations and modification indices were examined to verify that all were satisfactory. No changes in the measurement of the constructs was suggested. All of the constructs were significant at the .05 level.

Construct reliability was assessed using the method developed by Fornell and Larcker (1981). The results of both the reliability and convergent validity analysis are depicted in Table 4.2. The construct reliability indices ranged from .078 to .085, significantly higher than the Bagozzi and Yi (1988) threshold of .6. The squared multiple correlations ranged from .262 to .777, with two indicators below a generally accepted guideline of .38 (Hunter and Perreault 2007, Bollen and Lennox 1991), which can be interpreted to mean that those individual items may not be as internally consistent with other indicators measuring that construct as would be desirable. However, one of those items was reverse-coded, which carries with it the accepted potential for lower reliability (Hunter and Perreault 2007), and the high construct reliabilities can certainly be assessed as satisfactory.

Convergent validity was evaluated by assessing the size of factor loadings and variance extracted, in addition to the reliability analysis described above. All of the standardized loadings were significant and greater than .5, with twelve of the eighteen factor loadings exceeding .7. The variance extracted for all constructs was greater than .5,

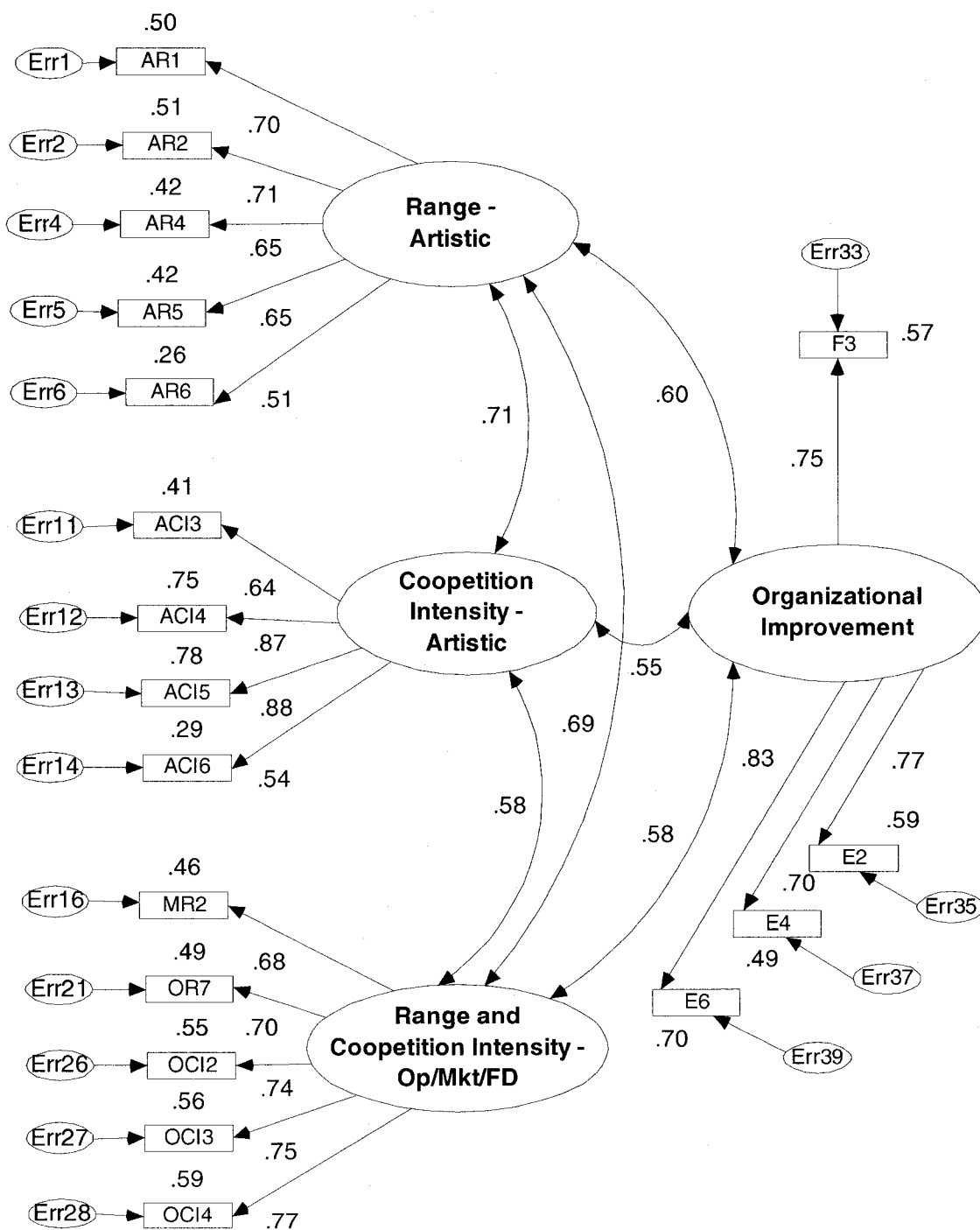
except for Range-Artistic at .421. (However, the Fornell and Larcker reliability assessment for that construct was satisfactory at .78.)

Three tests for discriminant validity were completed, including chi-square difference, confidence-interval and construct variance extracted tests. The results are summarized in Table 4.3. For each possible pair of constructs, the chi-square difference tests indicate a significant difference between an unconstrained model and a model constrained so that the correlation between that pair of constructs is 1, confirming discriminant validity for the constructs. The confidence-interval tests verified that the confidence intervals for correlations between each of the constructs did not include 1 or -1. Those confidence limits ranged from a lower limit of .477 to an upper limit of .794, again confirming discriminant validity. The test for construct variance extracted compared with squared estimated correlation also suggested discriminant validity, with the exception of a low variance extracted for Range-Artistic.

Nomological validity was supported by examining the correlations between constructs in the model and verifying that the signs were positive as expected from prior theoretical and empirical work on the topic as well as the results of the qualitative study.

The goodness-of-fit measures were then examined. The CMIN/DF is 2.073, the GFI is .901, the IFI is .936, the TLI is .923, the CFI is .935, the PNFI is .745, and the RMSEA is .064, indicating satisfactory fit. The overall results of the confirmatory factor analysis suggest that the data obtained from the surveys is good and that the model is properly measuring all of the constructs.

Figure 4.3: Final Confirmatory Factor Analysis Results (N=266) *



Goodness of Fit Measures:

CMIN / DF	2.073
GFI	.901
IFI	.936
TLI	.923
CFI	.935
PNFI	.745
RMSEA	.064

* Descriptions of indicators are contained in Table 4.2.

Table 4.2: Construct Reliability / Convergent Validity

<u>Construct Reliability</u>	Std Factor Loading	SMC	Variance Extracted	Measurement Error Variance	Construct Reliability
Range - Artistic			0.421		0.78
AR1 - Cooperation - Artistic Efforts	0.704	0.498		0.504	
AR2 - Share Artistic Knowledge / Info	0.713	0.509		0.491	
AR4 - Artistic Director Brainstorming	0.649	0.421		0.579	
AR5 - Artistic Non-contractual Joint Proj	0.646	0.417		0.583	
AR6 - Share Artistic Materials	0.511	0.262		0.738	
Total	3.222	2.105		2.895	
Summed Std Factor Loadings Sqd	10.381				
Coopetition Intensity - Artistic			0.558		0.83
ACI3 - Artistic Personnel Close Ties	0.641	0.411		0.589	
ACI4 - Artistic Personnel Cohesive Rel	0.867	0.751		0.249	
ACI5 - Artistic Personnel Social Rel	0.862	0.777		0.223	
ACI6 - Informal Artistic Personnel Interactor	0.542	0.294		0.706	
Total	2.932	2.233		1.767	
Summed Std Factor Loadings Sqd	8.597				
Range & Coopetition Intensity - Op/Mkt/FD			0.529		0.85
MR2 - Cooperation - Marketing Activities	0.677	0.459		0.541	
OR7 - Op/Mkt/FD Non-contr Joint Proj	0.701	0.492		0.508	
OCI2 - Discuss Common O/M/F Problems	0.741	0.549		0.451	
OCI3 - Op/Mkt/FD Personnel Close Ties	0.749	0.561		0.439	
OCI4 - Op/Mkt/FD Personnl Cohesive Rel	0.766	0.586		0.414	
Total	3.634	2.647		2.353	
Summed Standard Factor Loadings Sqd	13.208				
Organizational Improvement			0.586		0.85
F3 - Profitability (Net Income)	0.752	0.565		0.435	
E2 - Productive for Organization	0.771	0.594		0.406	
E4 - Improved Operations & Efficiency	0.700	0.490		0.510	
E8 - Enhanced Perf in Existing Markets	0.834	0.695		0.305	
Total	3.057	2.344		1.856	
Summed Standard Factor Loadings Sqd	9.345				

Table 4.3: Construct Discriminant Validity

Chi-square difference tests		Constrained Model		Unconstrained Model		Difference in		p-value for Chi-square	
		Chi-square (df)	p-value	Chi-square (df)	p-value	Chi-square (df)	Standard Error	Lower Limit	Upper Limit
Full Model with ρ RA, OI = 1		372.535 (130)	0.000	267.384 (129)	0.000	105.151 (1)	0.044	0.518	0.794
Full Model with ρ RA, ROI = 1		372.549 (130)	0.000	267.384 (129)	0.000	105.165 (1)	0.047	0.594	0.782
Full Model with ρ RA, OI = 1		418.839 (130)	0.000	267.384 (129)	0.000	151.455 (1)	0.053	0.490	0.702
Full Model with ρ CA, ROI = 1		504.665 (130)	0.000	267.384 (129)	0.000	237.281 (1)	0.050	0.485	0.685
Full Model with ρ OI, OI = 1		526.382 (130)	0.000	267.384 (129)	0.000	258.998 (1)	0.053	0.440	0.652
Full Model with ρ ROI, OI = 1		489.779 (130)	0.000	267.384 (129)	0.000	222.396 (1)	0.052	0.477	0.685
Confidence Interval Tests									
Correlation between Range - Artistic and Cooperation Intensity - Artistic									
Correlation between Range - Artistic and Range & Cooperation Intensity - OpMkt/ID								0.706	
Correlation between Range - Artistic and Organizational Improvement								0.688	
Correlation between Cooperation Intensity - Artistic and Range & Cooperation Intensity - OpMkt/ID								0.586	
Correlation between Cooperation Intensity - Artistic and Organizational Improvement								0.585	
Correlation between Cooperation Intensity - Artistic and Range & Organizational Improvement								0.546	
Correlation between Range & Cooperation Intensity - OpMkt/ID and Organizational Improvement								0.581	
Construct Variance Extracted									
Variance Extracted									
Correlation between:									
Range - Artistic				0.421					
Cooperation Intensity - Artistic				0.558				0.706	
Correlation between:									
Range - Artistic				0.421					
Range & Cooperation Intensity - OpMkt/ID				0.529				0.688	
Correlation between:									
Range - Artistic				0.421					
Organizational Improvement				0.586				0.596	
Correlation between:									
Cooperation Intensity - Artistic				0.558					
Range & Cooperation Intensity - OpMkt/ID				0.529				0.585	
Correlation between:									
Cooperation Intensity - Artistic				0.558					
Organizational Improvement				0.586				0.546	
Correlation between:									
Range & Cooperation Intensity - OpMkt/ID				0.529					
Organizational Improvement				0.586				0.581	
Sq - Est Correlation									

Hypothesis Testing

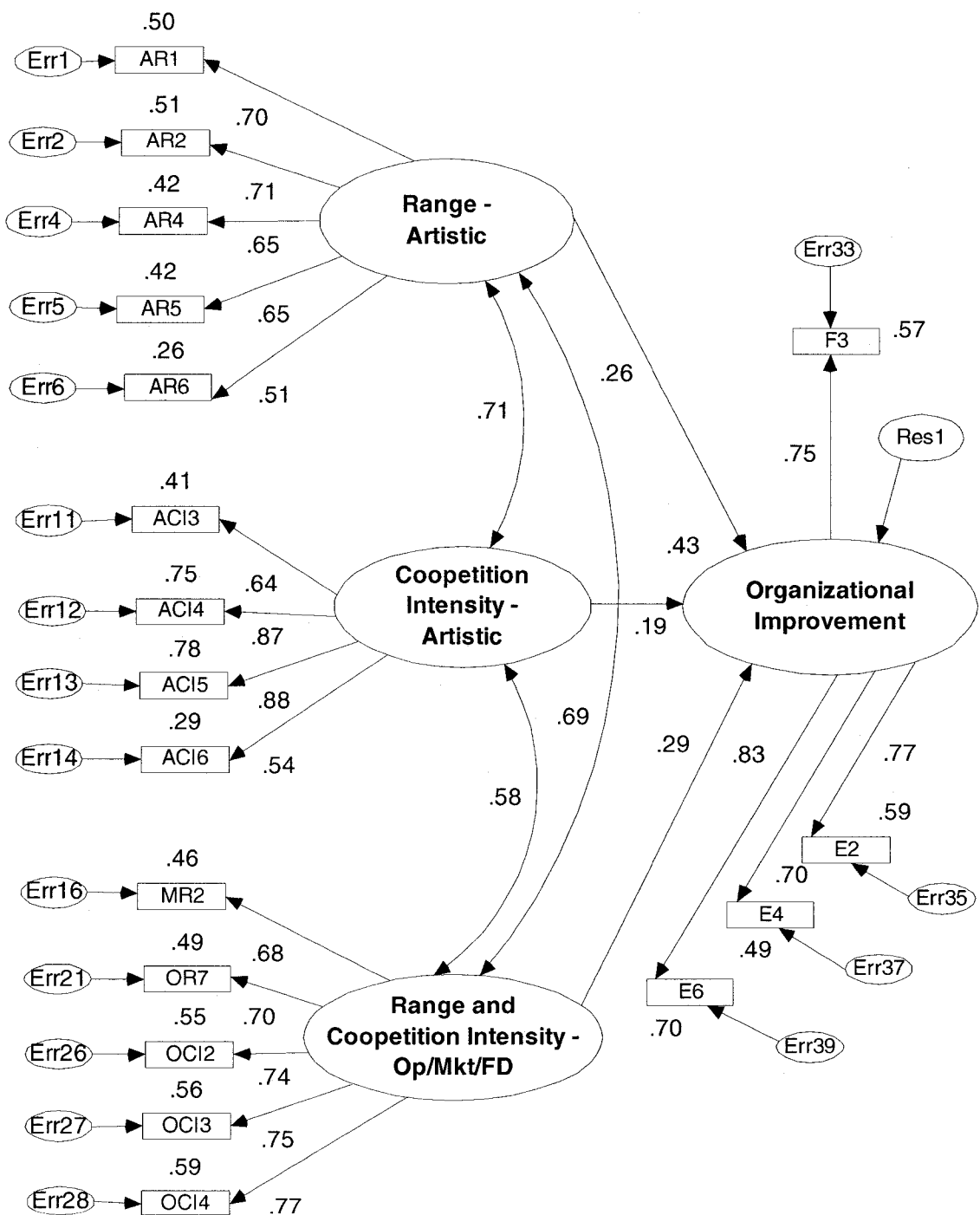
The revised conceptual model and related hypotheses were then tested using a full structural equation model that assessed both measurement and structural components simultaneously. For all of the three constructs hypothesized to impact organizational improvement, all coefficients demonstrated the expected positive relationships and are statistically significant, and the overall fit is satisfactory, as indicated in Figure 4.4. The squared multiple correlation for organizational improvement, which represents the degree of variance that is explained by the constructs proposed to predict it, is significant at .429, but not impressive, indicating that there are other influences on it that are not included in the model. The squared multiple correlations for the individual indicators ranged from .262 to .777. It is interesting to note that five of the eight of the highest squared multiple correlations (>.5) indicating the degree of explanatory power were related to competition intensity, including, in particular, items assessing close ties and cohesive relationships, including social relationships, between arts organizations.

Because the confirmatory factor analysis model analyzed earlier contains the same constructs as the full measurement/structural model used for hypothesis testing, with no additional parameters added, and it was assessed using the same data, the goodness-of-fit measures are the same for both models. As reported earlier, the CMIN/DF is 2.073, the GFI is .901, the IFI is .936, the TLI is .923, the CFI is .935, the PNFI is .745, and the RMSEA is .064, indicating satisfactory fit.

The analysis suggests that all three of the revised hypotheses are supported. Hypothesis 1a proposed a positive and direct effect of a range of artistic competition

activities on perceived organizational improvement of nonprofit arts organizations. Assessing the path between the two constructs shows that the path is positive and significant at the .05 level (.287, $p=.029$), confirming that, for this sample of symphony orchestra executive directors, range of artistic competition does have a positive and direct effect on perceived organizational improvement. Therefore, Hypothesis 1a was supported. Hypothesis 1b posited that there is a positive and direct effect on perceived organizational improvement of nonprofit arts organizations by the level of competition intensity of artistic activities. The path between those two constructs is positive and significant at the .05 level (.210, $p=.046$), indicating that level of competition intensity does have a positive and direct effect on perceived organizational performance. As a result, Hypothesis 1b was supported. Finally, Hypothesis 2a proposed that there is a positive and direct effect of the combined range and competition intensity of operational/marketing/fund development competition activities on perceived organizational improvement of nonprofit arts organizations. The path between those two constructs is also positive and significant at the .05 level (.278, $p=.003$), and Hypothesis 2a is therefore supported.

Figure 4.4: Final Hypothesized Model Measurement/Structural Results (N=266)



Goodness of Fit Measures:

CMIN / DF	2.073
GFI	.901
IFI	.936
TLI	.923
CFI	.935
PNFI	.745
RMSEA	.064

* Descriptions of indicators are contained in Table 4.2.

COOPETITION (CONTEMPORANEOUS COOPERATION AND COMPETITION) AMONG NONPROFIT ARTS ORGANIZATIONS: THE CASE OF SYMPHONY ORCHESTRAS

CHAPTER V

CONCLUSIONS

Summary of Research Findings

Study 1

The review of the executive director interview transcripts yielded several key findings, which are described below in terms of commonalities related to the six categories of interview topics: competition, cooperation (collaboration), lack of cooperation (collaboration), tactical, strategic, and evaluative.

In terms of competition, the majority of executive directors identified direct / intertype organizations or intratype organizations in the arts sector as their major competitors, although a significant minority looked at the concept in broader terms, identifying shopping malls, choices forced by time constraints, and other leisure activities, such as movies, television, and sports events as competition. Competitor orientation appears low among the executive directors, particularly in terms of recognition and awareness of implicit/secondary competitors, supporting the concept of “competitive myopia” proposed by Kotler (1988). In fact, several of those interviewed were uncomfortable with thinking in terms of competition; examples of those responses included “that isn’t something I generally look for” to “I don’t know that we think in terms of competition and competitors,” and “I don’t even like the word ‘competitor’.”

However, when asked how intense the local competitive environment for nonprofit arts organizations is, there was general agreement that competition for available money from a relatively small pool of funders and donors is quite intense. Many of those interviewed noted that the local geographic area is a relatively small market for the number of arts organizations that have emerged to vie for available money in terms of both earned and unearned income. Several recognized that a small group of citizens donate significantly to multiple causes, both arts-related and to other nonprofit organizations, and that arts audiences tend to have a significant proportion of cross-over attendees who attend a number of types of arts organization events. They also observed that funders increasingly advocate and favor nonprofit organizations which cooperate with each other, and that collaboration has emerged as a significant trend as a result.

When asked about cooperation among arts organizations, without exception, the interviewed executive directors not only stressed the need for such cooperation but gave numerous examples of actual productive cooperation with both intertype and intratype competitors, supporting the work of Jones (2000) with U.K. opera companies. Several of those interviewed commented that they cooperate more than any other arts organization in the area, and that they have worked with every major arts organization in the area.

When asked what factors would cause them to initiate or respond positively to a proposal for a cooperative effort with another nonprofit arts organization, the interviewees stressed a win-win “symbiotic” opportunity which supports the mission of both organizations, past experience with the other organization, a good artistic match which provides the opportunity to do something new and creative, and a financial projection of at least break-even results.

The interviewees were asked about the nature of their collaboration with other arts organizations in terms of four categories: (1) artistic, (2) marketing, (3) operational, and (4) fund development. The general consensus was that most formal cooperation involved artistic projects. However, operational and marketing collaboration were also common. Marketing cooperation ranged from special promotions related to joint projects, to cross-promotion involving shared website links and ads, and inclusion in each others' program books. Operational cooperation involved a variety of shared factors, including venues, production, and resources. Several participants recognized significant untapped opportunities for operational cooperation, such as the possibility of sharing a common box office, office space, personnel (such as a music librarian). Fund development in terms of sharing resources such as mailing lists was relatively rare, since arts organizations recognize that they are competing for relatively scarce donor funding, but significant cooperation exists in terms of participating in and donating to each others' fundraisers as well as working together to obtain joint funding for projects. Informal cooperation across the four categories was extensive in terms of sharing of information and expertise with other executive directors and between organizations.

Those interviewed were asked two questions related to tactical factors. First, they were queried about the extent to which they would help a competitor in an emergency situation. With one exception, although some of the participants said that the nature of their assistance would depend on the situation, all of them stated in strong terms that they would help a competitor facing an emergency. Examples of responses included "as much as humanly possible," "absolutely, whole-heartedly," and "whatever they needed."

Those responding noted that arts organizations in their area are inter-dependent and that

they could, themselves, be in a similar position, needing help, at some point. Some noted that providing assistance in an emergency situation is simply the right thing to do.

Second, they were asked what factors or facilitators they consider important in building collaborative relationships with counterparts in organizations which they might consider to be competitors. Answers included the need for trust, mutual respect, personal integrity, openness in terms of communication, artistic excellence, and compatibility of organizational missions. After answering that question, they were asked, based on the extant literature, about three specific factors: (1) availability of new resources, (2) creativity, and (3) entrepreneurial spirit. Many of the respondents had already alluded to those concepts in their previous answers. In general, they agreed that both availability of new resources and creativity were very important. The responses were more ambiguous for entrepreneurial spirit. While the majority of the respondents agreed that entrepreneurial spirit was important, many saw it as directly related to creativity and had difficulty separating the two concepts. This is a particularly interesting finding, because it supports the work of Fillis and Rentschler (2005), who propose that the terms 'creativity', 'innovation' and 'entrepreneurship' may be used synonymously.

After discussing facilitators of cooperation / collaboration, the interviewees were asked what they view as potential barriers. The responses are contrasted in Table 5.2. In terms of barriers to cooperation, respondents cited issues related to logistics, funding, scheduling, trust, resource scarcity, and prior bad experiences with either an individual or the organization.

The concept of trust as a critical requirement for successful cooperation among competitors (Bstieler 2006) was strongly supported by all but one of the executive

Table 5.1: Facilitators of / Barriers to Cooperation / Collaboration

<u>Facilitators of cooperation / collaboration</u>	<u>Barriers to cooperation / collaboration</u>
Mutual trust	Distrust
Mutual respect	Withholding information
Integrity	Projects that don't make strategic or economic sense
Openness of communication	Scheduling / logistical issues
Potential to achieve mutual and/or compatible goals	Concerned only with individual success
Shared and/or compatible visions and missions	Artistic ego
Artistic excellence	Not enough resources (e.g. staff)
Availability of new resources	Not enough time
Creativity / entrepreneurial spirit	Inclination to do things "the way we've always done them"
Synergy	Vested interests
Reciprocity	Someone who is all "take"; no real reciprocation
Funder objectives for cooperation	Lack of or limited funding
Prior good experiences with an individual / organization	Prior bad experiences with an individual / organization

directors, most of whom brought up the necessity for trust before being asked about it. A response that summarizes the depth of feeling of the respondents about the question was, "If I can't trust them, I won't collaborate with them unless I absolutely have a gun (held) to my head."

From a strategic standpoint, the interviewees were asked how committed they are to relationships and joint efforts with other arts organizations with whom they collaborate. Most indicated that they are "very" or "completely" committed, and some

again took the opportunity to emphasize how much they cooperate with other arts organizations.

The interviewees were then asked several evaluation-related questions. First, they were asked to comment on how they evaluate the effectiveness of their organizations. The responses can be categorized as bimodal, including both financial and artistic factors. Executive directors use financial statements, ticket sales, surveys, feedback from audiences and donors, achievement of goals, and artistic assessment to assess the effectiveness of their organizations. Second, they were asked how they do, or would, evaluate the effectiveness of collaborating with their competitors. Answers to this question involved having clear goals for collaboration, such as audience size and how much money was generated, and assessing whether or not those goals were achieved. However, the executive directors also looked for more intangible, but perceptible, results. Examples of criteria included “Want attendees to walk away being absolutely blown away by the experience; how long people talk about an event; was it fun and cool?” and “What sort of positive energy did it produce among artists, Board, and audience?” Other intangible examples focused on a priority on improving quality of life, for example, “If we make a huge difference or change a life” and “Did we improve quality of life?” Achievement of synergy was also a factor, for example, “Was this collaboration more than the sum of its parts?” and “extent of growth that occurs with that collaboration.” Third, the executive directors were asked to comment specifically on how they evaluate the financial success of their organizations. Almost without exception, the answers centered around breaking even and/or achieving an operating surplus. Many responders related financial success to the goals of their organizations, whether or not they are able

to operate at a professional level, and public perception of how the organization is performing. Finally, the executive directors were asked how they know if they are doing a good job. For some, the question was one that they had not contemplated prior to this project. Factors cited included personnel evaluations; achievement of financial, strategic, and tactical goals; and perceived health of the organization. Several of the interviewees mentioned that they engage in critical self-evaluation on an ongoing basis.

At the end of the interview, the interviewees were asked several questions that were useful to the researchers. First, they were asked whether or not they would be willing to share financial information about their organizations with researchers. The majority indicated that they would do so, and several noted that such information is publicly available. Several indicated that they would share such information but might require confidentiality and not release sensitive information such as individual salaries or confidential donor information. Second, they were asked whether or not they believed that the general topic of cooperation among competitors was worth studying, and if so, why. Most were enthusiastic about the topic and saw the benefit of studying it at both an academic and practitioner level. However, they noted that for research to be beneficial to them, it should yield practical results, for example, development of strategies and models that they can use for decision-making; building of more effective institutional, administrative and personnel structures; and/or development of tools and techniques for successful collaborations. Finally, they were asked if they were interested in seeing the results of the research at a summary level, and all indicated that they would like to receive a copy of the results.

The results of the quantitative study which follow were somewhat useful in answering a question raised by the participants in this qualitative study of organizations in a medium-sized metropolitan area: Is our tendency towards cooperation among other arts organizations typical of the country as a whole? For example, would you get different responses if you asked these questions of arts organizations in New York City? Many of the respondents suspected that the high level of cooperation that they enjoy might be relatively unusual in other environments. However, the qualitative study was much broader in scope than the quantitative study, and additional research will be needed to answer those questions.

Study 2

The results of the quantitative study suggest that the concepts of operational/marketing/fund development and artistic cooperation are effectively measured by the proposed constructs of artistic range of cooperative activities, artistic cooperation intensity, and a synthesis of operational/marketing/fund development range of cooperative activities and cooperation intensity, and that those three constructs contribute significantly to perceived organizational improvement. The validation of the concept of cooperation intensity is particularly interesting, since it is adapted from and supports the recent work of Luo et al. (2006), who studied it in an intra-firm setting.

Volume was eliminated from the quantitative study due to the statistical confounding with other constructs that resulted with its use. However, sheer volume may be problematic as a cooperative factor in any case. A warning signal from the qualitative study involved the desire of many of the executive directors to be seen cooperating as much as possible. Several of them specifically claimed to cooperate more than any of

their peer executive directors. At the same time, many of the executive directors did not have clear, well-established, and robust methods for evaluating the financial and operational performance of their own organization. Again, a lack of strategic focus may be an issue, and it is possible that cooperating just for the sake of cooperating, resulting in high volume but unassessed results in terms of performance, may be counter-productive, particularly when scarce resources are stretched thin, as is commonplace with nonprofit arts organizations..

The quantitative study also resulted in the distillation of two constructs hypothesized to impact the consequence constructs of perceived organizational financial performance and perceived organizational effectiveness, into a single construct which utilized indicators from both, termed organizational improvement. This was done primarily because statistical analysis indicated that the survey participants perceived the indicators of those constructs as measuring the same phenomenon, indicating multicollinearity. However, again the results of the qualitative study provide additional perspective on why this might be the case. When asked how they measure effectiveness of their organizations and effectiveness of cooperating with their competitors in the nonprofit arts arena, the typical response of the qualitative study participants included a single financial measure and multiple non-financial and intangible determinants. It was also apparent that many of them did not have clear standards and methods for assessing performance, effectiveness, and improvement. It is therefore understandable that the final organizational improvement construct contains a single financial measure (profitability / net income), which many of the qualitative study participants had cited as a measure that they used, and multiple non-financial measures,

including the perception of whether coopetition was productive for the organization, whether it resulted in improved operations and efficiency, and whether it enhanced the performance of the organization into existing markets.

In summary, the results of this study indicate that executive directors of U.S. symphony orchestras cooperate with other arts organizations and that they do so in multiple areas – operational, marketing, fund development, and artistic. They also suggest that there is significant potential to leverage potential benefits of cooperation further, on a carefully-evaluated case-by-case basis, when analysis indicates that win-win opportunities exist.

Research Strengths and Limitations

Due to the relatively recent emergence of coopetition as an area of study, little is known about how it operates in the real world. This study adds significantly to the body of work on the topic at multiple levels, including literature review, qualitative study, and quantitative analysis. Specific contributions of this research include: (1) literature reviews of the first ten years of theoretical and empirical research on the concept of coopetition, and of the extant literature on the individual concepts of competition and cooperation in the context of the nonprofit arts environment, (2) development of a conceptual framework of coopetition in the nonprofit arts environment with related hypotheses, (3) an in-depth qualitative analysis of the concept and dynamics of coopetition within a geographic cluster of a variety of types of nonprofit arts organizations, (4) a significant quantitative analysis of the concept and measurement of coopetition in the specific nonprofit arts sector of symphony orchestras, and (5) a

resulting understanding of potential effects of artistic, operational, marketing, and fund development competition on organizational improvement.

In terms of limitations and related opportunities related to this research, first, prior qualitative and empirical work on the topic of coopetition is not robust, which limited the ability to leverage pre-existing scales. While the results of this research support some of the prior work in other contexts, as more research is done on this concept, the ability to build on prior work in logical, incremental ways should become easier. For example, it is apparent from the final model of coopetition developed in this study that influences other than those evaluated affect the impact of coopetition on organizational improvement. Second, the qualitative study did a much broader assessment of the concept of coopetition than was utilized in the quantitative study. While it was necessary to limit the quantitative study to a bottom-line assessment of how coopetition is measured and its impact on organizational improvement, several additional quantitative studies could be developed to further explore the implications of the quantitative study. For example, additional testing with other symphony orchestra executive directors who did not participate in this study would be beneficial. Third, each of the previous research studies on the topic of coopetition, including those in this paper, has been limited to a single assessment of the aspects of coopetition being studied. Further research that examines the development, growth and maturation of coopetition over time, for example in arts organizations and with their leaders, would provide a better picture of how coopetition operates longitudinally.

Managerial Implications

From a nonprofit arts management and marketing standpoint, the results of this study suggest that the range of potential strategic and tactical possibilities for achieving organizational improvement is broader than traditionally contemplated, with opportunities that can be envisioned and leveraged through coopetition.

An indication of the degree of managerial relevance of the conceptual and practical implications of coopetition was the degree of cooperation with this research effort shown by the executive directors who were interviewed and surveyed. The response to both the topic and the research effort was enthusiastic. The request of many of those executive directors was straightforward: With the results of research like this, please tell us how to leverage the concept of coopetition in practical ways, and please give us useful tools and techniques to do so.

Many executive directors of nonprofit arts organizations could benefit from strategic management and marketing education, in general, and the potential benefits of coopetition, particularly as it relates specifically to their industry. Prior research suggests that directors of arts organizations typically recognize and address competition only in the form of direct competitors or clear substitutes - a significant risk termed "competitive myopia" by Kotler (1988). Current and future patrons and donors can be mismanaged, underleveraged, or at risk due to unanticipated competition from sectors not generally regarded as competition, such as the broader entertainment and leisure sectors (Bennett 2005). From the standpoint of collaboration, nonprofit arts organizations may not recognize the benefits to themselves, individually, of cooperating with each other, or with

other perceived competitors, to stimulate primary demand for arts, enlarge the sector as a whole, and address “unconventional competitors” (Kotler and Scheff 1997).

In summary, the results of the body of prior work on this topic as well as this research suggest that cooperation pays off in some situations; competition in others. To the extent that it is in an organization’s best interest, managers should (1) consider reassessing, and, if necessary, redefining their competition, (2) consider incorporating intelligent collaboration into their strategic and marketing plans, (3) consider broadening collaboration in areas where it is likely to be mutually beneficial, (4) develop network management skills and abilities, and (5) strive for marketing equilibrium (Brandenburger and Nalebuff 1996). For cooperation to be successful, there must be a clear rationale for cooperation between competitors and solid execution after an agreement is formalized. Managers should keep in mind that alliances and synergy are not magic bullets that will solve fundamental organizational problems (Harari 1994). Any pooling of efforts and resources should be in the context of trust, open collaboration, and common goals.

Academic Implications

From an academic standpoint, this research adds to the literature in the areas of nonprofit marketing/management and coopetition/strategic management. In 1999, Sheth and Sisodia called for more research in the area of coopetition and for development of new lawlike generalizations related to the topic. In the same year, Varadarajan and Jayachandran noted a gap in the area of competitive behavior and called for theoretical contributions on strategy related to that topic, and Day and Montgomery suggested additional research on coopetition as a “more nuanced mental model” of competition.

With the exception of the small body of work on coopetition outlined in this study, little academic work has been done on the topic. Since the topic has broad applicability and potential for strategic management and marketing in all industries and from a global perspective, more research pertinent to it should be undertaken.

In particular, researchers should heed the call from practitioners to develop practical applications of the concept for those who can benefit from it. The participants in the qualitative segment of this research strongly emphasized that they need useful guidelines and tangible tools to achieve organizational improvement. Managers want to know when coopetition is likely to be beneficial for them, how to implement it from strategic, tactical, and practical perspectives, and how to assess it. While the theory behind the concept of coopetition is interesting from a strategic management and marketing perspective, to be meaningful to managers in the nonprofit business world, we must concentrate, as Roland Rust (2007) declared, on “inventing something new that is useful.”

A particularly interesting avenue of academic research on coopetition and the related topics of cooperation and competition might examine the concepts in the context of the university environment at multiple levels – among colleges, schools, departments, and professors. To what extent do these organizations, sub-organizations, and individuals compete with each other, to what extent do they cooperate to achieve mutual goals, and how is coopetition manifested? How is that coopetition solidified through ongoing productive relationships, formal and informal knowledge-sharing and working collaborations? Finally, do the same dynamics and measures that apply to nonprofit arts organizations apply to these educational nonprofit units?

Opportunities for Future Research

Opportunities for related research that could build on this study and add to the body of knowledge on cooperation among competitors in the nonprofit arts field in other U.S. and/or international geographic areas include: (1) further qualitative study using arts organizations in other U.S. and/or international geographical areas, and (2) additional empirical assessment of the concept of cooptation, using survey data.

Future qualitative and quantitative study could concentrate further on proposed antecedents of cooptation, in particular, the three antecedents for which data was gathered in this study: competitor orientation, competitive intensity, and creativity. The concept of entrepreneurship, which prior literature and the qualitative study responses suggested may be strongly linked to creativity, could be further researched. Other potential antecedent variables suggested by the extant literature and the qualitative study include heterogeneity of resources, barriers to collaboration, and strength of leadership; they would benefit from further analysis and quantitative assessment. Finally, both the literature on cooptation and the results of the qualitative study indicate that while trust of cooptation partners is critical, it may not necessarily lead, as indicated in prior literature, to commitment to cooptation partners. Further study of the linkage between trust and commitment in the context of cooptation among nonprofit arts organizations would be particularly interesting, regardless of the nature of the results.

A future qualitative study should conduct and analyze similar interviews with Artistic Directors and Board Presidents of the organizations involved with this study who were not interviewed as part of this study. Subsequent research could also use Delphi-

oriented group sessions with the arts organization leaders interviewed in both studies (Executive Directors, Artistic Directors, and Board Presidents), designed to probe follow-up questions that emerged from the structured interviews and to allow participants to build on each others' comments on the topic of cooperation among arts group competitors by leveraging the synergy and snowball effects of group dynamics (Churchill and Iacobucci 2005).

A geographically broader qualitative survey, using the same format and questions as the interviews conducted for this research, would be useful in answering a question raised by the participants in this qualitative study of organizations in a medium-sized metropolitan area: Is our tendency towards cooperation among other arts organizations typical of the country as a whole? For example, would you get different responses if you asked these questions of arts organizations in New York City? Many of the respondents suspected that the high level of competition that they enjoy might be relatively unusual in other environments. If so, future research could also examine geographic "clusters" of successful arts organizations which simultaneously compete and cooperate to determine specific characteristics of those relationships which lead to organizational success.

The quantitative study undertaken in this research should be validated and expanded in the effort to finalize an accepted scale for competition in the nonprofit arts industry. For example, a similar survey could be administered to members of Opera America (a service organization serving opera companies) or Chorus America (a professional organization of choral groups).

Data gathered for this study from non-U.S. orchestras could also form the basis for future qualitative and quantitative assessment of competition in orchestras in other

country/cultural settings. Further study could focus on the manifestation of coopetition and development of models of coopetition in orchestral organizations from several perspectives: (1) differences/similarities across relatively homogeneous English-speaking countries, (2) differences/similarities between English-speaking and non-English speaking countries, and (3) differences/similarities among countries which directly subsidize/ manage orchestras, those which directly subsidize but do not manage orchestras, and those which directly subsidize orchestras only minimally, with an emphasis on indirect and private funding. Little cross-cultural research of nonprofit arts organizations has been conducted, and studies such as those outlined above would fill a void in terms of strategic management and marketing knowledge.

Future qualitative and quantitative studies might assess coopetition in other types of nonprofit arts organizations (e.g. opera, dance, choral, theater, museum, and arts education organizations), both in the U.S. and internationally. Coopetition might also be studied in the context of competition and cooperation among individual artists (e.g. painters, sculptors, singers, musicians, dancers, and music and art teachers).

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APPENDIX A



A SURVEY OF COOPERATION AMONG
NONPROFIT ARTS ORGANIZATIONS



The information that you provide in this brief survey will be used solely for non-commercial academic research about nonprofit arts organizations.

Your responses will be kept confidential, and results will be reported at the summary level only.

Your input is extremely valuable. To thank you for your participation, we offer you a summary of the results, which will be mailed to all survey participants by June, 2007.

INSTRUCTIONS:

The survey should be completed by the Executive Director (or equivalent) of your organization.

Please help us to maximize the reliability and validity of the survey, by answering all of the questions.

Please return the survey in the enclosed envelope or to: **John B. Ford, Ph.D., Professor of Marketing
School of Business and Public Administration
Old Dominion University
Norfolk, VA 23508-9989**

SECTION I:

The first part of this survey presents you with a series of statements. For each, please circle the response that best expresses or approximates your opinion about the statement. Please answer all of the questions.

	Strongly Disagree			Neutral			Strongly Agree
We cooperate with other arts organizations on <u>artistic</u> efforts and activities.	1	2	3	4	5	6	7
We cooperate with other arts organizations on <u>operational</u> efforts and activities.	1	2	3	4	5	6	7
We cooperate with other arts organizations on <u>marketing</u> efforts and activities.	1	2	3	4	5	6	7
We cooperate with other arts organizations on <u>fund development (fundraising)</u> efforts and activities.	1	2	3	4	5	6	7
We share <u>artistic</u> knowledge / information with other arts organizations.	1	2	3	4	5	6	7
We share <u>operational, marketing, and/or fund development (fundraising)</u> knowledge / information with other arts organizations.	1	2	3	4	5	6	7
We share information on <u>artistic</u> successes with other arts organizations.	1	2	3	4	5	6	7
We share information on <u>operational, marketing, and/or fund development (fundraising)</u> successes with other arts organizations.	1	2	3	4	5	6	7
We engage in brainstorming with <u>artistic directors</u> of other arts organizations.	1	2	3	4	5	6	7
We engage in brainstorming with <u>executive directors</u> of other arts organizations.	1	2	3	4	5	6	7
We are involved in <u>artistic</u> non-contractual joint projects with other arts organizations.	1	2	3	4	5	6	7
We are involved in <u>operational, marketing, and/or fund development (fundraising)</u> non-contractual joint projects with other arts organizations.	1	2	3	4	5	6	7

	Strongly Disagree			Neutral			Strongly Agree
We share <u>artistic materials</u> with other arts organizations.	1	2	3	4	5	6	7
We share <u>operational, marketing, and/or fund development (fundraising) materials</u> with other arts organizations.	1	2	3	4	5	6	7
We are engaged in <u>short-term artistic contracts</u> (less than 3 years) with other arts organizations.	1	2	3	4	5	6	7
We are engaged in <u>short-term operational, marketing, and/or fund development (fundraising)-related short-term contracts</u> (less than 3 years) with other arts organizations.	1	2	3	4	5	6	7
We are engaged in <u>long-term artistic contracts</u> (greater than 3 years in duration or renewed) with other arts organizations.	1	2	3	4	5	6	7
We are engaged in <u>long-term operational, marketing, and/or fund development (fundraising)-related contracts</u> (greater than 3 years in duration or renewed) with other arts organizations.	1	2	3	4	5	6	7
Arts organizations in our area share communications frequently about <u>artistic matters</u> .	1	2	3	4	5	6	7
Arts organizations in our area share communications frequently about <u>operational, marketing, and/or fund development (fundraising) matters</u> .	1	2	3	4	5	6	7
Arts organizations in our area frequently discuss common <u>artistic problems</u> in our business.	1	2	3	4	5	6	7
Arts organizations in our area frequently discuss common <u>operational, marketing, and/or fund development problems</u> in our business.	1	2	3	4	5	6	7
<u>Artistic personnel</u> in our arts organization share close ties with artistic personnel in other arts organizations.	1	2	3	4	5	6	7
<u>Operational, marketing, and/or fund development (fundraising) personnel</u> in our arts organization share close ties with operational, marketing, and/or fund development (fundraising) personnel in other arts organizations.	1	2	3	4	5	6	7
Our relationships with <u>artistic personnel</u> in other arts organizations are mutually gratifying and highly cohesive.	1	2	3	4	5	6	7
Our relationships with <u>operational, marketing, and/or fund development (fundraising) personnel</u> in other arts organizations are mutually gratifying and highly cohesive.	1	2	3	4	5	6	7
We expect that our strong social relationships with <u>artistic personnel</u> in other arts organizations will exist far into the future.	1	2	3	4	5	6	7
We expect that our strong social relationships with <u>operational, marketing, and/or fund development (fundraising) personnel</u> in other arts organizations will exist far into the future.	1	2	3	4	5	6	7
There is little informal interaction among <u>artistic personnel</u> from different arts organizations.	1	2	3	4	5	6	7
There is little informal interaction among <u>operational, marketing, and/or fund development (fundraising) personnel</u> from different arts organizations.	1	2	3	4	5	6	7
We pay close attention to our arts organization competitors' <u>fund development (fundraising) activities</u> .	1	2	3	4	5	6	7
We keep a close eye on our arts organization competitors' <u>audience development tactics</u> .	1	2	3	4	5	6	7

	Strongly Disagree	Neutral					Strongly Agree
We monitor which musical selections are successful at other symphony orchestra performances.	1	2	3	4	5	6	7
We share technology (hardware and/or software) with other arts organizations.	1	2	3	4	5	6	7
Competition in our nonprofit arts environment is cutthroat.	1	2	3	4	5	6	7
There are many "promotion wars" in our nonprofit arts environment.	1	2	3	4	5	6	7
Anything that one competitor in our nonprofit arts environment can offer, others can match readily.	1	2	3	4	5	6	7
Price competition is a major factor in our nonprofit arts environment.	1	2	3	4	5	6	7
One hears of a new competitive move almost every day in our nonprofit arts environment.	1	2	3	4	5	6	7
Our competitors are relatively weak.	1	2	3	4	5	6	7

	None	1-3	4-6	7-9	10-12	More Than 12
Approximately how many <u>artistic</u> cooperation activities are you currently engaged in with other arts organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Approximately how many <u>operational, marketing, and/or fund development (fundraising)</u> cooperation activities are you currently engaged in with other arts organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To what extent has cooperating with other arts organizations:	Not At All	Somewhat					To a Great Extent
- enabled your organization to achieve cost reductions?	1	2	3	4	5	6	7
- enabled your organization to generate additional income?	1	2	3	4	5	6	7
- improved your profitability (net income)?	1	2	3	4	5	6	7
- accomplished your original objectives for that cooperation?	1	2	3	4	5	6	7
- been productive for your organization?	1	2	3	4	5	6	7
- resulted in improvement in the artistic product(s) of your organization?	1	2	3	4	5	6	7
- resulted in improved operations and efficiency in your organization?	1	2	3	4	5	6	7
- given your organization access to important new markets?	1	2	3	4	5	6	7
- enhanced the performance of your organization into existing markets?	1	2	3	4	5	6	7
- improved your fund development (fundraising) results?	1	2	3	4	5	6	7
- improved the relative competitive advantage of your organization?	1	2	3	4	5	6	7

The most recent artistic program for your organization is:

Trendsetting	1	2	3	4	5	6	7	Warmed Over
Average	1	2	3	4	5	6	7	Revolutionary
Nothing Special	1	2	3	4	5	6	7	An Industry Model

The most recent marketing program for your organization is:

Trendsetting	1	2	3	4	5	6	7	Warmed Over
Average	1	2	3	4	5	6	7	Revolutionary
Nothing Special	1	2	3	4	5	6	7	An Industry Model

Compared with your competitors, your organization is:

Dull	1	2	3	4	5	6	7	Exciting
Fresh	1	2	3	4	5	6	7	Routine
Conventional	1	2	3	4	5	6	7	Unconventional
Novel	1	2	3	4	5	6	7	Predictable
Usual	1	2	3	4	5	6	7	Unusual
Unique	1	2	3	4	5	6	7	Ordinary
Commonplace	1	2	3	4	5	6	7	Original

Compared to the airline industry, which is very competitive, how would you rate competition in the nonprofit arts environment?

Very Low	1	2	3	4	5	6	7	Very High
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SECTION II:

Please answer some general demographic questions about yourself, your symphony orchestra, and the environment in which your organization functions.

Our orchestra was founded in _____ (please specify the year).

Our American Symphony Orchestra League (ASOL) orchestra level is: ____ (options are 1-8 and/or C,G,Y,D)

The number of staff employees in our organization is: _____

My function is: Executive Director _____ Artistic Director _____ Other _____

I have been with this organization for approximately _____ years.

I have approximately _____ years of experience employed with nonprofit arts organizations.

I have approximately _____ years of experience employed with for-profit organizations.

Our orchestra receives government / foundation support at the following levels: (Please check all that apply)

Federal _____ State _____ Local _____ Foundation _____

	Decreased Substantially	Remained The Same	Increased Substantially
Our annual budget, summarized over the last 4 years, has:	1 2 3 4 5 6 7		
Our organization's <u>net</u> surplus/deficit, summarized over the last 4 years, has:	1 2 3 4 5 6 7		
Our total number of <u>individual</u> ticket buyers, summarized over the last 2 years, has:	1 2 3 4 5 6 7		
Our total number of <u>season</u> ticket buyers, summarized over the last 2 years, has:	1 2 3 4 5 6 7		
Our number of donors, summarized over the last 2 years, has:	1 2 3 4 5 6 7		

APPENDIX B**STUDY 1**

**COMPETITION, COOPERATION, AND COOPETITION
STRUCTURED INTERVIEWS – PARTICIPANTS, PROCESS AND QUESTIONS**

ORGANIZATIONS INTERVIEWED:	BUDGET SIZE	# of EMPLOYEES
Chrysler Museum of Art	\$ 6,752,433	107
Feldman Chamber Music Society	56,673	0
Todd Rosenlieb Dance Company	31,995	0+
Virginia Arts Festival	5,799,690	42
Virginia Ballet Theatre	587,542	1+
Virginia Children's Chorus	143,885	6
Virginia Chorale	195,908	3
Virginia Opera Association	5,812,519	94
Virginia Stage Company	2,104,758	36
Virginia Symphony Orchestra	5,144,84	120 FT, 20 PT~
Cultural Alliance of Hampton Roads	51,808	2

Interviewees:

1. P. Rublein	Executive Director	Cultural Alliance
2. C. Johnson	Executive Director	Virginia Symphony
3. E. Brown	President, Board of Directors	Cultural Alliance
4. R. Shoup	Artistic & Executive Director	Virginia Chorale
5. G. Stuhlfreyer	Executive Director	Virginia Opera
6. R. Cross	Executive & Artistic Director	Virginia Arts Festival
7. P. Mansheim	President, Board of Directors	Feldman Chamber Mus. Soc.
8. K. Stava	Executive Director	Virginia Stage Company
9. B. Hennessey	Executive & Artistic Director	Chrysler Museum
10. C. Downing	Artistic Director / Founder	Virginia Children's Chorus
11. T. Rosenlieb	Executive & Artistic Director	Todd Rosenlieb Dance
12. G. Parkinson	Executive Director	Virginia Children's Chorus
13. Frank Bove	Executive & Artistic Director	Virginia Ballet Theatre

Guidelines:

3 coders

For purposes of this analysis, collaboration and cooperation should be considered to be synonyms.

All questions are perceptual and answered from the point of view of the interviewee.

Highlight transcript based on areas of commonality:

- Competition - Pink
- Cooperation / Collaboration – Blue
- Lack of Cooperation / Collaboration – Orange
- Tactical – Green
- Strategic – Yellow
- Evaluative – Purple

While the interview questions can be categorized in terms of the above topics, the answers should be highlighted based on content. A single answer may contain content related to multiple topics.

Underline transcript based on type of organization:

- Arts – Blue
- Non-Profit – Red
- All – Black

Map the interview content to the table of commonalities.

Questions - Topic / Color of Highlighter:**Competition - Pink**

1. Who are your competitors?
2. How do you identify your competitors?
3. How intense is the local competitive environment for nonprofit arts organizations?

Cooperation / Collaboration – Blue (Lack of Cooperation / Collaboration – Orange)

4. What factors would cause you to respond positively to a proposal for a cooperative effort with another nonprofit arts organization(s)?
5. What factors would cause you to initiate a cooperative effort with another nonprofit arts organization(s)?

6. To what extent do you collaborate with other nonprofit arts organizations in your geographic area?
7. What is the nature of those collaborations? (artistic, operational, marketing, fund development)
8. To what extent do you collaborate with other nonprofit arts organizations outside of your geographic area?
9. What is the nature of those collaborations? (artistic, operational, marketing, fund development)

Tactical – Green / Strategic - Yellow

10. To what extent would you help a competitor in an emergency situation?
11. What factors do you think are important in building collaborative relationships with competitors?
 - Available of new resources
 - Creativity
 - Entrepreneurial spirit

Lack of Cooperation / Collaboration - Orange

12. What do you see as potential barriers to collaboration?

Strategic - Yellow

13. How important is it to you that you trust the competitors with whom you collaborate?
14. How committed are you to relationships and joint efforts with the competitors with whom you collaborate?
15. How do you evaluate the effectiveness of your organization?

Evaluative - Purple

16. How do/would you evaluate the effectiveness of collaborating with your competitors?
17. How do you evaluate the financial success of your organization?
18. How do you know if you're doing a good job?

Collaboration – Blue (Lack of Cooperation / Collaboration – Orange)

19. Are you willing to share financial information about your organization with researchers?

Color-code according to content

20. Do you think that this topic is worth studying? If so, why?
21. Are you interested in seeing the results of this research (at a summary level)?

Theresa Ann Kirchner

721 Colonial Avenue
Norfolk, Virginia 23507

(757) 622-7613 Home (757) 639-8613 Cell

theresa.kirchner@hamptonu.edu

OBJECTIVE: A tenure-track faculty position with a university that expects and rewards superior teaching, research, and service performance.

ACADEMIC CREDENTIALS

Ph.D. Candidate – International Business and Marketing, Old Dominion University
Expected Graduation: May, 2007

Master of Business Administration, 2000, Old Dominion University
Concentration: Accounting

Bachelor of Science, 1999, Old Dominion University
Major: Information Systems

Associate of Arts, 1976, University of Maryland

ACADEMIC / TEACHING EXPERIENCE

Assistant Professor of Marketing, Hampton University, School of Business, Department of Marketing, 2006-Present

Adjunct Instructor, Old Dominion University, College of Business and Public Administration, Department of Marketing, 2003-2006

Courses Taught:

Ethics and Social Issues in Administration (Business Ethics)
Principles of Marketing
Multi-National Marketing
Marketing of Services
Sales Management
Principles of Statistical Analysis
Selected Topics in Marketing

CORPORATE EXPERIENCE

Information Technology Consultant

Keane, Inc. 11/2000 – 09/2003

Provided business continuity consulting services for Keane Information Technology projects and clients. Recommended strategic options and direction. Provided information to assist Keane, Inc. management in assessing and mitigating business risks and potential impacts.

Senior Vice President / Manager, Business Continuity Planning

Bank of America 10/1997 – 08/2000

Managed the worldwide Bank of America Consumer & Commercial Business Continuity Planning program, supporting 37 Lines of Business and 407 business units. Managed a team of 13 professional officer-level associates, supporting the business continuity planning effort for over 50 client and project teams, from business impact analysis / conceptual design through implementation / maintenance.

Vice President / Senior Change Manager, Contingency Preparedness

NationsBank (Bank of America predecessor organization) 01/1992 – 10/1997

Coordinated technology recovery planning and testing for bank mainframe, midrange, LAN/WAN, telecommunications systems, and technology-related aspects of work area recovery.

Assistant Vice President / Financial Systems - Production / Project Leader

C&S / Sovran Corporation (Bank of America predecessor organization) 01/1985 - 01/1992

Managed a group of 6 analysts/programmers and 3 consultants responsible for the implementation, day-to-day operations, and projects associated with General Ledger, Investment, International, Financial Reporting, and Asset/Liability Management systems.

Data Processing Supervisor

Thomas J. Lipton, Inc. (Lipton Tea) 07/1977 - 01/1985

Managed 8 data processing and accounting positions. Designed, developed, and maintained plant computer application systems. Implemented and supported strategic quality control and production systems in manufacturing locations nation-wide.

INTELLECTUAL CONTRIBUTIONS

Journal Articles and Articles in Proceedings

Kirchner, Theresa A., John B. Ford, and Altaf Merchant, "Coopetition (Cooperation Among Competitors) In The Nonprofit Arts Sector)," Accepted for the Proceedings of the Ninth International conference on Arts and Cultural Management, Valencia, Spain, July 2007.

Kirchner, Theresa A., Edward P. Markowski, and John B. Ford, "Relationships Among Levels of Government Support, Marketing Activities, and Financial Health of Nonprofit Performing Arts Organizations," International Journal of Nonprofit and Voluntary Sector Marketing, Published Online DOI 10.1002/nvsm.285, Dec. 2006; Print Pub Forthcoming Vol. 9, No. 3 (Spring), 2007.

Kirchner, Theresa A. and Kiran Karande, "Measuring Perceived Business Continuity Readiness of an Organization," Disaster Recovery Journal, Vol. 18, No. 4 (Fall), 2005, pp. 24-30.

Kirchner, Theresa A., "The Nature and Effects of Government Support for Non-Profit Arts Organizations," Proceedings of the Eighth International Conference on Arts and Cultural Management, Montreal, Canada, July 2005.

Kirchner, Theresa A. and Rebecca Hochradel, "The Role of BCP Research," Disaster Recovery Journal, Vol. 18, No. 3 (Summer), 2005, p. 12.

Kirchner, Theresa A. and Douglas E. Ziegenfuss, "Audit's Role in the Business Continuity Process," Disaster Recovery Journal, Vol. 16, No. 2 (Spring), 2003, pp.56-60.

Bowden, Madeline and Theresa A. Kirchner, "Some Practical Business Continuity Exercise Tips," Disaster Recovery Journal, Vol. 15, No. 3 (Summer), 2001, p. 10.

Bowden, Madeline, Jeffrey Dato, and Theresa A. Kirchner, "The Continuing Wave: Business Continuity and Organizational Change in 2000," Disaster Recovery Journal, Vol. 14, No. 3 (Summer), 2000, p. 8.

Book Chapters

Ford, John B. and Theresa A. Kirchner, " Implications of Government Funding and Support for Marketing Programs of Nonprofit Performing Arts Organizations," in Nonprofit Marketing Companion, (Adrian Sargeant and Walter Wymer, editors), London: Routledge, accepted for publication 2007.

Presentations

Facilitator / Presenter, "Generally Accepted Principles – Business Continuity Planning," Disaster Recovery Journal Fall World Conference, San Diego, CA, September, 2006.

Facilitator / Presenter, "Management, Board Governance and Accountability," Cultural Alliance of Hampton Roads Annual Retreat, Norfolk, VA, August, 2006.

Facilitator / Presenter, "Generally Accepted Principles – Business Continuity Planning," Disaster Recovery Journal Spring World Conference, Orlando, FL, March, 2006.

Presenter, "Perceived Organizational Business Continuity Readiness- Scale Development," Old Dominion University College of Business & Public Administration Dean's Research Seminar, March, 2006

Presenter, "Relationships among Government, Support Level of Marketing Activities and Financial Health of Non-profit Organizations," Old Dominion University College of Business and Public Administration Dean's Research Seminar, February, 2006

Presenter (abstract published), "Relationships Among Levels of Government Support, Marketing Activities, and Financial Health of Nonprofit Performing Arts Organizations," Fifth International Nonprofit, Social and Arts Marketing Colloquium, Bristol, England, September, 2005.

Presenter, "Management, Board Governance Opportunities for Nonprofit Arts Organizations," Cultural Alliance of Hampton Roads, Norfolk, VA, April, 2005.

Presenter (abstract published), "Keys to Survival: The Relationships Among Levels of Government Support, Marketing Activities, and Financial Health of Performing Arts Organizations," Fourth International Nonprofit, Social and Arts Marketing Colloquium, London, England, September, 2004.

Presenter, "Organizational Business Continuity Planning," Institute of Management Accountants, Norfolk, VA, July, 2001.

Presenter, "Business Continuity Planning for Networks," Networld+Interop Conference, Atlanta, GA, October, 1998.

Presenter, "Business Continuity Planning for Call Centers and Voice Response Unit Systems," AT&T Business Solutions Forum, Seattle, WA, March, 1997.

Presenter, "Business Continuity Planning and Its Relationship to Telecommunications," International Disaster Recovery (IDRA) Conference, Boston, MA, March, 1998.

Other Professional Activities / Service

Article Reviewer, Academy of Marketing Science Conference, 2007.

Article Reviewer, International Society of Marketing and Development (ISMD) and Macromarketing Society (MM) Joint Conference, 2007.

Article Reviewer, Academy of Marketing Science Conference, 2006.

Article Reviewer, AMS World Marketing Congress, 2005.

Journal Article Reviewer, International Marketing Review, Special Issue, 2004.

Master of Business Administration Association (MBAA) Officer, 2002-03.

COMMENDATIONS

Selected as the Old Dominion University Outstanding Graduate Teaching Assistant, 2007.

Selected as the Old Dominion University Doctoral Fellow, American Marketing Association Doctoral Consortium, 2006.

Awarded the Old Dominion University School of Business Outstanding Doctoral Student Award, 2004-05.

Selected as the Old Dominion University School of Business Representative for the Society for Marketing Advances Doctoral Consortium, 2005.

Awarded the Old Dominion University Constant Dominion Business Fellowship, 2004-05, 2005-06.

Awarded the Old Dominion University Constant Dominion Business Scholarship, 2002-03.

PROFESSIONAL CERTIFICATIONS / ORGANIZATIONS**Professional Certifications**

Master Business Continuity Professional (MBCP), 2000 - Present

Professional Organizations

Disaster Recovery Institute International (DRII), Certification Commission Member, 2005-Present.

American Marketing Association (AMA), 2003-Present.

Association for Contingency Planning (ACP), 2005-Present.

Beta Gamma Sigma (national honorary business society), 2003-Present.

Phi Kappa Phi (national honor society), 2004-Present.

Disaster Recovery Journal (DRJ), Editorial Advisory Board Member and Committee Chair, 2000-2005.

Data Processing Management Association (DPMA), 1981-1995; Past President, 1988.

COMMUNITY SERVICE

Virginia Symphony Board of Directors (2000-2006), Executive Committee (2000-2004)

Virginia Symphony Foundation Board of Directors (2002-Present), Secretary (2005-Present)

Feldman Chamber Music Society Board Member (1994-Present)

Virginia Children's Chorus Board Member (2004-Present)

Harbor Club House Committee (1992-2007)

Virginia Symphony Chorus Member (1992-Present)

Virginia Chorale Board of Directors (1986-2005)

Virginia Symphony League Board of Directors (1994-2005), President (2001-2003)