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Strategic Marketing Alliances, Partnerships and Networks -
The Logic of Cooperation, Roots, Evolution and Advantage

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W.P. No. 2006-02-03
February 2006

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Key Words

Business-Business Marketing
Marketing Strategy
Relationship Marketing

This paper is a draft version of a competitive paper submitted for review and presentation at the forthcoming *Proceedings of the Academy of Marketing's 35th Annual Conference*, July 03-06, 2006, **Middlesex University Business School**, London, United Kingdom.

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Abstract

The marketing discipline is evolving and so is its agenda with the advent of relationship marketing, networks and other related sub-fields. Till recently, business literature focused largely on competition, and cooperation, its counter part, has received insufficient attention. With a view to redress the situation, this research article investigates the phenomenon of strategic marketing alliances, partnerships and networks, and aims to make fundamental theoretical contributions in the sub-field of business-to-business relations and cooperation. Eclectic and wide-ranging enquiry is a main research tool employed and hence the character of this research is interdisciplinary. An extensive literature review of a number of related disciplines is undertaken in order to capture the essence of cooperative strategies and implications for competitive advantage.

In this paper, we examine the phenomenon of cooperation and its evolution over time, and highlight the advantages of cooperative strategies in the workplace and in economic organisation. Following an introductory section, we discuss in the second and third sections the evolution of cooperation and need for adaptation on the part entities in order to obtain favourable outcomes. Fourth section continues the discussion along the biological evolutionary lines and adds the crucial dimension of social organisation. Consequent changes that altered the ways in which societies and economies developed are captured in the fifth section. The final and concluding section is devoted to exploring avenues for building of theories that explain cooperative forms of organisation.

1.0 Introduction

The aim of this research article is to identify the emergence of cooperation in early societies and its evolution. Close relationships, deep understanding, informal norms in place of legal contracts, specific commitments, longer time perspectives and open communication are all hypothesised to be correlated to, if not direct determinants of organisational success. This marks a definite shift from tradition, and signifies on the part of academic scholars and practitioners an acceptance of the principles and bases of the interaction and relationships paradigm and a degree of consensus as regards its effectiveness. *Cooperation* is the solution to environmental turbulence, and the once all-pervasive and omnipotent theories of perfect competition and other elegant though what were often unrealistic assumptions appear to be diminishing in their significance. Hierarchies are almost out; networks are definitely in. We take a broader perspective in evaluating historical developments and theoretical works on co-ordination mechanisms, and suggest that the power for relationships and other administrative forms may be contextual; and that a full evaluation should help in arriving at a proper perspective. Alliances, partnerships and networks among others are responses to the changed environment. Although the *phenomenon of cooperation* is not new, its increasingly ubiquitous appearance needs to be understood in its entirety. This research paper adopts both historical and cross-disciplinary perspectives to examine the same.

2.0 Historical roots and patterns of evolution

Hierarchy has historically been a natural way of organisation. International order and domestic stability that were precursors of the Industrial Revolution and modern prosperity owe much to the formulation of the hierarchical mechanism of the state. The ills of despotism and totalitarianism have had setbacks. The intrusion of state into activities and spheres best reserved for private entrepreneurship and/or voluntary initiative gets eventually undone as seen in privatisation efforts by governments across the globe. However, the benefits of hierarchical coordination need not be fully discounted in our quest for alternative forms of orchestration. No justification of external turbulence and unpredictability of technological movements should let us forget either the context that led to the acceptance of Hobbesian (1928) and Lockean principles and subsequent stability or the universality of fundamental ideas that underlie the philosophy that supported the movement.

It is a sign of the times. Authority¹ of all forms appears to be on the wane. Clearly, this is not to everyone's interest or comfort. Organisations, we use this word advisedly for this includes institutions of higher order like that of national governments and international agencies as well as lower order local authorities, voluntary and commercial bodies, and other groups of any significant size and impact, are getting flatter². It was suggested elsewhere that change was inevitable (Oburai and Baker 1999a) and that this was affecting business firms' organisation and strategies (Oburai and Baker 1999b). A great deal of caution needs to be exercised when we talk about change. If change is a gradual and predictable one, then it should pose few problems for most of us. Only discontinuous change should pose any elaborate problems owing to its inherent nature of unpredictability and hence lack of preparation on the part of firms. Longer timeframes and historical studies uncover elements of both continuity and discontinuity. Discontinuities (Drucker 1968) are often the focus of business literature, but short time spans exaggerate some effects while masking others; it is just as easy to miss and not discern the elements of continuity which are for all to see when a longer timeframe is chosen. We contend that it is important to distinguish between changes of a general type that affect all or most firms and those that impact at a more specific level. 'General conditions require general solutions; special conditions require special solutions.... The global organizational responses required to cope with general conditions are significantly different from the unique organizational responses required to cope with special conditions (p.8)' (Sentell 1994).

This decline of the stature of institutions, we contend, is an unambiguous trend. On the one hand it signals a welcome decentralisation and empowerment. On the other hand the devolution of responsibility mandates on the majority the need for rapid development of skills that were once thought to have been in exclusive provinces meant only for a few. The overt role of religion has been on the decline for several centuries, although it has been the one bond that appears to transcend national borders in uniting human communities and in the making of civilisations (Fukuyama 2000 p.236). Democratic systems have taken the place of monarchies. States are being asked 'to steer and not to row'. Patriarchy has received a great deal of opposition, and family units that have single individuals are on the rise and already account for one-quarter to one-half of all households in many developed countries (p.114).

How in a sea of turbulence marked by competition and great social change can we spread the message of cooperative ethics? History tells us that cooperation and competition are linked inextricably and are intricately intertwined. If any metaphor serves to capture this spirit, it is that of a coin. Cooperation and competition are two sides of the same coin. They coexist and are mutually reinforcing. This however does not resolve the issue of our main focus. Metaphors only imply some similarities, and do not attempt to establish precise relations. Is there an innate propensity among us that makes us *inherently cooperative or intrinsically competitive*? A look at early historical thought and subsequent thinking could provide us with some clues that might lead us to answer this question.

Humankind has traversed over several millennia. Our ancestors' brains tripled in size over a time period of 3.5 million years period leading to the emergence of *Homo sapiens* about 300,000 years ago (Devlin 2000 p.172).

'The cost of such a brain is enormous – the brain makes up less than 2 percent of our body's mass, yet uses about 20 percent of its energy – so its survival advantage must have been enormous as well.... The human brain is nine times larger than is normal for a mammal of our body size.... Its actual size varies between 1000 and 2000 cubic centimetres, with the vast majority between 1400 and 1500 cubic centimetres. Within this range there is no obvious correlation between size and intelligence (p.18)'.

'The rapid transformation of *Homo sapiens* from endangered species to a population of six billion a mere 75,000 to 200,000 years later (a blink of an eye in evolutionary terms)' (p.242) is due directly to the higher cognitive capacity derived from adapting the brain or more precisely from

“exaptation” of an organ whose functions were entirely different from those it was made to perform. ‘Our ancestors’ spectacular brain growth was driven by the need for a richer view of the world, a greater repertoire of responses particular patterns of stimuli, and a more effective means of communication’ (p.185). This is one of the greatest survival tricks that evolution and adaptation have ever conjured up.

‘One evolutionary path that many creatures have followed is to increase the number of types that they recognize and respond to. Such species ‘progress’ by successive generations by responding better to various types than did their ancestors, and by differentiating *new* types (as the environment changes), which their ancestors did not differentiate.

If you stop and think about it, it becomes clear that distinguishing types is the very essence of life, or at least of staying alive. More complex brains, including human ones, also have *some* hard-wired responses...dedicated to ensure basic survival.... But in addition to their hard-wired stimulus-response mechanisms, complex brains can also acquire new links through experience...(p.188-189) (underlining added).’

The survival benefits afforded by the energy intensive brain must have outweighed the costs. While the evolution of the brain is a matter of internal development, the same also helped in building groups. Group activity was facilitated through increased and better communication (p.167). But then throughout the long period of seven million years since apes started to live on plains and savannas and during the almost equally long time during which mental faculties and language abilities were primitive, our apelike ancestors survived principally because of group activity. This is seeking safety in numbers! Understanding the environment and communicating with other group members were two processes that were greatly assisted when abstract and reflective thinking, and language skills appeared between 75,000 and 200,000 years ago. Both are in our view abilities that allow an entity to relate more effectively to the external environment. This we contend is as important as survival itself.

Man has not merely understood, but is now in a position to modify nature. Most of the environment we live in is a man-made and an artificial one. Advances have come about through largely collective efforts. The ability to inspire and get others to work together with a view to achieving common goals is as relevant to our era as it was with the *Homo erectus* species. Selection pressures on simple organisations are enormous. Many species including ants, bees, elephants and virtually most others have a great deal of division of labour, some degree of hierarchy and organisation. In the absence of hierarchy or some other form of cooperative orchestration, these selection pressures can turn out to be overwhelming and hence often life threatening. The question of mortality and change are examined in the following sections.

3.0 The variety of selection environments and determinants of outcomes

The ability to understand, interpret and synthesise information about both the immediate and remote environment is crucial to the survival of any entity. That this activity of understanding the environment is an important activity is very well recognised in the management literature. Several perspectives of the process and methods are reviewed in Brownlie (1999). Given the complexity that characterises many environments, selectivity and perception appear to be two main factors influencing the success or otherwise of the process. Clearly, the overall basis is the need to align individual or group entities to the environment.

In a brilliant and thought provoking analysis of corporate evolution, Neil M. Kay argues that ‘many analyses of competitive processes in economics depend on notions of firm failure and death as integral parts of the selection process’ (1997 p.78-82). However, there is plenty of evidence that large firms rarely die. Their continuity of existence is sometimes ensured through acquisition or merger. Identity and ownership might change yet contractual relations might continue to be honoured, as might be the continuance of many other activities, resources and

relationships. Considering that some degree of change and evolution are common to all firms independent or acquired, it appears quite reasonable for us to accept Kay's arguments: 'But if natural selection operates on large as well as small, where is the evidence? ... The selection processes impacting on firms may be quite different from those impacting on their constituent products. The obsolescence of some capabilities is not in itself life threatening for the firm as long as it has other capabilities it can draw on to maintain its commercial viability.... But if the forces of creative destruction can be locked up within the boundaries of the firm, then these sources of corporate mortality are removed.'

Technological change is either competence destroying or enhancing from any given firm's perspective (Tushman & Anderson 1986). Neil Kay contends that that mortality is neither monolithic nor immutably uniform in its impact across species (entities) and time.

'[T]he typical representation of selection processes in economics as involving *hard selection*. As with natural selection, by hard selection we mean cases in which elimination of individuals is an intended and integral part of selection processes.... By way of contrast, the evidence of studies of survival rates in large firms suggests that selection processes operating at the level of the firm itself in such cases is typically characterized by *soft selection*. By soft selection processes, we mean cases in which elimination of individuals is abnormal or even pathological. Individuals are only removed from this environment in exceptional or unusual cases, the standard expectation is that they continue to survive indefinitely.

4.0 The nexus of biological weaponry and social nets

There exist countless ways and myriad mechanisms to coordinate individuals and higher-level entities such as firms. Markets, hierarchies, bargaining, voting, statistical aggregates are some that Simon cites (1988 p.38). Hierarchies use common estimates, criteria and goals across departments and throughout departments, and this 'standardisation may be more effective than prediction'.

'With the combined use of markets and administrative hierarchies, the human species has enormously increased its capabilities for specialisation and division of work... but the dominance of our species over the globe today is the witness to the augmentation of human reason made possible by these social artefacts' (underlining added)(1988 p.51-52).

'The simplest scheme of evolution is one that depends on two processes: a generator and a test. The task of the generator is to produce variety, new forms that have not existed previously, whereas the task of the test is cull out the newly generated forms so that only those fitted to the environment will survive. In modern biological Darwinism genetic mutation is the generator, natural selection the test' (p.52) (Simon 1988). However, most firms readily imitate successful firms and hence incorporate ideas and procedures that have had some element of success. In this sense, economic evolution in contrast to biological evolution is Lamarkian' (p.57) (Simon 1988).

Here we bring to fusion the biological and business worlds (perhaps a caveat is in order here; that biological metaphors and analogies are necessary but are limited in their portrayal of reality). Markets and exchanges are some of the most fundamental devices that man has employed all through the hunter-gatherer and subsistence era to the modern. There is no designer (p.52) (Simon 1988). It is a spontaneous product of interaction of individuals, and is not a deliberate design.

Indeed the market is a marvel for most, especially economists and its effectiveness is self-evident in many spheres. 'Market processes commend themselves primarily because they avoid placing on a central planning mechanism a burden of calculation that such a mechanism, however well buttressed by the largest computers, could not sustain. They conserve information and calculation by making it possible to assign decisions to the actors who are most likely to possess the information (most of it local in origin) that is relevant to those decisions' (p.41). Hayek (1945) argued that

‘The economic problem of society is thus not merely a problem of how to allocate “given” resources – if “given” is taken to mean given to a single mind which deliberately solves the problem set by these “data.” It is rather a problem of how to secure the best use of resources known to any of the members of the society, for ends whose relative importance only these individuals know.’ (p.526-527).

Simon concluded that ‘both the conscious rationality of economic decision makers and the unplanned but adaptive evolutionary processes have moulded economic institutions.... On a large scale markets and hierarchic organisations are social schemes that facilitate coordinated behaviour, at the same time conserving the critical resources of human ability to handle complexity and great masses of information (1988 p.60-61)’.

5.0 The metamorphosis of organisation and strategy

‘Modern world is built on two centuries of industrialisation’. The key development that drove most of the growth was the introduction of the limited liability concept. ‘Shares were first issued in the 16th century, by Europe’s new joint-stock companies, led by the Muscovy Company, set up in London in 1553 to trade with Russia’. This paved the way for the future. ‘The concept of limited liability, whereby the shareholders are not liable, in the last resort, for the debts of their company, can be traced back to the Romans. But it was rarely used, most often being granted as a special favour to friends by those in power. Then in 1811 New York State brought in a general limited liability law for manufacturing companies’. The concept powered the growth of capital-intensive projects and factories and was soon imitated by the other states. ‘In 1854, Britain, the world’s leading economic power, did so too’ (Economist 2000 p.111).

Adam Smith was a leading proponent of free trade, markets and institutions. He knew that repeated application of the division of labour³ principle and specialisation are keys to efficiency and productivity. Smith built on his earlier idea that the ‘well spring of benevolence is self-love, combined with man’s capacity of sympathy with his fellows. Self-love and sympathy, mediated by the customs and institutions of civilised society, guide man to behave virtuously towards man.... In his new work, Mr Smith develops this theme. Again he emphasises self-love but with a new twist. Now it is the needs of commerce that mediate. The unintended result is...as before a more decent and prosperous society, as if shaped by an “invisible hand”’. ‘The idea is hardly new. The ability of a well-ordered polity to harness selfishness to the greater good, without coercion and overt design, has been described by others – notably by Bernard Mandeville in “Fable of the Bees”’(Economist 2000 p.118). Marshall and Smith also knew that ‘the difference between the most dissimilar characters, between a philosopher and a common street porter for example, seems to arise not so much from nature as from habit, custom, and education’ (Smith 1976 p.28-29). He sought to counter the demoralising effects of the repetitive work through universal education, at public expense (Economist 2000 p.118).

More than a century later, Henry Ford, used⁴ the principle of division of labour in inventing mass production of cars. Moving assembly line and usage of interchangeable parts were other Fordist innovations. Resultant low cost cars had an explosive impact in creating large automobile markets across the world (Economist 2000 p.106).

Taylor’s work (1911) had the intention of improving productivity. As can be seen, Taylor really was building on the work of Smith and Ford. The cost of standardising work was to ignore the human potential as a source of innovation and creativity. This process also ended up reinforcing hierarchy and top management. The situation was exacerbated by the fact that most of the workforce at that time was unskilled. This is not to deny the huge benefits of scientific management, or to underrate the impact of the group of scholars led by Harvard scholar, Elton Mayo.

Barnard ‘attempted to synthesise of the management theories of the two camps – the mechanistic rationality stressed by the “scientific management” and the human factors highlighted by the human relations theory – at the organisational level.... Barnard emphasised the importance of “behavioural knowledge” in the management processes, which is different from scientific knowledge.... The essence of the “problem of organising” according to Barnard, is to transform actors who strategically pursue mutually conflicting goals into a rational cooperative system.... The Barnardian attempt to synthesise the scientific and humanistic views of management laid the foundation of organisation theory. Inspired by Barnard’s insights on the importance of the role of executive managers in the organization, Herbert Simon saw the essential function of executives as that of decision making. Strongly influenced by the development of the computer and cognitive science, Simon investigated the nature of human problem solving and decision making and developed a view of organisation as an “information processing machine” (Nonaka & Takeuchi 1995 p.36-38).

‘The invisible hand of Adam Smith and the marvel of market to which Hayek referred have spontaneous origins.... What interested Barnard, however, was not spontaneous cooperation but induced cooperation. He simply asserted that in his experience formal organisation was more important and undervalued, where formal organisation was defined as “that kind of cooperation among men that is conscious, deliberate and purposeful” (p.4)’ (Williamson 1996a p.30-31).

‘Both Hayek and Barnard hold that the central problem of economic organisation is adaptation. But whereas Hayek locates this adaptive capacity in the market, it was the adaptive capacity of internal organisation on which Barnard focused attention. If the “marvel of the market” (Hayek) is matched by the “marvel of internal organisation” (Barnard), then wherein does one outperform the other? The authority relation (fiat) has adaptive advantages over autonomy for transactions of a bilaterally (or multilaterally) dependent kind’ (Williamson 1996a p.102-103).

Transaction cost economics and analysis are concerned with economic organisation. This is a micro-analytical branch of New Institutional Economics, which is devoted to understanding institutions. Institutions are ‘the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, law and property rights)’ (North 1991 p.97). Williamson’s (1975) work is ‘principally concerned with the institutions of governance (markets, hybrids, hierarchies, bureaus (1981;1983;1985;1993;1996a;1996b))’ (1996a p.5). He proposed ‘a logic of organisation in which the discriminating alignment of transactions with governance structures is the source of refutable implications’ (1996a p.3). Williamson sketches his core arguments: ‘ Intuition tells us that simple governance structures should mediate simple transactions and complex governance structures should be reserved for complex transactions. Using complex structures for simple transactions incurs unneeded costs, and using a simple structure to govern a complex transaction involves strain...although hierarchies have the appearance of being more complex governance structures than markets are, that can be disputed.... If the “natural” way to manage transactions is through (authority), then the presumption that “in the beginning there were markets” must be reversed. Authority is something with which we have direct experience of (in managing households and more generally) and think that we understand. By comparison markets are where subtleties reside’ (1996a p.12-13).

‘In a society like ours organisations are, with one exception, the smaller raisins embedded in the larger cake of the market structure. The exception is the central government, which is a very large raisin indeed. In socialist countries the government is commonly conceived to be *the* central organiser, without which rational, coordinated behaviour is impossible. We have already seen the fallacy of this view. In democracies the central government’s role is mixed, but it is thought to be more a rule giver and umpire – a definer of the game – than a central planner’ (Simon 1988 p.48).

Classical economists thought of firms as independent ‘atomistic businesses that bang against each other like billiard balls’ (Badaracco 1991 p.4). Citadels, forts, spheres of control and islands of

discretion are other words that Badaracco cites to describe how managers and academics used to think of firms.

Alliances break down mental barriers and bring down walls. Indeed in today's changed environment, brick and mortar firms are giving way to virtual ones. 'Alliances are organisational arrangements and operating policies through which separate organisations share administrative authority, form social links, and accept joint ownership, and in which looser, more open-ended contractual arrangements replace highly specific, arm's length contracts.... Scholars have devised many ways to describe and conceptualise the phenomena that I have called "blurred boundaries." Two organisational theorists have written that firms resemble primitive forms of life composed of "globular masses of protoplasm through which flow the fluids of their watery environment and from which they cannot be easily distinguished." Two financial economists have written that "it makes little or no sense to distinguish those things which are 'inside' the firm (or any other organisation) from things which are 'outside' of it. There is, in a very real sense, only a multitude of complex relationships (i.e., contracts) between firms and the legal fiction (the firm) and the owners of labour, material, and capital inputs and consumers of output." Sociologist Robert Eccles coined the term "quasifirm." An economist has described the relationships between companies and their environment by comparing them to coagulating lumps in a pail of buttermilk' (Badaracco 1991 p.4-5; references removed).

Maritime power underlay the fortunes of the British Empire. 'Manpower and waterpower gave way to steam and machines' and eventually to energy from fossils including oil (Economist 2000 p.19 and p.99). Malthus was right and wrong (Baker 1976 p.8 and p.150). Resources are finite, but not in their manifold ways of uses. 'He was clearly right to note that the earth's resources are finite, though he vastly underestimated man's ingenuity in utilising them more efficiently, and at making new inventions (Economist 2000 p.13)'. Progress was made possible by moving from animate to inanimate sources of energy and media of movement. So it was mechanical sources that fuelled the early development. We came a full circle in recruiting sand to power our digital and information computation devices. The second aspect of the current dual revolution is the Biotech and related applications. Nature's limitations are our victories and it appears that the very idea is not to continue to overcome the limitation imposed by the environment but to modify the environment and to reduce our reliance so much that environment becomes a factor that plays no role and hence is reduced to a variable that has little explanatory power and significance. To emphasise, limits are but temporary and human spirit defies boundaries and shackles either material or otherwise. This is precisely what *fuels our quest for alternative forms of organisation* of work and relations. Alliances and relationships are purported to have the best properties of markets as well as hierarchies. Hybrids, as Williamson calls them, are then a powerful combination.

According to one scholar, alliance 'possibilities and questions raise a final, broad, historical issue: perhaps firms that blur their boundaries are not creating a wholly new corporate form but rather creating old patterns of doing business on a global scale. The history of commerce, until the Industrial Revolution, is essentially a chronicle of indefinite and permeable boundaries around business activities...Only in Great Britain, about 200 years ago, did a self-regulating market of separate economic units appear.. Against the broad sweep of the history of commerce and business organisation, companies as citadels – clearly defined zones of ownership and control surrounded by market relations – are the anomaly. This form of economic organisation will not disappear, but it is changing dramatically, in ways that could again reshape economic life' (Badaracco 1991 p.154).

6.0 Conclusions

Alliances and networks operate on shared norms and values beyond those necessary for ordinary market transactions (Fukuyama 2000 p.199). 'Informal norms and self-organisation will play a critical and perhaps an increasing role in the high-tech work places typical of information age'

(p.212). The following diagram depicts in brief a wide variety of norms and their nature of generation. This picture also details the disciplinary areas associated with each of the four quadrants of norms and institutions. These norms can also be related to what North (1991) and Williamson (1980;1985) call macro and micro governance systems. There are attempts at cross-disciplinary studies and modification of the philosophical assumptions that guide individual area studies.

Economic exchange and work organisation assume certain micro and macro environments. Formal organisations also have informal components. Mechanistic forms require little more than your pair of hands, while other more organic firms and work require much more. Continuous adaptation and generation of innovation are needed in the post-industrial era. Formulation versus implementation, thought versus labour⁵, nature versus nurture, inner versus outer environment, society versus economy, spontaneity versus hierarchy, formal laws versus informal bonds, self versus group, individual versus institution and competition versus cooperation are all unneeded and limiting dichotomies. In a world where flux and fluidity are ever present, fixity and rigidity are sure recipes for disaster. If work has to be truly spiritually uplifting, there can be really no difference between work and play. Fukuyama argues that social capital – ability to work in groups – is among the most vital resources that may be required for reconstruction of social order and progress for the future.

Organisational success may be over-determined in that many competing explanations exist. It is well known that traditional accounting and financial measures and conventions offer only a crude picture of the state of affairs of a firm. Added to this is the variety of activities and organisations that firms adopt. This makes the task even more difficult for an almost frozen and codified set of rules. However anachronistic they may be, they do make some aggregate measures of comparison possible across firms if not industries. In an uncertain world, one has to be constantly on the look out for changes in a variety of aspects: customers, competition, markets, products, technologies, time and the like (Nonaka & Takeuchi 1995 p.5). This list can indeed be very long. As it is the focus of the paper we would like to add another: complementors⁶ or suppliers (Brandenburger & Nalebuff 1996 p.19).

As said above, the increased usage of cooperative strategies may be understood to be the outcome of the quest for alternative forms of organisations that are aligned to the changes in the environment. More importantly, both cooperation and competition were argued to be intricately inter-linked. Managers innovate on a variety of fronts, and if anything innovation may be one surer route to success than the rest of strategies put together.

Notes

¹ Authority has several meanings. A quote from Simon would serve to clarify its use in the management literature and the word's pedantic use. 'Organisations operating in a highly centralised way would again exceed the limits of procedural rationality and lack many of the advantages that are attainable from the use of a hierarchic authority (March & Simon 1958)... In an organisational context a person exercises authority when he provides some of the premises for the decisions (and hence the behaviour) of one or more other persons and enforces the use of those premises.' (p.48)(1988).

² Business process reengineering and other changes appear to be pushing down authority through organisational levels. This means authority is not really out but down ((Fukuyama 2000).

³ This phrase has a variety of meanings and has found a constantly widening application in relation to economic, physical and biological phenomena. 'The general truth that underlies this development is expressed in the title of his third chapter – 'that the Division of Labour is limited by the extent of the market'' (quoted in p.9-10Unwin 1963).

⁴ This is a great oversight indeed that most modern writers or advocates of free markets only rarely mention the fact that Adam Smith's views were very balanced in that he knew that free markets would accentuate social and other differences and he sought provisions for attenuating these effects. Institutions and governments are only some instances of such counter mechanisms.

⁵ Although we list several fundamental dichotomies, we do not rule out that one or more common elements might connect most or all of these. Cartesian dualism that is, for example, evident in most works is built on the assumed and often incorrect divide of body and mind. As it is outside the scope of current work, it is not addressed any further.

⁶ Unlike Brandenburger and Nalebuff, we use complementors and suppliers in a synonymous sense. We see almost no difference between firms who supply complementary products and suppliers that justifies separate treatment of these two concepts. Indeed, this separation may obscure similarities.

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