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RESEARCH ARTICLE

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Mitigating coopetition tensions: The forgotten formation stage

Kalanit Efrat[1,2] | **Anne L. Souchon**[3] | **Andreas Wald**[1] | **Paul Hughes**[4] | **Jinqiu Cai**[3]

[1]School of Business and Law, University of Agder, Kristiansand, Norway

[2]School of Economics and Business Administration, Ruppin Academic Center, Moshav, Israel

[3]School of Business and Economics, Loughborough University, Loughborough, UK

[4]Leicester Castle Business School, De Montfort University, Leicester, UK

Correspondence
Professor Kalanit Efrat, School of Business and Law, University of Agder, Postbox 422, 4604 Kristiansand, Norway.
Email: kalanite@uia.no

Abstract

Coopetition entails tensions inherent to collaboration with competitors. This paper focuses on the coopetition formation stage and its effects on the development of tensions. We performed interviews with executives of coopeting firms, create case studies of organizations that initiate and execute coopetition agreements for other firms, and then study firms engaged in mutual coopetition. While this study confirms previous findings that coopetition formation can be deliberate or emergent, it also reveals that the two approaches differ in strategy development patterns, which influence the type and intensity of tensions, as well as the scope and sustainability of the coopetition. The deliberate approach mainly includes tensions due to lack of trust, knowledge exposure and cultural gaps, and the scope and timeframe of the coopetition are clearly delimited. Previous acquaintance and existing trust correspond to a lower intensity of tensions for the emergent approach, and the scope and timeframe are open for extension.

KEYWORDS

coopetition, deliberate strategy, emergent, strategy formation, tension

INTRODUCTION

Coopetition is one among different types of interorganizational relationships. It involves "the duality of cooperation and competition" (Czakon, Niemand, 2020: 2), such that "simultaneous competition and cooperation among firms [is undertaken] with value creation intent" (Gnyawali & Charleton, 2018: 2513). Coopetition encourages collaborating firms to increase the business pie, therefore generating more value for each firm, which they then compete over for an increased share/slice (Czakon, Gnyawali, et al., 2020). It is therefore proving increasingly popular (Bengtsson et al., 2020; Manzhynski & Figge, 2020). However, "coopetition cannot be presented as the universally best strategy, as its effectiveness depends on the contingencies that firms face moderating coopetition adoption and implementation" (Klimas et al., 2021: in print). A large part of those contingencies entails balancing value creation with managing tensions (Ricciardi et al., 2021). With regard to value creation, coopetition brings about many benefits that interfirm collaborations are set up for, due to the compatibility of collaborating firms (Peng et al., 2012; Pitelis et al., 2018). Within this context, coopetition creates a more efficient use of resources (Czakon, Gnyawali, 2020), improves the partners' competitive positioning (Ritala, 2012), advances innovation (Ritala, 2012), and enhances new product development (Bouncken et al., 2018). With regard to tension management, appropriation can stand at the core of coopetition (Chiambaretto et al., 2019), rendering mitigating tensions a major task in coopetition management (Czakon, Klimas & Marianim, 2020; Czakon, Gnyawali, et al., 2020).

Tensions evolve in situations when "two co-existing contradictory forces with conflicting goals … have potential to break up partnerships" (Fang et al., 2011: 774). Conflicting goals can be a challenge in any form of intraorganizational collaboration (Vedel, 2021), and they are inherent to coopetition (Mattsson & Tidström, 2015), which marries the duality of competing and collaborating. In the context of coopetition, they are defined as "the cognitive difficulty experienced by managers when they pursue multiple and simultaneous contradictory demands" (Raza-Ullah, 2020: 3) and tend to arise "from simultaneously sharing knowledge to create value and protecting internal knowledge to preserve their competitiveness" (Rouyre & Fernandez, 2019: 96).

Previous studies addressed various types of tensions that negatively impact coopetition operations and performance (Bouncken & Fredrich, 2012; Crick, 2020; Le Roy & Czakon, 2016), focusing on their development at the individual, interorganizational, and intra-organizational levels (Czakon, Gnyawali, et al., 2020; Fang et al., 2011; Fernandez et al., 2014), while also addressing factors such as bargaining power, knowledge asymmetry, vulnerability, and interdependency as sources of coopetition tensions (Bengtsson et al., 2020; Bengtsson et al., 2016; Dorn et al., 2016). At the same time, work by Mattsson and Tidström (2015) highlights the importance of attempting to reach harmony instead. The crucial role of tensions in shaping coopetition operations and performance, often termed 'the dark side of coopetition' (Crick, 2020), gave rise to research on tension management (Le Roy & Fernandez, 2015; Tidström et al., 2018). Tidström (2014) differentiates between high and low cooperation versus competition when addressing tensions. Tensions are manifestations of the cooperation, and competition intensity qualifiers; if both are high in intensity, greater tensions will be felt (Gnyawali & Charleton, 2018). In turn, Fernandez et al. (2014) and Pellegrin-Boucher et al. (2018) suggest separation and integration principles for a more effective management of coopetition and tension. Finally, Rouyre and Fernandez (2019) found that formal mechanisms are more effective in managing knowledge sharing tensions. Yet, this body of research explores management strategies while focusing on existing tensions while tension *mitigation* strategies are largely overlooked. Such mitigation is crucial because it can help head off conflict before it starts (Löhr et al., 2018) and therefore pave the way for more stable and productive (harmonious) coopetition (Mattsson & Tidström, 2015; Raza-Ullah, 2020). How, then, can coopetition tensions be strategically managed?

Some past literature has explored the formation stage of coopetition, introducing imposed (deliberate) versus induced (emergent) types of coopetition (Czakon, 2010; Mariani, 2007), intentional coopetition (Tidström & Rajala, 2016), unintentional coopetition (Kylänen & Rusko, 2011), and mandated coopetition (Fernandez et al., 2014). For example, Mariani (2007) found that while in emergent coopetition, managers are encouraged to create interfaces, deliberate coopetition forces managers to revise their day-to-day work. These findings infer that the formation stage has a role in shaping tension development (and by extension, mitigation). A recent call made by Czakon, Gnyawali, et al. (2020) encourages researchers to further explore the formation stage of coopetition, arguing for its potential link to tensions, and influence on coopetition success, which is a call we aim to address.

We therefore address this research gap by first exploring how competing organizations form their coopetition strategies. Second, we examine how this formation affects the creation of tensions and subsequently impacts coopetition's long-term operation.

We build, through an in-depth qualitative study, on previous literature stating that deliberate and emergent approaches are adopted in the formation of coopetition (Mariani, 2007). Findings show that deliberate coopetition strategy formation is more formal and aims at reducing the potential for opportunistic behavior by maintaining the balance of power between partners. By contrast, emergent coopetition strategy formation approach is informal and aims to foster and nurture personal relationships and social capital afforded by the coopetition agreement. These differences shape the planning process of the strategy and have implications for the scope and time horizon of coopetition and for the mitigation of tensions.

CONCEPTUAL BACKGROUND

Coopetition evolves around simultaneous competition and collaboration (Gnyawali & Charleton, 2018). Such collaboration is underpinned by similar motives to "non-competitive" collaborations but differs significantly in the dynamics involved between parties. This is due to competition, whereby partners have divergent interests as each firm's goal is to earn greater profits and advantages, even at the expense of its partner (Padula & Dagnino, 2007). The motivation for collaborating with competitors comes from both external and internal drivers. External drivers include environmental turbulence and market uncertainty (Chiambaretto & Fernandez, 2016), as well as coopetition structure (Bouncken et al., 2020). Internally, coopetition allows firms to gain benefits such as knowledge and innovation (Bouncken & Kraus, 2013), extant ties and resource endowment (Czakon & Czernek-Marszałek, 2021), and resilience to crisis (Crick & Crick, 2020). Yet, since firms engaged in coopetition often serve similar markets, share similar goals, and face similar pressures (Peng et al., 2012), they are more likely to possess mutually relevant resources and capabilities (Quintana-García & Benavides-Velasco, 2004; Ritala & Hurmelinna-Laukkanen, 2009). Nevertheless, the mutual pursuit of value creation alongside resource leverage, both aspects of the coopetitive mechanism (Gnyawali & Charleton, 2018), surpasses the individual position of each firm. This allows firms to enjoy synergetic effects, shared (external) risks, and economies of scale (Bouncken et al., 2015; Czakon & Czernek-Marszałek, 2021; Fredrich et al., 2019).

Alongside the positive attributions of coopetition, research had also addressed its dark side and its associated tensions (Crick, 2020; Crick & Crick, 2021). Coopetition has been described as a "double-edged sword" (Bouncken & Fredrich, 2012, p. 2060) and is inherently paradoxical (Raza-Ullah, 2020): While the motivation for coopetition is the creation of value that necessitates resource and capabilities sharing (De Rond & Bouchikhi, 2004), partners may also seek to protect their uniqueness from each other (Park & Russo, 1996). In fact, the more firms invest in enhancing their own coopetition benefits, the more they risk enhancing their rival's competitiveness too (Le Roy & Czakon, 2016). Allowing competitors to have access to unique resources and capabilities may decrease the focal firm's competitiveness, causing partners to be reluctant to do so (Bouncken & Kraus, 2013). It is therefore a strategy that carries much uncertainty in deriving the potential benefits (Bouncken & Kraus, 2013; Chiambaretto et al., 2020; Peng et al., 2018).

Coopetition tensions and management

The coopetition paradox is exemplified by the tensions generated by balancing the organization's own value creation while sharing valuable knowledge, resources, and capabilities with the competing partner. In fact, organizational tensions in themselves are a typical source of paradox (Brooks et al., 2020). At the same time, an organization's ability to successfully manage tensions, while difficult, can challenge stale thinking patterns, produce enlightenment and foster creativity (Lewis, 2000).

Le Roy et al. (2018) present three levels of tensions arising from coopetition: interorganizational, intra-organizational, and individual. At the interorganizational level, firms encounter tensions associated with knowledge sharing and information transferring (Bouncken & Kraus, 2013; Fernandez & Chiambaretto, 2016). This is often associated with partners seeking to appropriate resources and capabilities to enhance their own competitiveness within the same market (Hamel, Doz, & Prahalad, 1989; Yami et al., 2010). At the intra-organizational level (e.g., the project level), the tensions are manifested through knowledge dissemination (Baruch & Lin, 2012), protection of unique know how (Bouncken et al., 2018) opportunism (Tidström, 2014), and the allocation of internal resources (Luo et al., 2006). At the individual level, tensions are associated with the conflicting identities arising from the collaboration of two firms that do not merge. At the core of coopetition, tensions act two conflicting forces. The first is the psychological ambiguity. Individuals involved in the daily operations of coopetition might demonstrate issues associated with disturbed psychological equilibrium due to the necessity to collaborate with a competitor (Gnyawali et al., 2016; Raza-Ullah et al., 2014). This emotional ambivalence impacts decision-making (Raza-Ullah, 2020). The second is trust. Trust is prominent in coopetition research on both the dyadic and the network levels, as is involved at each of the three tension levels. Due to the paradoxical nature of coopetition, trust is both difficult to attain and necessary for maintaining stable coopetition operations (Lascaux, 2020).

The potentially harming impact of tensions on coopetition outcomes has drawn substantial research attention to the issue of coopetition management (Stadtler & Van Wassenhove, 2016). Two distinct approaches to managing coopetition tensions are frequently debated in the literature (Pellegrin-Boucher et al., 2018). The separatist approach recommends that collaboration and competition be located within separate divisional functions within the firm (Bengtsson & Kock, 2000), while the integratist approach rests on internal integration of collaboration and competition (Wenpin, 2002). Less normatively, Le Roy and Fernandez (2015) argue for a third way, which combines elements from both, the separation and the integration approaches. Beyond the structural considerations in managing coopetition, there is evidence that this management requires a specific set of capabilities. For example, Gnyawali et al. (2016) refer to analytical and executional capabilities for managing the coopetition relationship. On the one hand, analytical capability supports firms in reducing the impact of the contradictions embedded in the coopetitive relationship to pre-empt tension and therefore acts as a tension buffer. On the other hand, executional capability assumes existing tensions and is demonstrated to act as a tension absorber, to moderate the relationship between existing tensions and performance (Raza-Ullah et al., 2019).

Tensions and the formation stage

The growing literature on managing coopetition to mitigate risks has largely focused on coopetition management *after* the coopetition agreement is already in place. It addresses existing relationships, while looking for ways to diffuse tensions that may arise or have arisen (Le Roy et al., 2018). Dealing with existing tensions may be more challenging and resource intensive than controlling for the emergence of tensions at an earlier stage. The process of forming coopetition *before* coopetition begins, mitigating risks of future or pending relationship failures by way of reducing expected tensions, has tended to be overlooked (Jakobsen, 2020). In this context, the partner selection process is a crucial stage (Peng et al., 2012) and entails evaluation of proposed partners' importance and attributes (Chiambaretto et al., 2020). Similarly, trust building mechanisms when entering in dyadic and network coopetition play an important role in the coopetition formation stage (Czakon & Czernek, 2016). Yet, only few studies consider characterizing the coopetition formation stage. Exceptions include research on deliberate versus emergent coopetition (Czakon, 2010; Mariani, 2007), intentional versus unintentional formation of coopetition (Kylänen & Rusko, 2011), and mandated coopetition (Czakon & Rogalski, 2014). While not focused on the matter, these studies hint at the potential contribution of the coopetition formation stage to the development of tensions. Hence, Mariani (2007) claimed that the emergent coopetition is to some extent, imposed by policy makers, therefore driven by an external force. Kylänen and Rusko (2011) characterized emergent coopetition as rising from more impulsive and spontaneous actions. We can infer from this that the emergent approach may be more prone to tension inception. Nevertheless, there is no concrete knowledge on how the different approaches to coopetition formation affect later stages of the coopetition. In particular, more knowledge on the relationship between coopetition formation and the mitigation of tension, which are crucial for coopetition performance, is needed. In our empirical study, we therefore seek to address two questions relating to coopetition strategy formation:

1. How do different patterns in the formation of coopetition impact tension development?
2. How does the coopetition formation impact coopetition planning and outcomes?

METHODOLOGY

Our research aims to explore unique and less studied aspects of coopetition formation and its consequences and outcomes. We chose to implement a qualitative approach to obtain rich and insightful evidence, by using in-depth interviews and case studies. We build on three data sources (Edmondson & McManus, 2007). The first includes 14 in-depth interviews with 14 senior managers of firms who engaged in coopetition either in their local market or in foreign markets. The interviews lasted about 90 min each and were performed at the managers' offices. The decision to stop at 14 interviews was made once we reached data saturation (Saunders et al., 2018). The second data source are two separate case studies of two different organizations, the first involved in the high-tech industry of IT and communication and the second in the desalination industry. Both firms were targeted due to their specialization in forming coopetition agreements for other firms and are therefore very knowledgeable about coopetition strategies. As for the reason behind their establishment in these specific fields, they based it on a set of conditions relevant to both fields. These conditions being (a) country-of-origin leadership, (b) global and dynamic market, and (c) scale of resources needed to operate successfully. For the case studies, we performed 35 h of in-depth interviews with four chief executive officers, two in each firm. The third data source is a cluster of four organizations collaborating under one coopetition agreement. By doing so, we aimed to collect data from a dyadic perspective, allowing us to observe and analyze both angle of a coopetition agreement. This enables a more holistic perception of the strategy-relationship which is at the core of coopetition. The interviews were performed with the senior manager in each organization who is in charge of the establishment and implementation of the coopetition, took place in the managers' offices, and lasted between 2 and 3 h each. (see Table 1).

We implemented a maximum variation purposeful sampling by bussing these three different sources of data. By doing so, we intended to ensure high-quality description of coopetition insights deriving from each source and capture the uniqueness of the phenomenon from different perspectives (i.e., answering the "How" question). In addition, it allows us to reach shared patterns across sources, which by emerging out of the heterogeneity of sources provide solid foundation for the analysis (Suri, 2011). The firm-selection process was performed based on information retrieved from secondary databases (e.g., newspapers, firms' websites) providing evidence of the existence of coopetition. Furthermore, the selection process was designed to capture the fullest picture of coopetition formation possible, due to the variation in firms' age, industry, and size. This is particularly essential when seeking to identify common patterns (Kuzel, 1992).

All interviews were conducted with "elite informants", who can provide comprehensive input critical for understanding the questions at hand (Aguinis & Solarino, 2019). The respondents were all senior managers involved in the establishment and management of the coopetition in which their firms participated. All interviews were performed with Israeli firms, since Israel has been a hub for coopetition activities for some time (Tirosh, 2014). All firms participating in the study were asked several introductory questions to confirm that the operation to which they refer is indeed coopetition. We asked how the firms define their partners outside the agreement (competitor based on territory/product portfolio). This was done to ensure the existence of coopetition–collaboration relationships.

The semistructured interview guides were similar across the three data source and included five sections: (1) background information on the firm and the interviewee, (2) background information on the industry and markets within which the firm operates, (3) criteria for establishing coopetition, (4) experience of the coopetition stages, perceived tensions, key success points and future plans, and (5) criteria for evaluating business performance in general, and coopetition performance in particular. The interviews were transcribed and coded, and a content analysis was performed. We followed the protocol for data documentation proposed by Silverman (2005). The data analysis aimed at identifying emerging themes, using content analysis of commonalities regarding coopetition formation. We focused on emerging patterns regarding antecedents to coopetition, the process of decision-making, and their outcomes (Silverman, 2005). More specifically, we used in vivo coding (informant terms, see Gioia et al., 2013). In vivo

TABLE 1 Summary of participating firms' characteristics

	Interviews with managers (Study 1)	Case study—high-tech (Study 2)	Case study—desalination (Study 2)	Cluster firm 1 (Study 3)	Cluster firm 2 (Study 3)	Cluster firm 3 (Study 3)	Cluster firm 4 (Study 3)
No. of interviews	14	2	2	1	1	1	1
Total hours	1.5 per firm	13	22	3	3	2.5	2
Business sector	Plastics, defense, coffee, high-tech, electronics, insurance	IT & communication	Desalination	Smart irrigation systems	Smart irrigation systems	Smart irrigation systems	Smart irrigation systems
Localization	Global	Global	Global	Global operations	Global operations	Global	Global
Position and function of the interviewed person	CEOs, international marketing managers, division managers,	CEO, business development manager	CEO, strategic alliances manager	Division manager	CMO (chief marketing officer)	Division manager	Desk (division) manager
Size of firm	50–700	9	7	100	170	300	690
Year of establishment	1933–2007	2011	2009	1996	1985	1946	1965

(informant-centric) terms combined with the common themes and relationships depicted in the second order were then used to draw categories and develop propositions (see Figure 1 for coding and categories display). At the final stage, we triangulated the findings from the three data collections to draw an illustration of the different patterns and constructs that emerged from the overall analysis.

FINDINGS

The analysis reveals that coopetition can be formed in two very distinct ways. The first, resembling the deliberate approach, aims to confront barriers and/or constraints associated with the firm's environment (i.e., market barriers and regulation), as well as customers' unfulfilled needs. Firms seek partners which will compensate for a current weakness in the focal firm. In our samples, these partners were often foreign and differed in size and experience. The second way of coopetition formation, which resembles the emergent approach, is established based on previous acquaintances and existing relationships. It differs from the first in viewing the market constraints as opportunities rather than threats, utilizing existing resources, and was formed between firms with national and cultural similarities (see Figure 1 for detailed coding, categories, and illustrative quotes and Table 2 for summary of findings).

Coopetition formation planning process

Planning process—Phase 1—Partner selection and confirming basic criteria

Partner selection was substantially discussed in the interviews. Under the deliberate approach, partners are selected based on their ability to complement each other in terms of size (smaller firms seem to prefer larger partners and vice versa, in our data), culture (participant firms show a preference to collaborate across cultures), and expertise (collaborating with firms that differ in their field of expertise). Partner selection, then, appears to be based around access to certain advantages. For example:

> "From my experience, most coopetition agreements are not between Israeli firms. This is because firms feel more comfortable and open to do business with someone who is not Israeli. This way the frictions are less frequent and harsh. The linkage to Americans is more natural. There are some complimenting qualities." (Case study 1—IT & communication firm).

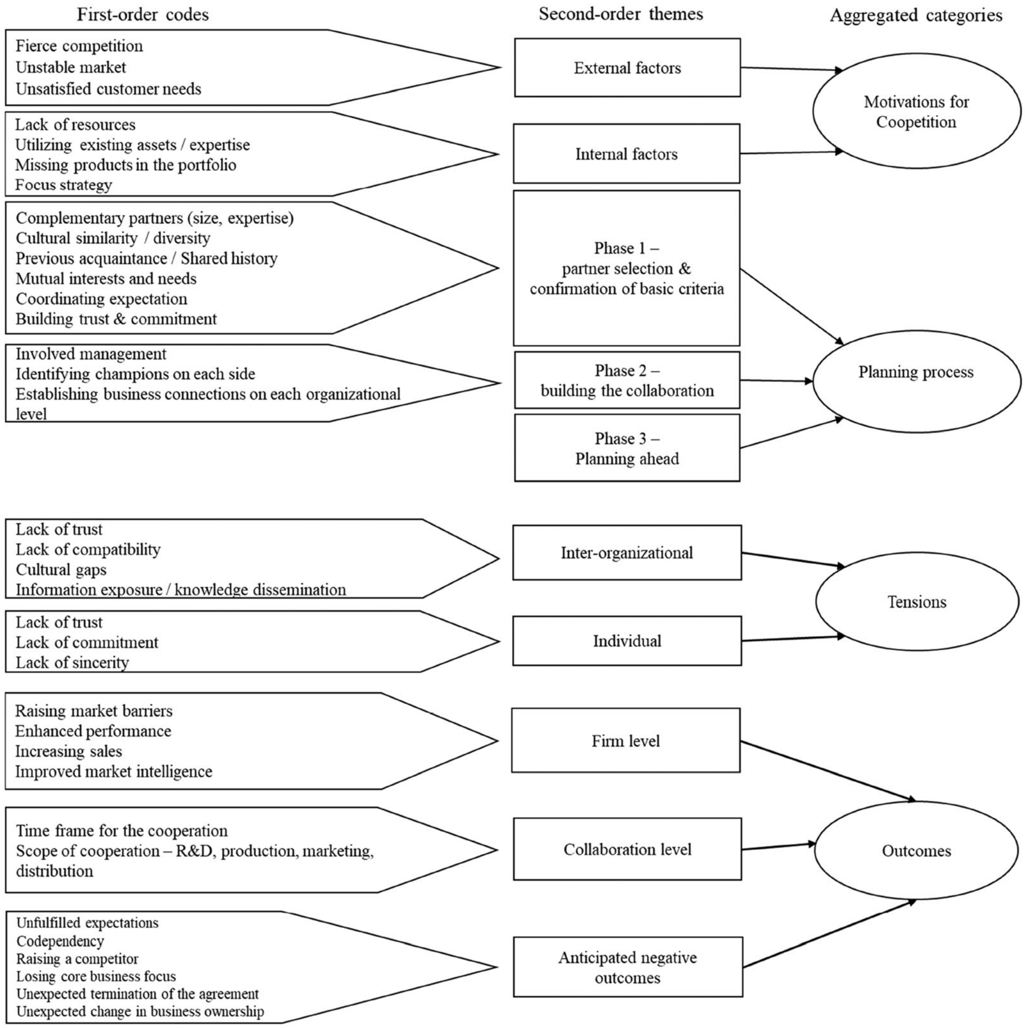

FIGURE 1 Structured codes, themes, and categories

> "The collaboration is usually based on 'borrowing' of a component in the partner's value chain, a component that we do not have. If for example I need a distribution channel which you have, I borrow it from you in exchange for payment." (Insurance firm—general interviews).

In contrast, participants leaning towards the emergent approach base partner selection on the existence of previous personal connections and shared history and on cultural similarities. These preliminary conditions allow firms to build on existing trust, respect, and commitment, which appear to be three prerequisites to establishing a stable coopetition relationship.

> "We knew personally beforehand all the CEOs and senior managers of our competitors. That helps for building the knowledge base needed for planning the collaboration. You have to make sure that all parties are satisfied. Friendship never hurts, that is personal ties. Integrity, [and] trust." (CEO—electronics firm)

> "The "Kibbutz's (cooperative) DNA" is crucial. Also, both companies being Israeli maintain a certain level of suspect." (D—cluster firm).

Furthermore, under the deliberate approach, this phase emphasizes a rational, well-planned, and comprehensive process aimed at identifying the best competitor(s) to collaborate with. Upon identifying potential competitive partners, and selecting them, there appears to be a more formal confirmatory process which encompasses identifying mutual interests and needs, coordinating expectations, and establishing trust:

> "The first thing is real identification of needs. This identification needs to be over time. It

TABLE 2 Summary of findings

	Deliberate	Emergent
Motivation for coopetition	Mixing external and internal aspects: External: unfulfilled customer needs, fierce competition; Internal: lack of resources/complimenting assets	Emphasizing internal aspects—utilizing assets (synergies) and overcoming lack of resources and strategic focus
Partner selection	Focusing on the more rationale/technical aspects of the partners—size, culture, and expertise	Cultural similarity ("Kibbutz DNA"), familiarity in doing business > fast decision-making and better mutual understanding (combining proactive and reactive)
		Existing personal acquaintance (e.g., joint military service). Close relationships, strong trust respect, and commitment
Planning process	Focused on establishing the infrastructure of the coopetition—identifying mutual interest, trust, commitment, and coordinating expectations. Moving then to forming the necessary business connections.	Focus on building decision-making teams/procedures for enhanced collaboration and efficiencyBuilding mutual roadmap.
Tensions	A combination of individual (e.g., lack of trust/sincerity/commitment) and interorganizational (e.g., lack of trust, information/knowledge/financial exposure, cultural gaps, and lack of compatibility) levels (dyadic coopetition)	On the individual level there is the opposite of psychological ambiguity—psychological certainty. On the interorganizational level—cultural gap and contemplations of possible future negative outcomes (cluster coopetition)
Coopetition time horizon and scope (outcomes)	Short-term. Coopetition as preliminary stage for a longer term strategy (e.g., joint venture/acquisition)Scope—narrow. One or very few functions (dyadic coopetition)	Long-term. Coopetition as a long-lasting strategy requiring constant investment in maintaining the relationship side of it.Scope—widening and dynamic, that is, adding more functions to the agreement (cluster coopetition)
Possible negative outcomes (Intra-organizational tensions)	Raising a competitor, losing business focus, and unexpected termination of the agreement (dyadic coopetition)	Unfulfilled expectations, codependency, and unexpected termination of the agreement/change in business ownership (cluster coopetition)

> has to be based on relevant data from the firms. At the end of the day, if you will not be able to provide two competitors with real value you have nothing. The business world is tough, and no one will work with you because you are a nice person." (Case study 2—desalination firm)"(…)building trust; working with decision makers to establish the level of commitment needed; Coordinating expectations." (Business developer—high-tech firm).

Under the emergent approach, firms in our samples appear to skip this confirmatory process. The cluster interviewees did not refer to the partner selection as a purely rational choice but rather as relying on existing knowledge of the best partner. Therefore, the choice is established at the partner selection stage and already incorporates aspects of mutual interest, match, and creating value.

Planning process—Phase 2—Building the collaboration

This phase appears to incorporate formal aspects of the collaboration (e.g., management involvement, establishing business connections on the different business levels).

> "We understood that we need a very strong internal figure in order to move this complicated process in the timeline we wanted. We knew we need this figure to be well connected with the top management of the leading competitor (firm N), as well as someone who have a deep understanding of the process and the weaknesses. That led to the recruitment of a former senior manager at N." (D—cluster firm)

Yet, while under the emergent approach firms focused on establishing the formal aspects alongside the day-today operations of coopetition, firms engaged in the deliberate approach divided their attention between establishing formal aspects of the coopetition alongside addressing interpersonal relationships.

> "At the end of the day coopetition has to be initiated by the decision makers at the highest level. Yet, many times the CEOs decide on something, but they are busy and need someone to take over and lead this. A focal person in each firm. They must possess a deep understanding of the process" (Case study 2—desalination firm)

Planning process—Phase 3—Planning ahead

This final stage of the planning process was mentioned only for the emergent approach and referred to a set of shared goals and their breakdown into tasks and tactics, which both firms agree on and which serve to set the direction for the collaboration. This roadmap also helps reduce potential future tensions by providing a clear vision of the gains expected to be earned from the collaboration.

> "I think it's a combination of two things—strong personal relationships and a roadmap otherwise such a move would never have succeeded. Actually, there is supposed to be a daily connection between the collaborators but even if there was such a connection, without a roadmap, without agreeing on the things we want to achieve it won't work." (D—cluster firm)

> "I'm a strong believer in mutual road maps, especially in new (coopetition) agreements. It gives us structure—goals and tasks, and allows for expectation coordination. For example, it specifies sales volume goals for each year. In our agreement, I was soliciting N for a while now. They are the leading firm in our field and are approached by everyone in the field. Before we joined them in the agreement, they used to say to us 'do not call us, we'll call you'. Now I can come to them and say upfront what are my expectations." (Y—cluster firm)

Tensions

Coopetition often entails tensions arising from the integration of operations. These tensions are associated with normative, strategic, operational, cognitive, emotional, and/or knowledge sharing-based issues.

Interorganizational tensions

Under the deliberate approach, the tensions raised in the interviews related to the other partner and were particularly due to lack of trust and/or lack of compatibility. These are all concerned with the partnership itself, rather than any outcome of the agreement. However, they have an impact on the success or failure of the partnership, as illustrated by the CEO interviewed in our case study of the desalination firm:

> "I think that jeopardizing trust is the main reason for being unsuccessful and ending the collaboration. Also, differences in business culture might lead to ending the agreement on bad terms. That includes lack of personal chemistry." Case study 2—desalination firm)

Differences in national culture also appear to have the potential to create tension arising from different ways of doing business or making decisions.

> "Cultural differences have a major impact on the day-to-day work. There are huge differences between cultures at the national and also organizational levels. Some partners are well organized and easy to anticipate, while others are basing their operations on intuition and are less organized." (D—cluster firm).

Furthermore, firms using the deliberate approach reported issues arising during the coopetition and involve information and knowledge exposure. All of these lead to frictions between the collaborating firms and increase the likelihood of the collaboration ending earlier than expected.

> "Once you are in such an agreement (coopetition) you have to reveal your cost structure and pricing techniques which is something you prefer to avoid since the other side might be a competitor later on … that leads often to misinformation and lies … going on a thin line when trying to maintain the collaboration and not blast it and yet keep valuable information hidden" (Chief Engineering Officer—construction firm)

Individual tensions

Tensions also arise from perceptions that the partner may lack commitment to the partnership, and/or that the partner may be perceived as insincere in their dealings (both of which also suggesting mistrust as a source of tension):

> "I think that when it comes to partners' relationships, incompatible partners, one that lacks commitment and sincerity is a major drawback." (Case study 1—IT & communication firm).

All this is relevant for the deliberate approach, while under the emergent approach, none of the typical tensions were raised. On the contrary, such firms confessed to having a strong sense of exceeding their partners' expectations and psychological certainty.

> "When there is a similar DNA (a similar way of thinking, coming from the same background) there is a smoother transition into working together. Cultural aspects bear significant impact; cultural similarity can be critical to maintaining a successful collaboration." (N—cluster firm)

Coopetition outcomes

The outcomes of coopetition can be categorized as pertaining to the collaboration or the firm level. Firm level outcomes are measured through raising market barriers, enhanced performance, and improved market intelligence.

> "Although such agreements are formed for a specific time period, they can impact the size of the firms engaged in them and thus shift the power in the industry in their favor." (CEO—electronics firm).

> "Coopetition creates a turbulence in the market because it gives the partners an advantage over the rest of the competitors and offers a better solution to the customers. Overall, such agreements improve the market because it pushes forward everyone." (Case study 2—desalination firm).

On the collaboration level, we identified two aspects—timeframe and scope. Timeframe usually measures duration, while scope refers to the number and type of functions on which the firms collaborate.

> "Coopetition is usually a relatively short-term agreement. If it works, well then it leads to M&A. It must be backed by specific goals that can be measured. It will always be defined by either a specific timeframe or by a specific developing process." (Business developer—high-tech firm).

The differences between the deliberate and emergent approaches to coopetition are also reflected in the outcome of the strategy. Under the deliberate approach, several interviewees claimed that coopetition is narrow in scope and in the long run will lead to acquisitions or joint ventures. Under the emergent approach, they stated that the agreement serves as a basis for development into other fields, and the timeframe is indefinite. Indeed, some said they hope it will last for many years.

> "Only long term. Although the agreement specifies an ending date, we will keep collaborating for as long as both sides want to." (N—cluster firm).

> "The current collaboration was about marketing and today we have long term agreements in R&D which might lead to several others (fields)." (A—cluster firm).

Typically, outcomes of coopetition are viewed in fiscal terms (e.g., improved financial/market performance) or in terms of innovations/new product developments. However, the participants in this study viewed the outcomes of coopetition relations in a somewhat different manner by using this as a means to create and nurture future close/deeper relations (and greater scope of coopetitive activities) or full-blown mergers/acquisitions.

Anticipated negative future outcomes—Intra-organizational tensions

Some interviewees referred to potential negative outcomes resembling the intra-organizational tensions (Lascaux, 2020). They differ from the individual and the interorganizational tensions mentioned earlier in that they are often associated with successful, or at least prolonged, coopetition operations. Moreover, they are accompanied with uncertainty as to whether they will materialize and to what extent. They include issues such as unfulfilled expectations, codependency, raising a competitor, losing core business focus, and unexpected termination of the agreement. Most of these anticipated outcomes came from managers operating under the emergent approach. For instance:

> "The main risks for me comes from the codependency. Codependency means that the two partners are dependent on each other and in case of termination both parties are weakened…it of course a matter of how central the partner is for my operation. If it's a small firm, then the termination won't cause any

> damage and I would easily find a replacement, but if it's a major partner (in terms of volume) then it will be much more difficult." (A—cluster firm)

> "Keeping the card close to the chest is crucial and it's not always wise to share things with your coopetitor. It's part of the game. With time the competition increases and there is a chance that you help a potential competitor to grow." (CEO—electronics firm).

> "The main fear is that certain changes in on the coopetitor's side might impact our business focus. In many cases, coopetitors evolve and over time they notice that the coopetition agreement derived them to spend time on sidetracking activities." (CEO—insurance firm)

> "We analyzed potential risks. The first risk we identified is quite legitimate and that is the possibility of an outside firm acquiring one of our coopetitors (cluster firms). If N will be sold tomorrow morning to someone who already possess in its portfolio similar products to mine or alternatively is reluctant to collaborate with an Israeli firm, in such a case the agreement will be terminated. That is the biggest risk we saw." (D—cluster firm)

DISCUSSION AND CONCLUSION

The study at hand explored the formation of coopetition at its earlier stages. It aims to complement existing research confirming that the foundation of tensions, a central factor in coopetition planning, can be traced back to the formation stage. The research objectives were to explore how coopeting organizations form their strategies and examine how distinct approaches to coopetition formation affect tensions, management, and impact long-term operations.

Coopetition formation and tensions mitigation

The two coopetition formation strategies—deliberate and emergent—resemble, to some extent, the categorization of strategy into deliberate and emergent approaches (Czakon, 2010; Mariani, 2007). While previous findings associated the inception of the emergent approach with environmental constraints (Dahl et al., 2016; Kylänen & Rusko, 2011; Mariani, 2007), we found that it is mainly driven by internal drivers (e.g., compensating for missing capabilities). The emergent approach is triggered by the acknowledgement of previous acquaintance and social capital. These individual level factors play an important role for the formation of coopetition at the organizational level. Previous acquaintance was referred to as a cornerstone of coopetition. At times, it was established during joint military service, and at times, firms were established by kibbutzes (a community-based life). This implies similarities in culture which creates a strong sense of trust. Trust is often viewed as a common denominator running through the three categories of tensions (e.g., interorganizational, intra-organizational, and individual) (Lascaux, 2020). It impacts the decision to enter coopetition (Czakon & Czernek, 2016), and fluctuating trust is the main cause of tensions between the coopeting parties (Raza-Ullah & Kostis, 2020). The joint military service allowed the firms to establish the coopetition strategy based on solid trust, which then contributed to the manifestation of commitment and was described as "unbreakable" between the partners. Trust and commitment were identified before as crucial for the success of coopetition agreements (Czakon & Czernek, 2016; Raza-Ullah & Kostis, 2020). In comparison, the deliberate approach was initiated by a rational decision-making process acknowledging existing challenges (e.g., market barriers and required knowledge) and aimed at mastering the challenges. Our findings indicate that this significantly different starting points dramatically impacted the type and severity of the tensions developed at later stage. Moreover, previous findings indicated that in network coopetition, trust is mainly based on third-party legitimization and reputation when entering into coopetition (Czakon & Czernek, 2016). Our study partly contradicts this by providing clear indication that dyadic trust can be equally important for stable and successful coopetition especially in case of clusters (network), serving as essential building blocks for the coopetition.

Our findings revealed mainly two types of tensions associated with the deliberate approach—individual and interorganizational (Le Roy & Czakon, 2016). The individual level tensions were expressed through lack of trust, commitment, and sincerity, all associated with the managers' emotional ambivalence in regard with their partnering firms. This ambivalence found to have a negative impact on coopetition performance (Raza-Ullah, 2020). Alongside this, the deliberate approach also encompasses meaningful interorganizational tensions expressed through information and knowledge exposure as well as cultural gaps, lack of compatibility, and lack of trust. In comparison, due to its starting point of established relationships, the emergent approach mitigates most of the tensions found in regard with the deliberate approach. Hence, under the individual level, managers reported experiencing psychological certainty. Under the interorganizational, level the main issues presented involved organizational culture. Finally, the intra-organizational tensions were mostly associated with potential future negative outcomes, and were linked with the manifestation of successful coopetition rather than lack of trust. These fewer concerns emphasize the meaningful role of pre-existing trust in manipulating coopetition strategy. Figure 2 summarizes the findings regarding coopetition formation and its impact on tensions and outcomes.

Coopetition formation and its impact on planning

Contrary to earlier work on coopetition which associated the emergent (unintended) approach with more instinctive, unplanned behavior (Kylänen & Rusko, 2011; Mariani, 2007), we found planning activities to be relevant to both approaches to coopetition formation. The deliberate approach implements a structured process of partners' screening and selection aiming to find complementary characteristics in terms of size, culture and expertise. This finding also aligns with research addressing criteria used in partner selection (Kraus et al., 2018). Yet, it appears that most of the tensions experienced under the deliberate approach were strongly linked to the criteria used in the partner selection stage, that is, size, cultural differences, and complementary expertise, advocating for a sincere attempt to mitigate potential tensions at the planning stage.

Under the emergent approach, the coopeting firms managed to focus their attention on establishing the pragmatic aspects of the daily routines and align their operations. Since trust and commitment were already in place, the firms could move forward more efficiently and hence benefit from the coopetition much quicker than those who adopted the deliberate approach (see Figure 3 for phases in coopetition planning). Overall, by comparing the two approaches, it is clear that not only the content (i.e. processes and procedures) of each stage impact the tensions but also the sequence of the different stages. While under the deliberate approach the framework is established first and then the firms turn to fill it in with the substance, that is the coopetition essence, under the emergent, the essence already exists and the firms are therefore focused on creating the right frame around it.

The conceptual work of Gnyawali et al. (2016) presented two capabilities for resolving the paradox of coopetition: analytical and executional. The former is designated to reduce coopetition-related tensions, while the latter aimed at mitigating existing tensions. By adopting a deliberate approach, the planning process aimed at mitigating tensions and, hence reducing risks. It does so by trying to establish trust during the stages of the planning process. Under the emergent approach, we could find analytical capability in the form of a roadmap. By brainstorming on a mutual roadmap, the firms strive to agree on the different aspects of the coopetition agreement while screening out the pitfalls and providing solutions. Our findings suggest that the roadmap combined with the personal acquaintance reduced the need for developing executional capability. This finding aligns with Raza-Ullah et al. (2019) who advocated for senior manager's capabilities in mitigating tensions. Under the deliberate approach, we found no endeavor for establishing analytical capability. This might be due to firms adopting this approach were more engaged with confronting tensions than the emergent firms' approach of mitigating them.

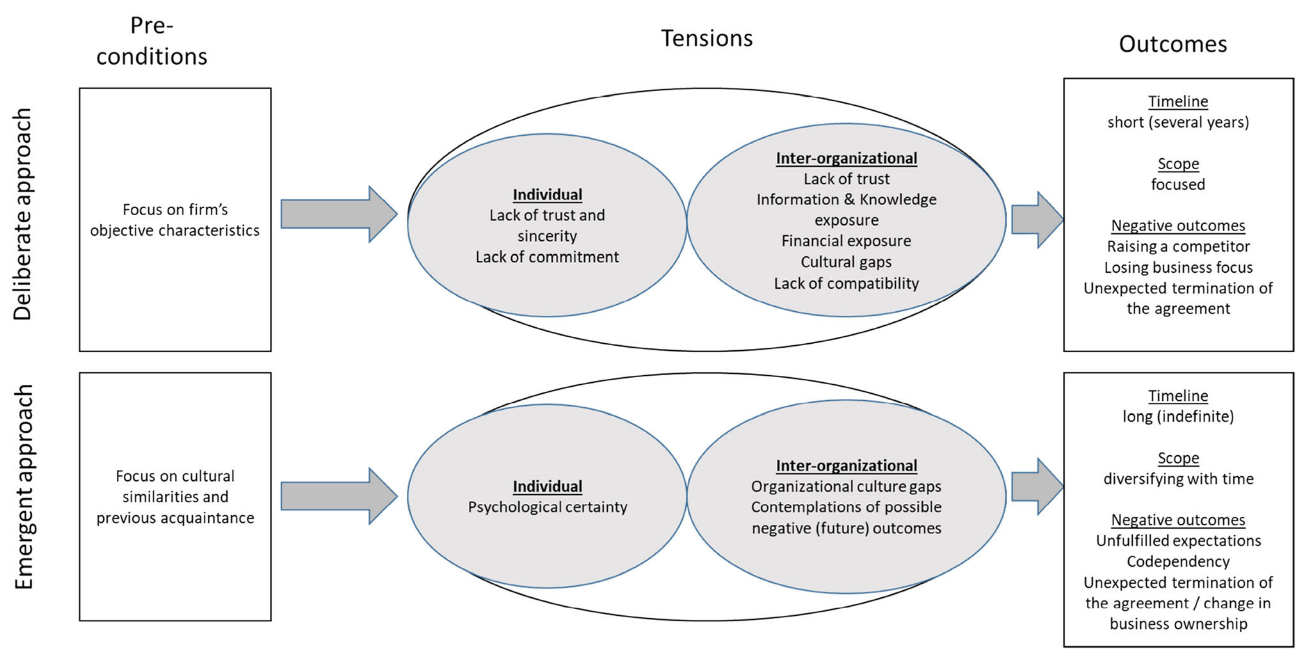

FIGURE 2 Formation impact on tensions and outcomes

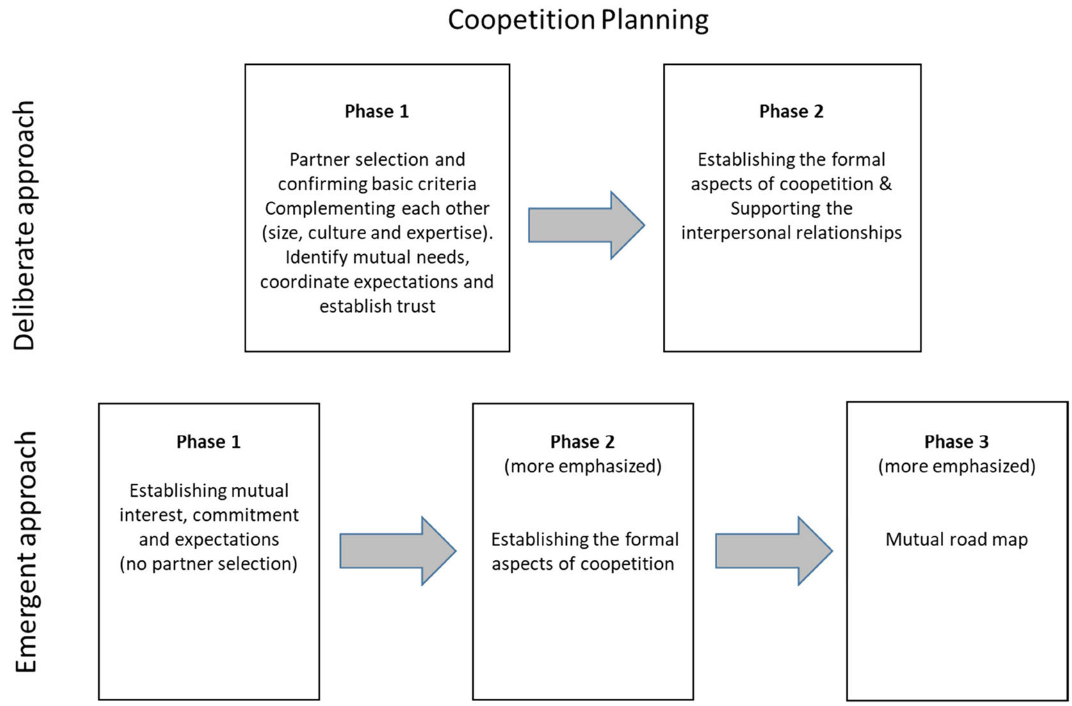

FIGURE 3 Phases of coopetition planning

Overall, following the separation—integration issue (Raza-Ullah et al., 2014), while both the deliberate and the emergent approaches include the integration aspect, we could observe differences regarding the level of integration. Firms adopting the deliberate approach demonstrated a clear cut between the coopetition-based operation and the rest of their operations. They advocate for an integration only of the specific function and for a defined timeframe. A reason for this is the continuous perception of their current collaborator as a competitor more than as a partner. Therefore, they pronounced an intention to withhold information from their partner even at the cost of jeopardizing the coopetition agreement.

As for the emergent approach, the previous acquaintance served the partners following it throughout the entire process. Social capital facilitates the development of trust and the exchange of knowledge and learning (Bouncken & Fredrich, 2016).

Finally, while both approaches refer to trust, the difference in the timing of its establishment can be critical. The importance of trust was discussed intensively in previous coopetition research (Chin et al. 2008, Raza-Ullah & Kostis, 2020). Trust develops over time, supported by the parties' repeated interaction and accumulated experience (Doney & Cannon, 1997). As demonstrated by Czakon and Czernek (2016) and Czakon and Czernek (2016), the development of trust in the formation of coopetition can be a complex process based on several mechanisms such as calculation, emotional bond, reputation, and network embeddedness. This process can be skipped under the emergent approach, as the partners already have established trust through their existing personal relationships. Therefore, less efforts may be required for preserving trust. On the other hand, the deliberate approach targets trust establishment within the formation of coopetition, which requires costly and time-consuming investments. This also draws on implemented control in alliances, and the moderating impact of trust (Balboni et al., 2018).

Formation and coopetition outcomes

Our second research question also aimed at exploring the effect of coopetition formation on the outcomes of coopetition. Compared with planning within the deliberate approach, planning under an emergent approach has a more long-term orientation, probably because the partners "hit the ground running" due to them having an established relationship already. This illustration has to do with existing relationships and trust, where both prove to be central to successful alliances (Jha & Cottam, 2021). The time horizon has been raised as an important factor in coopetition research (e.g., Bengtsson et al., 2016; Cygler et al., 2016), but empirical research is still scarce. Mathias et al. (2018) state that coopetition may not necessarily dissipate over time but may continue if it was not formed for financial motives only. Our findings provide a more nuanced picture on this aspect. Emergent firms pronounced a strong desire to continue the agreement for a longer time if possible and even indefinitely (although all agreements were signed for a period of 5 years). Moreover, they stated that the current collaboration might expand to include other functions in the future. This finding builds in part on Le Roy & Fernandez (2015) who advocated for the co-management principle on the separation—integration continuum. Furthermore, while the deliberate approach shows a stricter orientation regarding scope and timeframe, the emergent approach shows flexibility and relies on the relationship alongside the agreement for navigation.

Limitations and future research directions

Although we triangulated data to analyze the formation of coopetition in a comprehensive way, we must acknowledge some limitations. First, all cases studied were privately owned Israeli firms, several of which operated in sensitive industries such as defense and military equipment. The firms are of varying size, but very large firms are not represented in the sample. Therefore, we cannot rule out biases due to the country, firm-size, and industry contexts. We thus call for future research extending the empirical basis to other country and industry contexts including large firms. Second, study participants seem to value coopetition relations as a means to develop closer and deeper relations with rivals (and greater scope of coopetitive activities) or move towards a future merger or acquisition. We cannot rule out if this could be specific to the Israeli context studied here as such considerations are not normal dependent variables in coopetition studies. Rather, the focus is typically on performance. Given this, we caution against overgeneralization of the findings. Third, tensions referred to in our study bear negative association. Therefore, a tension mitigation approach was emphasized, because tensions within coopetition are often difficult to reconcile (Ansari et al., 2016). Yet, tensions have also a positive aspect to them, as advised by Park, Srivastava, and Gnyawali (2014) and Raza-Ullah et al. (2014). Future endeavor should further explore the differences in tensions and their contribution, in the context of coopetition formation approaches. Fourth, our study was based on a purposeful sampling through maximum variation technique. This allowed us to capture a fuller picture of the phenomenon. Yet, such technique has its limitations and future research should delve into the nuances of the finding aspects to further learn of their implementation in different contexts. Finally, our findings suggest that the deliberate approach is likely to be associated with dyadic coopetition while the emergent approach with cluster coopetition. These findings contradict existing literature (Czakon, 2010) and can advance the understanding of formation approaches. Yet, our findings need to be substantiated by additional exploration of the subject.

Concluding comments

Tensions are inherent to coopetition and the questions of how to manage tensions and how to mitigate its negative effects are crucial. This paper analyzed coopetition formation and its effects on the development of tensions. Based on a comprehensive qualitative study, including multiple data collection phases from key informants engaged in forming coopetition, we identified two types of coopetition formation approaches: deliberate and emergent. We found that deliberate and emergent coopetition formation differ regarding the type and intensity of tensions. The two approaches to competition formation also differ in regarding scale and scope of the coopetition. Following the deliberate approach, firms tend to concentrate on specific functions and plan for a shorter timeframe. In contrast, the emergent approach entails various functions being integrated, and the strategy has a longer time horizon, being anchored in established, pre-existing relationships.

ORCID

Kalanit Efrat https://orcid.org/0000-0001-9937-3816
Anne L. Souchon https://orcid.org/0000-0003-0320-2006
Andreas Wald https://orcid.org/0000-0002-0034-3535
Paul Hughes https://orcid.org/0000-0002-7164-0406

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APPENDIX: Coding and illustrative quotes

Main categories	Second-order coding	First-order coding	Illustrations—deliberate	Illustrations—emergent
Motivations for coopetition	External factors	Fierce competition/unstable market	"In the high-tech market we see more consolidation moves nowadays. There are a few dozens of giants (like Google and Facebook) and if you cannot join their operations then you must compete with them. At times that means collaborating with your competitor". (Case study 1—IT & communication firm).	"…this (our) market is completely open (for new competitors). There are almost no differentiation…there are entire markets where we compete fiercely with products of quite good quality." (Y—Cluster firm) "it (the market dynamics) resembles rollercoaster—it's fun regardless of whether you are up or down. Yet we do not see any consistency in the last few years. The market is very unstable. Projects are appearing out of nowhere while others are being cancelled without warning." (D—cluster firm)
		Unfulfilled customer needs	"Coopetition happens to achieve completion. We join another to beat the competition. To be better. To provide better value for the clients. So, firms are forming coopetition in order to win by providing value adding solutions." (Case study 2—desalination firm)	
	Internal factors	Lack of resources	"Analyzing the existing competitors against the opportunity. After identifying all the advantages and disadvantages of each competitor I choose to collaborate with a competitor based on criteria such as number of previous winnings, reducing costs, and synergetic assets." (CEO—defense firm).	"It's a win-win situation by using one platform (international operation in a specific market) for selling several products. We gain from increasing our product portfolio and we sell more to the same dealer. They profit since they do not have to establish the platform. They use ours." (N—cluster firm)
		Utilizing existing assets/ expertise		
		Missing products in the portfolio		'Coopetition is also popular between direct competitors. Mainly it occurs when one competitor seeks to complete some missing products in its portfolio. It is simply more efficient and quick to do it this way'. (Y—cluster firm)
		Focus strategy		'By collaborating with a strong competitor, it allowed us to split between our sales persons, have them specialize in one field while detaching them from the burden of dealing with other assignments. By doing so we managed to achieve a focus.' (D—cluster firm)

(Continues)

Main categories	Second-order coding	First-order coding	Illustrations—deliberate	Illustrations—emergent
Planning process	Phase 1—partner selection & confirming basic criteria	Complementary partners (size, expertise)	"The collaboration is usually based on 'borrowing' of a component in the partner's value chain, a component that we do not have. If for example I need a distribution channel which you have, I borrow it from you in exchange for payment" (CEO—insurance firm).	"N (our partner for the coopetition) is basically a project oriented firm…we understand today that our part in any project is between 5%–10%, we all know the price levels N is selling in and since it's our field of expertise is considered to be a major headache we bring not only the products into the collaboration but also the knowledge required to incorporate it into the value chain so we create much more value than the percentage in the project." (D—cluster firm)
		Cultural similarity/diversity	"From my experience, most coopetition agreements are not between Israeli firms. This is because firms feel more comfortable and open to do business with someone who is on Israeli. This way the frictions are less frequent and harsh. The linkage to Americans is more natural. There are some complimenting qualities." (Case study 1—IT & communication firm).	"The 'Kibbutz's (cooperative) DNA' is crucial. Also both companies being Israeli maintain a certain level of respect." (D—cluster firm). "Cultural aspects have an enormous weight… cultural similarities is critical for a productive coopetition, otherwise it will take years to learn what needs to be done." (A—cluster firm)
		Previous acquaintance/shared history		"We knew personally beforehand all the CEOs and senior managers of our competitors. That helps building the knowledge base needed for planning the collaboration." (CEO—electronics firm)
		Existing trust		"Main reason for ending coopetition is lack of trust. I cannot say that we never acted in such a way or that our customers did not but we don't believe in doing things in an unreliable way. That means that at the beginning of the process I make sure that everything is on the table, that is transparent and clear. Even if

(Continues)

Main categories	Second-order coding	First-order coding	Illustrations—deliberate	Illustrations—emergent
		Mutual interest/needs	"The first thing is real identification of needs. This identification needs to be over time. It has to be based on relevant data from the firms. At the end of the day, if you won't be able to provide two competitors with real value you have nothing. The business world is tough and no one will work with you because you are a nice person." (Case study 2—desalination firm)	that means that it will end the agreement. Trust plays a major role." (Y—cluster firm)
		Coordinating expectations	…Building trust; working with decision makers to establish the level of commitment needed; Coordinating expectations." (Business developer—high-tech firm).	
		Building trust/commitment	"The second most important thing is trust. Trust works both ways. Trust is on the personal level, being nice is good but not enough. You have to be trustworthy else you will be out. The firms I work with know that I will never lie to them." (Case study 2—desalination firm)	
	Phase 2—building the collaboration	Involved management/ assigning champions		"We understood that we need a very strong internal figure in order to move this complicated process in the timeline we wanted. We knew we need this figure to be well connected with the top management of the leading competitor (firm N), as well as someone who have a deep understanding of the process and the weaknesses. That led to the recruitment of a former senior manager at N." (D—cluster firm)
		Establishing business connection on each organizational level involved		I think it's a combination of two things—strong personal relationships and a roadmap otherwise such a move would never have succeeded. Actually there supposed to be a daily connection between the collaborators but even if there was such a connection, without a roadmap, without agreeing on the things we want to achieve it won't work." "At the initial stage we performed a road map which was very general. The more we moved forward with the planning we dived into greater resolutions in it, in collaborations with
	Phase 3—planning ahead	Mutual road map		

(Continues)

Main categories	Second-order coding	First-order coding	Illustrations—deliberate	Illustrations—emergent
				our cluster partners (competitors)." (D—cluster firm)
Tensions	Interorganizational	Lack of trust	"I think that jeopardizing trust is the main reason for being unsuccessful and ending the collaboration. Also, differences in business culture might lead to ending the agreement on bad terms. That includes lack of personal chemistry." (Case study 2—desalination firm)	
		Cultural gaps		"Cultural differences have a major impact on the day-to-day work. There are huge differences between cultures at the national and also organizational levels. Some partners are well organized and easy to anticipate, while others are basing their operations on intuition and are less organized." (D—cluster firm)
		Information exposure/ knowledge dissemination;	"Once you are in such an agreement (coopetition) you have to reveal your cost structure and pricing techniques which is something you prefer to avoid since the other side might be a competitor later on…that leads often to misinformation and lies…going on a thin line when trying to maintain the collaboration and not blast it and yet keep valuable information hidden." (Chief Engineering Officer—construction firm)	
		Lack of compatibility	One of the most meaningful causes for ending it (coopetition) is lack of compatibility. You invest time and efforts in finding the most suitable partner and if they prove to be not serious or commited enough it's a serious problem (Case study 1—IT & communication firm)	
	Individual	Lack of trust/commitment/ sincerity	"I think that when it comes to partners relationships, incompatible partner, one that lacks commitment and sincerity in a major drawback." (Case study 1—IT & communication firm).	

(Continues)

Main categories	Second-order coding	First-order coding	Illustrations—deliberate	Illustrations—emergent
Outcomes	Collaboration level	Timeframe	"Coopetition is usually a relatively short-term agreement. If it works, well then it leads to M&A. It must be backed by specific goals that can be measured. It will always be defined by either a specific timeframe or by a specific developing process." (Business developer—high-tech firm). "It (the coopetition agreement) might not have an expiration date on it, but is was set for a specific task. That is, it was set in advance for the purpose of developing a specific generation of a product⊠ While we don't necessarily know when this product will end, we do know that the agreement won't proceed to the next one. Yet a coopetition agreement can incorporate a wider range of tasks, for example distribution but even then it will be specified with definite boundaries." (Case study 1—IT & communication firm)	Only long term. Although the agreement specifies an ending date, we will keep collaborating for as long as both sides want to." (N—Cluster firm).
		Scope	"We coopetate on production and sometimes on technologies for production. Yet, we keep the rest of the function in-house and keep our coopetitor dependent on us." (VP export—smart irrigation firm)	"The current collaboration was about marketing and today we have long term agreements in R&D which might lead to several others (fields)." (A—cluster firm).
	Firm level	Raising market barriers	"Coopetition creates a turbulence in the market because it gives the cooperators an advantage on the rest of the competitors and offers a better solution to the customers. Overall, such agreements improve the market because it pushes forward everyone." (Case study 2—Desalination firm).	Although such agreements are formed for a specific time period, they can impact the size of the firms engaged in them and thus shift the power in the industry in their favor." (CEO—electronics firm).
		Enhanced performance/ increasing sales	"The coopetition is expected to lead to enhanced sales. This is the only thing we expect to get out of it. We do not share any other function with our coopetitor." (VP marketing—coffee firm)	"I designed a new product based on the current coopetition, emerging from the knowledge of three of the firms collaborating with me and so we came up with a unique product. While it is my product, the other firms are ok with it since by introducing it to the market they can also increase their sales and profit" (N—cluster firm)
		Improved market intelligence		"We expect to have much more market intelligence than we currently have. With the help of our coopetitors, we will be able to get more accurate information from customers both in the short and in the long term. We

(Continues)

Main categories	Second-order coding	First-order coding	Illustrations—deliberate	Illustrations—emergent
				expect this information to allow us to develop much better products." (D—cluster firm)
	Anticipated negative outcomes (intraorganizational tensions)	Codependency		"The main risks for me comes from the codependency. Codependency means that the two partners are dependent on each other and in case of termination both parties are weakened….it of course a matter of how central is this partner for my operation. If it's a small firm, then the termination won't cause any damage and I would easily find a replacement, but if it's a major partner (in terms of volume), then it will be much more difficult." (A—cluster firm)
		Raising a competitor		"Keeping the card close to the chest is crucial and it's not always wise to share things with your coopetitor. It's part of the game. With time the competition increases and there is a chance that you help a potential competitor to grow." (CEO—electronics firm
		Losing core business focus	"The main fear is that certain changes in on the coopetitor's side might impact our business focus. In many cases, coopetitors evolve and over time they notice that the coopetition agreement derived them to spend time on sidetracking activities." (CEO—insurance firm)	"Our biggest risk is losing focus, that tomorrow we'll have a (successful) product that will divert our core business. Once we start selling products that are not at the core of our strategy it will be a strategic mistake." (N—cluster firm)
		Unexpected termination of the agreement		"We analyzed potential risks. The first risk we identified is quite legitimate and that is the possibility of an outside firm acquiring one of our coopetitors (cluster firms). If N will he sold tomorrow morning to someone who already posses in its portfolio similar products to mine or alternatively is reluctant to collaborate with an Israeli firm, in such a case the agreement will be terminated. That is the biggest risk we saw." (D—cluster firm)