CO-OPETITION

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Reference this article

Abstract / Definition
Co-opetition is the occurrence of both competition and co-operation between a firm and its competitors, suppliers, distributors, partners and regulators. The most common motives for firms to engage in co-opetition are to develop larger markets, to improve industry standards, to share the costs of research and development, and to increase consumer awareness for the benefit of all the industry players. Co-opetition emerges from the increasing interdependence of firms in complex markets. Co-opetition between industry players may take various configurations. Co-operation may occur between partners in research and development, whilst the same partners are competing aggressively for new customers. Firms may co-operate to challenge competitors that are not part of the alliance network. Co-operation in a competitive industry occurs in complex arrangements where the boundaries between co-operation and competition are overlapping. The main principles of co-opetition have been described in game theory, which is useful in generating strategies that are otherwise not visible or may be counter intuitive (such as building and alliance with competing firms). The insights from complexity theory that are crucial to co-opetition is the high level of adaptive capacity in organisations that exhibit the characteristics of complex adaptive systems such as adaptation, self-organisation and co-operation.

Keywords
Co-opetition, co-operation, competition, game theory, strategic alliances

Link to publication